



[www.uemland.com](http://www.uemland.com)

**UEM Land Holdings Berhad** (830144-W)  
 16-1 Mercu UEM, Jalan Stesen Sentral 5 , Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia  
 Tel : (603) 2727 6000 Fax : (603) 2727 2000





Dato' Jaafar Building, the Johor Chief Minister's Office in Kota Iskandar



## ON SOLID GROUND

UEM Land Holdings Berhad has been growing from strength to strength, drawing our energy from stability in leadership, management, business acumen and professionalism. We remain committed to being a premier developer by delivering value and excellence in all that we do. Steadfast and with passion, we will continue to drive the growth of our business, develop our people and create value for all our shareholders, to further entrench our reputation as a leading global community builder in the region.

The cover design depicts the strength and solidity of UEM Land Holdings, reflecting the theme and making it a compelling investment proposition for both local and international investors.



# SHARED VALUES

## TEAMWORK

.....

**(T) Teamwork:** Cooperative effort by the members of a group or team to achieve a common goal. Achieving synergic result.

## INTEGRITY

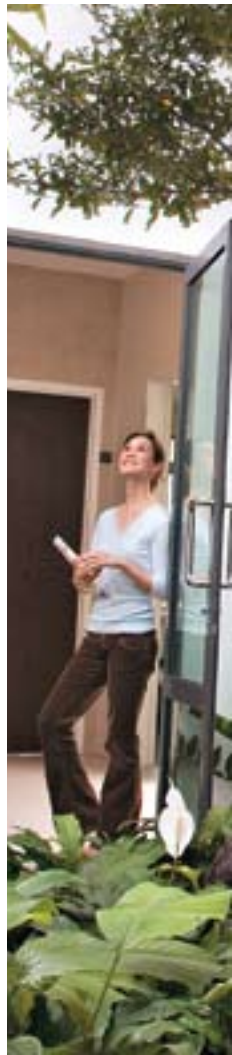
.....

**(I) Integrity:** The state of having steadfast adherence to a strict moral or ethical code.

## PASSION FOR SUCCESS

.....

**(P) Passion for success:** A relentless drive to achieve excellence; commitment to meet and exceed targets.



## SINCERITY OF INTENT

.....

**(S) Sincerity of intent:** Something that is intended to be taken into action with consideration of the quality or condition of being sincere; the intention is genuine, honest, and free from deception.

## COURAGEOUS DETERMINATION

.....

**(C) Courageous determination:** Courage to move forward into the unknown and beyond the past, perseverance in the face of adversity, confidence in achieving vision and mission.

## TENACIOUS INNOVATION

.....

**(T) Tenacious Innovation:** The ability to continuously produce new ideas, processes and products that are relevant and create value for business.







Symphony Hills, Cyberjaya

## VISION

TO BE A GLOBAL COMMUNITY BUILDER

## MISSION

UEM LAND HOLDINGS WILL BE

- A leading property company with high growth potential
- The preferred business partner
- Venturing into regional markets

# CONTENTS

## OVERVIEW



• Shared Values • Vision & Mission **6** Notice of Annual General Meeting **9** Statement Accompanying Notice of Annual General Meeting **10** Financial Calendar **12** Chairman's Statement

## CORPORATE FRAMEWORK



**22** 2011 Outlook **23** Corporate Profile **24** Corporate Information **25** Group Corporate Structure **26** Organisation Structure **28** Media Highlights **30** 2010 Calendar of Events **38** Awards & Accolades 2009-2010

## PERFORMANCE REVIEW



**40** Five-Year Financial Highlights **41** Five-Year Group Performance **42** Simplified Group Balance Sheet **43** 2010 Group Quarterly Performance **44** Five-Year Financial Review of the Group **45** Statement of Value Added & Distribution **46** Employees & Productivity **47** Share Price & Volume Traded

## LEADERSHIP



**50** Leadership **52** Directors' Profile **62** Senior Management **70** MD/CEO's Operations Review

## CORPORATE RESPONSIBILITY



**88** Workplace Practices **90** Marketplace Initiatives **92** Community Engagements **94** Environmental Initiatives **95** A Sustainable Future

## ACCOUNTABILITY



**96** Corporate Governance Statement **111** Additional Compliance Information **113** Audit Committee Report **118** Statement on Internal Control **122** Enterprise Risk Management Report **125** Code of Ethics

## FINANCIAL STATEMENTS



**129** Financial Statements

## OTHER INFORMATION



**207** Investor Information **209** Analysis of Shareholdings **215** Properties of UEM Land Holdings Group **216** Recurrent Related Party Transactions • Corporate Directory Form of Proxy

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the Company will be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 June 2011 at 10.00 a.m. for the purpose of transacting the following businesses:-**

### AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.

#### As Ordinary Business

2. To re-elect the following Directors, who retire in accordance with Article 85 of the Company's Articles of Association and, being eligible, have offered themselves for re-election:
  - i) Tan Sri Dr Ahmad Tajuddin Ali **Resolution 1**
  - ii) Oh Kim Sun **Resolution 2**
  - iii) Dato' Wan Abdullah Wan Ibrahim **Resolution 3**
3. To re-elect the following Directors, who retire in accordance with Article 92 of the Company's Articles of Association and, being eligible, have offered themselves for re-election:
  - i) Sheranjiv Sammanthan **Resolution 4**
  - ii) Datuk Tong Kooi Ong **Resolution 5**
4. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
  - i) **"THAT** Abdul Kadir Md Kassim, who retires in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting."**Resolution 6**
  - ii) **"THAT** Md Ali Md Dewal, who retires in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting."**Resolution 7**
5. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2010. **Resolution 8**
6. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **Resolution 9**



## NOTICE OF ANNUAL GENERAL MEETING

### As Special Business

To consider and, if thought fit, to pass the following as ordinary resolutions:

7. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

**"THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting ("AGM") and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

**Resolution 10**

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**"THAT** pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and/or its subsidiaries ("UEM Land Holdings Group") to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of UEM Land Holdings Group to be entered into by UEM Land Holdings Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.2 of the Circular to Shareholders of the Company dated 24 May 2011 **AND THAT** such approval conferred by the shareholders' mandate shall continue to be in force until:

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

**Resolution 11**

9. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**"THAT** pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Shareholders' Mandate for the Company and/or its subsidiaries ("UEM Land Holdings Group") to enter into additional recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of UEM Land Holdings Group to be entered into by UEM Land Holdings Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.3 of the Circular to Shareholders of the Company dated 24 May 2011 **AND THAT** such approval conferred by the mandate shall continue to be in force until:

## NOTICE OF ANNUAL GENERAL MEETING

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
- ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate."

### Resolution 12

- 10. To transact any other business for which due notice shall have been given.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this Third AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Articles 58 and 59 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 9 June 2011. Only a depositor whose name appears on the ROD as at 9 June 2011 shall be entitled to attend the said Meeting or appoint a proxy(ies) to attend and vote on his/her behalf.

By Order of the Board

**TAN HWEE THIAN** (MIA 1904)  
**WONG LEE LOO** (MAICSA7001219)  
 Company Secretaries

Kuala Lumpur  
 24 May 2011

#### Note 1

1. Every member is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
2. To be valid, the **original** Form of Proxy duly completed must be deposited at the Share Registrar's office, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time of the holding the Meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its attorney.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one thousand (1,000) ordinary shares may appoint up to ten (10) proxies to attend and vote at the same meeting and each proxy appointed, shall represent a minimum of one thousand (1,000) ordinary shares. Where a member appoints one (1) or more proxies to attend and vote at the same meeting, such appointments shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.



## NOTICE OF ANNUAL GENERAL MEETING

### Note 2

#### Resolution pursuant to Section 132D of the Companies Act, 1965

1. The proposed Resolution 10 for the purpose of seeking a new general mandate, if passed, would enable the Directors to issue up to a maximum of 10% of the issued share capital of the Company as at the date of this Annual General Meeting for such purposes as the Directors consider would be in the best interest of the Company, such as issuance of new shares as consideration for investments and/or acquisitions or issuance of new shares to raise fund for investment and/or working capital. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

#### Resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

1. For Resolutions 11 and 12, further information on the recurrent related party transactions are set out in the Circular to Shareholders of the Company dated 24 May 2011 which is dispatched together with the Company's Annual Report 2010.
2. The proposed Resolutions 11 and 12, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE THIRD ANNUAL GENERAL MEETING OF THE COMPANY

The details of all the Directors seeking re-election are set out in their respective profiles which appear in the Profile of Directors on pages 52 to 61 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings on page 214 of this Annual Report.

## FINANCIAL CALENDAR

### 11 January 2010

UEM Land Holdings Berhad announced a proposed renounceable Rights Issue of new ordinary shares to raise gross proceeds of approximately RM970 million to repay borrowings and reduce interest cost which led to a more robust capital structure.

### 9 February 2010

Announcement of the Notice of Extraordinary General Meeting on the proposed renounceable rights issue of ordinary shares of RM0.50 each to raise gross proceeds of approximately RM970 million.

### 22 February 2010

Announcement on the 4th quarter consolidated results for the financial period ended 31 December 2009.

### 25 February 2010

Announcement of the shareholders' approval on the proposed renounceable Rights Issue as set out in UEM Land Holdings Berhad's Notice of Extraordinary General Meeting dated 9 February 2010.

### 14 May 2010

Announcement on Headline Key Performance Indicator ("KPI") targets for the financial year ending 31 December 2010 of 35% for revenue growth and 6% for return on equity ("ROE").

### 18 May 2010

Announcement of Notice of Second Annual General Meeting.

### 25 May 2010

Announcement on the 1st quarter consolidated results for the financial period ended 31 March 2010.

### 10 June 2010

UEM Land Holdings Bhd held its Second Annual General Meeting.



#### 27 August 2010

Announcement on the 2nd quarter consolidated results for the financial period ended 30 June 2010.

#### 4 November 2010

Announcement on the proposed conditional take-over offer by UEM Land Holdings Berhad to acquire the entire equity interest in Sunrise Berhad ("Sunrise").

#### 29 November 2010

Announcement Notice of Extraordinary General Meeting on the conditional take-over offer by UEM Land Holdings Berhad to acquire all the ordinary shares of RM1.00 each in Sunrise (excluding Treasury Shares) not already owned by UEM Land Holdings Berhad at an offer price of RM2.80 per offer share.

#### 29 November 2010

Announcement on the 3rd quarter consolidated results for the financial period ended 30 September 2010.

#### 6 December 2010

Announcement on the proposed acquisition by UEM Land Berhad, a wholly-owned subsidiary of UEM Land Holdings Berhad, of 2 parcels of freehold land located in the Mukim of Semenyih, District of Hulu Langat, Selangor Darul Ehsan ("Bangi Land").

#### 22 December 2010

UEM Land Holdings Berhad announced the shareholders' approval of all the resolutions as set out in UEM Land Holdings Berhad's notice of Extraordinary General Meeting dated 29 November 2010.

## CHAIRMAN'S STATEMENT



Tan Sri Dr Ahmad Tajuddin Ali  
Chairman





**DEAR SHAREHOLDERS,**

The year 2010 marked the beginning of a new decade filled with the promise of fresh hope and better prospects. After the tumultuous year that preceded it, 2010 saw the world in general recover from the grips of one of the worst recessions in recent history. Asian economies in particular surged forward with the ASEAN 5 (Malaysia, Philippines, Indonesia, Thailand and Vietnam) growing at an estimated 6.7%, according to IMF. In Malaysia, the Government released the 10th Malaysia Plan in June, gearing Malaysia for high-income, high-productivity economic growth. This was followed by the launch of a detailed Economic Transformation Programme (ETP) in September, aimed at translating Vision 2020 into reality.

## CHAIRMAN'S STATEMENT



Horizon Hills Golf & Country Club

These developments, needless to say, had a favourable effect on the property sector which stood to benefit from a more positive consumer sentiment. For UEM Land Holdings Berhad (UEM Land Holdings or the Company), the upbeat local investment climate was further enhanced by an upturn in Singapore's economy, which led to increased interest in Nusajaya, our flagship development and one of the five Flagship Zones within Iskandar Malaysia.

With all these as the background, the Company managed to put forward a very credible performance and I have great pleasure in presenting our results for the year ended 31 December 2010.

### FINANCIAL PERFORMANCE

For the Financial Year 2010 ("FY2010"), the Company had set itself two ambitious Headline Key Performance Indicators (KPIs) - revenue growth of 35% and return on equity (ROE) of 6%. These targets are deliberately stretched in order to drive the Company and motivate employees to operate out of their comfort zones. While we managed to grow our revenue to RM469.7 million from RM407.9 million in 2009, we fell short of our revenue growth target. However, the Company's ROE of 9.2% far surpassed our set target, especially in view of the immediate dilutive impact of our 1 for 2 Rights Issue exercise completed in April 2010.

The higher ROE reflects the growth in revenue, better profit margin from ongoing projects and enhanced performance of our joint ventures, as well as significant contributions from one-off transactions such as Strategic Land Sales and the gain on disposal of Touch 'N Go Sdn Bhd.

However, despite the higher ROE achieved for 2010, the Board did not recommend a dividend for FY2010. This is because the Company is still in the growth phase and even with the current improved cash position, such funds would be more effectively utilized if they were channeled towards the Company's on-going and future developments. We believe this is in the best interest of the Company and our shareholders and will eventually be reflected in enhanced shareholder value.

### INCREASING SHAREHOLDER VALUE

A major highlight of the year was the Rights Issue exercise that UEM Land Holdings embarked on in January and completed in April. This was highly successful, raising more than RM971.3 million from the issuance of 1,214,088,456 new ordinary shares at RM0.80 each.

Proceeds from the Rights Issue allowed UEM Land Holdings to repay UEM Group term loan amounting to RM633.0 million, which carried an interest cost of 7.5% per annum. Not only did this reduce our gearing level from 0.67 times based on our financial statements as at December 2009 to 0.18 times based on our financial statements as at December 2010, but the Rights Issue also left us with substantial working capital for our property development activities in order to spur future earnings growth.

In December 2010, we entered into an agreement to acquire approximately 449 acres of freehold land in Bangi, located within the growth area of Bandar Baru Bangi. This land, easily accessible via both the North South Expressway and the LEKAS Highway, presents us with the opportunity of developing yet another comprehensive and integrated township. We plan to tap into the potential of this land immediately and expect to launch our first product in early 2012.





The Ledang Urban Retreat

## CHAIRMAN'S STATEMENT

But the star achievement of the year was the acquisition of Sunrise Berhad (Sunrise). Part of UEM Land Holdings' five-year strategy plan leading from 2010 to 2015 is to diversify our landbank and products, and to expand our geographical reach. The Board and management realised we could achieve this via the slow route of organic growth, or we could fast track our expansion with a strategic acquisition. We chose the latter. After months of assessing the market, and potential property companies, we decided the company that best matched our needs and complemented our strengths was Sunrise. While we have expertise in township development, Sunrise is renowned for its up-market high-rise residential projects as well as commercial developments. As such, we launched a conditional take-over offer for Sunrise in November 2010 and I am pleased to report that the acquisition was successfully completed on 16 February 2011 and that Sunrise is now a 100% subsidiary of UEM Land Holdings.

We are extremely pleased with this acquisition, and especially by the synergies that it creates. Sunrise complements our capabilities so that we are now fully qualified to manage any development project, anywhere. Via Sunrise, we have also automatically increased our landbank – Sunrise has undeveloped prime landbank in central Kuala Lumpur, Mont'Kiara, Dutamas, Kajang, as well as in Vancouver, Canada. These present us with a diversified portfolio of landbank, projects and products which decreases our market and geographical concentration risks, and stands us in good stead for regional expansion in the near future.

### OUTSIDE NUSAJAYA

Even before the Sunrise acquisition, UEM Land had a few strategic landbank, which are currently either under development or in the process of being developed. These

include a beautiful and strategically located waterfront land in the heart of Durban, South Africa, as well as our flagship development in Cyberjaya, Symphony Hills. Given our strengthened financials and capabilities, we will now look into developing our landbank in Durban, while work has already begun to transform Symphony Hills into a high-end, gated residential enclave. In fact, the launch of this project in August 2010 was a milestone for the year under review, and I am pleased to report that the launch was well received.

Symphony Hills exemplifies the brand positioning we seek for UEM Land Holdings. This gated community introduces to the Malaysian market an entirely novel concept of a Connected Intelligent Community that runs on high-speed broadband network. It also boasts one of the most sophisticated security systems in the country for peace of mind and well-being of the residents.

As in all our products, we strive to bring value-add propositions so that consumers associate UEM Land Holdings with the highest levels of quality and innovation.

### CORPORATE RESPONSIBILITY

As the master developer of Nusajaya, UEM Land Holdings is playing a significant role in the realisation of Iskandar Malaysia, which has been identified as one of the nation's growth corridor. We take this role seriously and have left no stone unturned to make the Nusajaya story a success. Through concerted marketing efforts and affiliation with reputable organisations, we have spared no effort in bringing in both foreign and local investors to participate in realising our vision of making Nusajaya a 'World in One City'. For example, the investment value of Bio-XCell, Malaysia's first bio-technology park within the Southern Industrial and Logistics Clusters (SiLC), alone is more than RM950 million, with investments secured from leading biotech firms from India, France and the United States.

UEM Land Holdings is also conscious of our duty towards all our stakeholders in ensuring the sustainability of the Company. We have a strong presence in the community, especially in our flagship development of Nusajaya, through the adoption of 17 schools under the Khazanah Nasional-initiated PINTAR programme. In addition, we provide for the local communities in any way we can. For example, we built and handed over the Anjung Police Station in Nusajaya to the Royal Malaysian Police. During the year, we organised several events for the underprivileged in conjunction with Ramadhan. We also organised a Golf Friendly towards the end of 2010, and channeled the proceeds to Pusat Dalam Komuniti (PDK) Nusajaya, a rehabilitation centre for physically and mentally challenged children.

We are conscious of the need to provide quality products and excellent after-sales service to our customers. To achieve this, we provide our people with continuous training to enhance their professional development. We are fortunate to have the UEM Group's Learning Centre at our disposal, and regularly send our employees for courses to equip them with the knowledge and skills that will enable them to advance in the workplace. In addition, we operate on the principle of fair treatment and provide ample benefits to ensure the well-being of all our employees.

We have also taken several initiatives to improve our carbon footprint and to protect the environment and the country's natural resources. The Nusajaya Green Plan is based on the R.O.S.E (Reduce, Offset, Substitute and Enhance) concept to ensure the proper management of Nusajaya's water, waste, energy and environment conservation.

In 2010, we underlined our commitment to corporate responsibility by producing our inaugural Corporate Responsibility Report (for the year 2009) which outlines in detail our approach and efforts made in contributing to the sustainability of the environment, marketplace, community and workplace.





Factories in operation at SiLC, Nusajaya

## PROSPECTS

Various factors led me to believe that the momentum of growth we achieved in 2010 will pick up in 2011. For a start, the local property market is expected to continue on its upward trend in line with the country's improving economy. At the same time, the Government has shown great determination in pushing ahead with the Economic Transformation Programme, which will have positive effects on the

property industry. More specifically, the Government has always been supportive of our developments, given the crucial role Nusajaya plays in the overall scheme of Iskandar Malaysia. Any further incentives or investments allocated for the southern economic zone under the 10th Malaysia Plan will have tremendous spill-over benefits for Nusajaya.

These external factors complement the energy and enthusiasm at UEM Land Holdings itself, which will serve to propel us into the next stage of our own development. We may be a relatively young property developer, but we have big aspirations. We have a vision for Nusajaya, and that vision is panning out well, as is evidenced in the good progress made, the capacity and capability we have built and nurtured, the awards we have won, and the sales we have generated.



## CHAIRMAN'S STATEMENT



Mont'Kiara

We also have a vision for the Company itself, in that we aspire to greater heights not just locally or regionally but even globally. We have outlined an aggressive five-year Strategic Plan and I believe we are well positioned to achieve our targets. In many ways, the acquisition of Sunrise marks the end of the beginning. We have entered a new chapter in our evolution as a property developer. With Sunrise, we have acquired

a very solid foundation on which we can further expand our portfolio and build a brand synonymous with quality products that meet the needs and lifestyle aspirations of Malaysians and citizens of the world. It will, undoubtedly, springboard our evolution into a global community builder.

Indeed, the future is bright and we're ready to step into the limelight.





## ACKNOWLEDGEMENTS

It goes without saying that our successes over the years, and last year was no exception, have been brought about by our people. I would like to take this opportunity to thank every member of the Company for his or her invaluable contribution to this exciting journey that we have embarked on. On behalf of the Board of Directors, I would also like to welcome our new Board members, Sheranjiv Sammanthan and Datuk Tong Kooi Ong, whose wealth of knowledge and experience will be invaluable to the Company, on board.

In addition, I would also like to express my thanks and appreciation to Omar Siddiq Amin Noer Rashid who resigned on 28 February 2010.

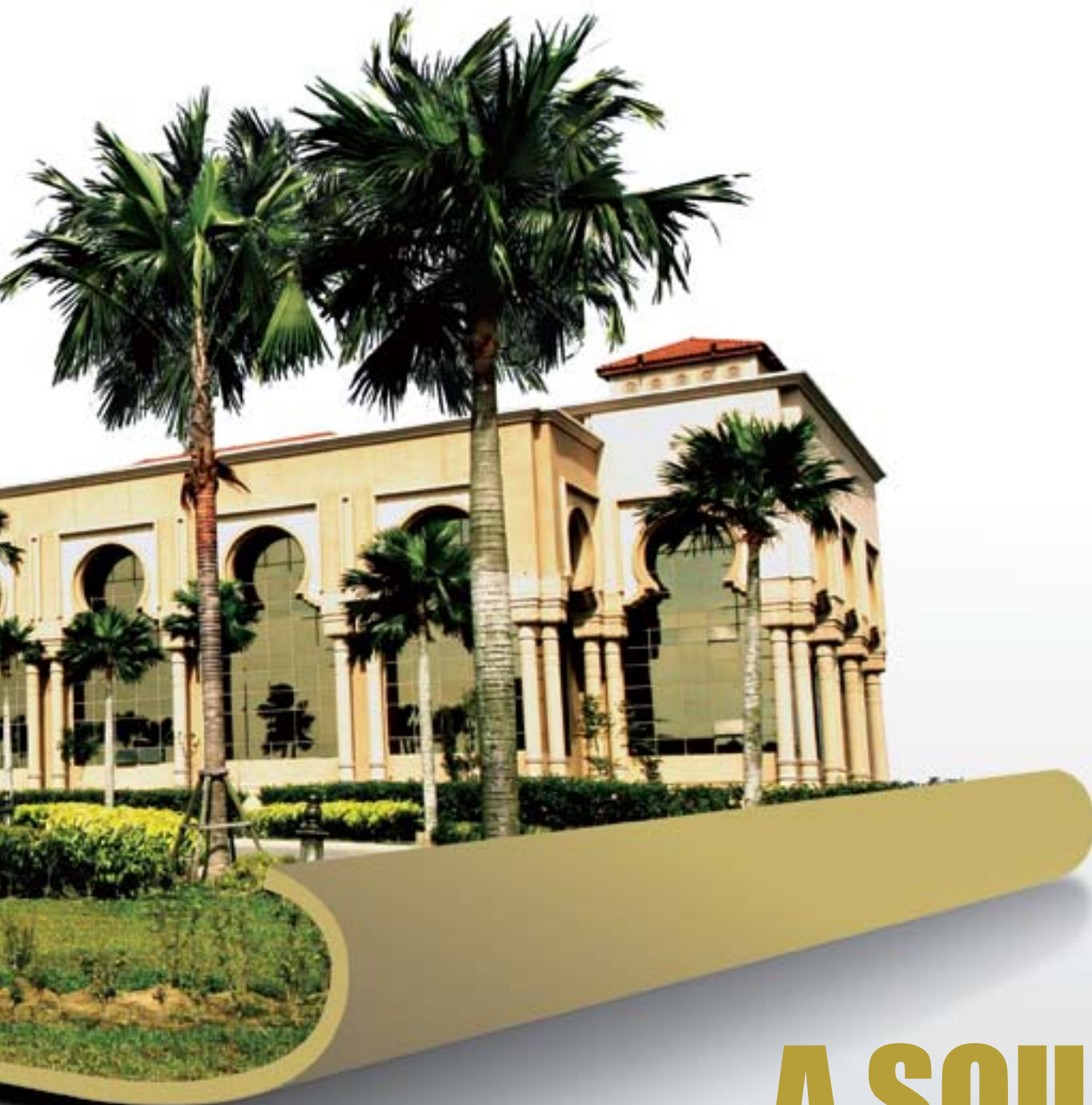
My appreciation also goes to all other stakeholders – our highly valued customers, our partners and associates, shareholders, members of the media and regulators – for their continued support. A special note of thanks goes to the Federal Government, the Johor State Government as well as the Iskandar Regional Development Authority

for seeing the same vision for Nusajaya that we do, and for creating the most conducive environment for us to turn this vision into reality.

**Tan Sri Dr Ahmad Tajuddin Ali**  
Chairman







# A SOUND HERITAGE

As the flagship company of the UEM Group's Township and Property Development core business, UEM Land Holdings is able to leverage on the wide range of experience and expertise within the UEM Group, its foundation of strength and its many solid achievements. The UEM Group has accomplished and delivered iconic infrastructure projects and services around the world and as part of this corporate culture, we have the opportunity to tap into the vast resources of the UEM Group to deliver value in the areas we operate.



## 2011 OUTLOOK

Globally, the world is still in recovery mode since the height of the recession in mid-2009. The International Monetary Fund (IMF) has predicted that the global economy will grow at 4.2% in 2011. Mature economies are expected to recover at a slower pace than emerging economies. The continued de-leveraging, high unemployment and weak income growth are the key factors hindering the growth of advanced economies with the sovereign debt crisis in Europe continuing to remain a concern. As for emerging Asia, policy makers have the flexibility in their fiscal and monetary policies to stimulate economic growth. The IMF forecasted growth for the Asian economy at 6.7% over the next 5 years, predominantly driven by China (9.5%) and India (8.2%).

On the home front, Bank Negara has projected the Malaysian economy to grow by 5-6% in 2011, lower than the estimate for 2010 of 6-7%. The Ringgit is expected to continue getting stronger against the US Dollar with the Malaysian Institute of Economic Research predicting the Ringgit achieving an average exchange rate of RM2.95 per US Dollar by the year 2012. More encouragingly, Malaysia has moved up 5 places into the top 20 countries in the World Economic Forum's financial development index 2010 whilst recording significant progress in the 'financial stability' category with other benchmarks such as institutional environment, banking financial services, non-banking financial services, financial markets and financial access being used. It is hoped that this achievement will make Malaysia a more attractive destination for Foreign Direct Investments.

Bank Negara predicted that headline inflation is expected to increase further in 2011 to average at 2.5 – 3.5%, driven primarily by the significant increases in global commodity and energy prices. This will result in the slowdown of domestic consumption. Apart from that, Malaysia's monetary policy is supportive of the economic activities with the Overnight Policy Rate (OPR) relatively accommodative and considered to be appropriate and consistent with the assessment of growth and inflation prospects. For the record, the OPR is at 2.75% in the fourth quarter of 2010. As at end of 2010, Malaysia's BLR averaged at 6.3% and is predicted to be consistently stable for the year 2011.

The sentiments are encouraging across the board with regards to the outlook for the property market in Malaysia with most of the notable developers giving their thumbs up to the prospects of full economic recovery. Most cited that 2010 has been a good year for the industry and this is expected to continue throughout 2011. The economic recovery of Malaysia has definitely reinvigorated the property industry. The Economic Transformation Programme with its high-impact projects such as the Mass Rapid Transit and the Ampang-Cheras-Pandan Elevated Highway which will commence in 2011 will have a positive effect on the property industry such as increased accessibility and property values, in addition to the thousands of new jobs the programme will create.

In addition, various incentives announced by the Government are expected to increase real estate transactions, such as the proposed stamp duty exemption of 50% for agreements involving residential property not exceeding RM350,000 for first-time house buyers. The Klang Valley remains as the main property hot spot for the country with the Government's plan for the creation of a Greater KL expected to drive development initiatives in the immediate to medium term. The continued warming of bilateral ties between Malaysia-Singapore also bodes well for the development of Iskandar Malaysia as strong Singaporean buy-in and support would help set the tone for a more conducive investment climate, creating greater business opportunities and excitement for the property sector there.

The Government has also announced additional allocation of RM853 million for infrastructure for corridor and regional development. This includes RM339 million for Iskandar Malaysia alone. There is also news of a possible 300 km Kuala Lumpur-Singapore high-speed train project that will cut the travelling time between the two cities to a mere 45 minutes. This ambitious project, should it crystallise, would result in a myriad of spill-over effects especially to the growth prospects of the Southern Region of Malaysia.

All in all conditions are ideal for Malaysia's property sector to continue on a growth trajectory for 2011. With the recent acquisition of Sunrise, the UEM Land Holdings Group is now ready to come to the forefront and cement its position as one of Malaysia's leading property players.

Sources: Bank Negara Malaysia; [www.etp.pemandu.gov](http://www.etp.pemandu.gov);  
Jones Lang Wootton The Malaysian Quarterly 4Q 2010 Report;  
MIER and [www.iproperty.com](http://www.iproperty.com)





## CORPORATE PROFILE

**UEM LAND HOLDINGS BERHAD IS A PUBLIC COMPANY LISTED ON THE MAIN BOARD OF BURSA MALAYSIA. IT IS THE FLAGSHIP COMPANY FOR REAL ESTATE INVESTMENT AND PROPERTY DEVELOPMENT IN UEM GROUP BERHAD (“UEM GROUP”) AND KHAZANAH NASIONAL BERHAD (“KHAZANAH”). UEM GROUP IS A WHOLLY-OWNED SUBSIDIARY OF KHAZANAH, AN INVESTMENT HOLDING COMPANY OF THE MALAYSIAN GOVERNMENT.**

UEM Land Holdings’ wholly-owned subsidiary UEM Land Berhad, is currently undertaking the development of Nusajaya which is located in one of the five flagship zones of Iskandar Malaysia, identified by the Government as one of the key drivers of our nation’s socio economic growth under the Ninth Malaysia Plan.

Nusajaya will be developed into a regional city with diverse catalyst developments to create and promote economic growth and development in the area and to meet various economic activities and market demands.

Embracing innovative building processes and technology, Nusajaya will be a role model of an economically, socially and environmentally sustainable city for South East Asia. With its modern infrastructure and cutting edge architectural design, the expected local and foreign investment inflows into Nusajaya will propel economic growth and transform south Johor into an exciting centre of economic development.

Nusajaya spans a total of 23,875 acres, with UEM Land Holdings owning 10,403 acres which are currently under various stages of development. By 2025, Nusajaya will comprise a range of high quality properties, including Kota Iskandar, the Johor state new administrative centre and the Federal Government offices, the luxurious Puteri Harbour waterfront development, the “green” and “clean” fully managed Southern Industrial and Logistics Clusters and Afiat Healthpark, a comprehensive medical park offering world class healthcare facilities and services. Together with a mix of residential and commercial properties, hotels, resorts and many other amenities, Nusajaya will transform into a preferred destination to live, work and play.

One of the Company’s business strategies is to diversify its income stream and geographical location into high growth areas. This process has been initiated with the formalisation of an acquisition of 98 acres of freehold site adjacent to the Central Business District of Cyberjaya at the end of 2008. The development, Symphony Hills, is an exclusive residential development and the country’s first Connected Intelligent Community offering smart-home features and community connectivity through high-speed broadband.

To further diversify our landbank, UEM Land Holdings also acquired Sunrise Berhad, an award-winning property development company and renowned for its up-market high-rise residential projects as well as commercial developments. With the acquisition, Sunrise complements UEM Land Holdings’ capabilities in property development and automatically increased its landbank in prime area in central Kuala Lumpur, Mont’Kiara, Dutamas, Kajang as well as in Vancouver, Canada.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Tan Sri Dr Ahmad Tajuddin Ali

*Chairman/Non-Independent  
Non-Executive Director*

#### Abdul Kadir Md Kassim

*Non-Independent  
Non-Executive Director*

#### Dato' Ikmal Hijaz Hashim

*Independent  
Non-Executive Director*

#### Dato' Wan Abdullah Wan Ibrahim

*Managing Director/  
Chief Executive Officer*

#### Md Ali Md Dewal

*Senior Independent  
Non-Executive Director*

#### Sheranjiv Sammanthan

*Non-Independent  
Non-Executive Director*

#### Dato' Izzaddin Idris

*Non-Independent  
Non-Executive Director*

#### Oh Kim Sun

*Independent  
Non-Executive Director*

#### Datuk Tong Kooi Ong

*Non-Independent  
Non-Executive Director*

### AUDIT COMMITTEE

Oh Kim Sun  
*Chairman*

Abdul Kadir Md Kassim  
*Member*

Md Ali Md Dewal  
*Member*

Dato' Ikmal Hijaz Hashim  
*Member*

### SECRETARIES

Tan Hwee Thian  
MIA 1904

Wong Lee Loo  
MAICSA 7001219

### AUDITORS

Ernst & Young  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

### REGISTRARS

Symphony Share Registrars  
Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Tel : 03-7841 8000  
Fax : 03-7841 8151/52

### NOMINATIONS & REMUNERATION COMMITTEE

Md Ali Md Dewal  
*Chairman*

Dato' Izzaddin Idris  
*Member*

Oh Kim Sun  
*Member*

### PRINCIPAL SOLICITORS

Kadir Andri & Partners  
8th Floor Menara Safuan  
80 Jalan Ampang  
50450 Kuala Lumpur

### STOCK EXCHANGE

Main Market of Bursa Malaysia  
Securities Berhad

### BOARD TENDER COMMITTEE

Abdul Kadir Md Kassim  
*Chairman*

Dato' Izzaddin Idris  
*Member*

Dato' Ikmal Hijaz Hashim  
*Member*

### PRINCIPAL BANKERS

CIMB Bank Berhad  
Malayan Banking Berhad

### REGISTERED OFFICE

19-2 Mercu UEM  
Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : 03-2727 6868  
Fax : 03-2727 2211



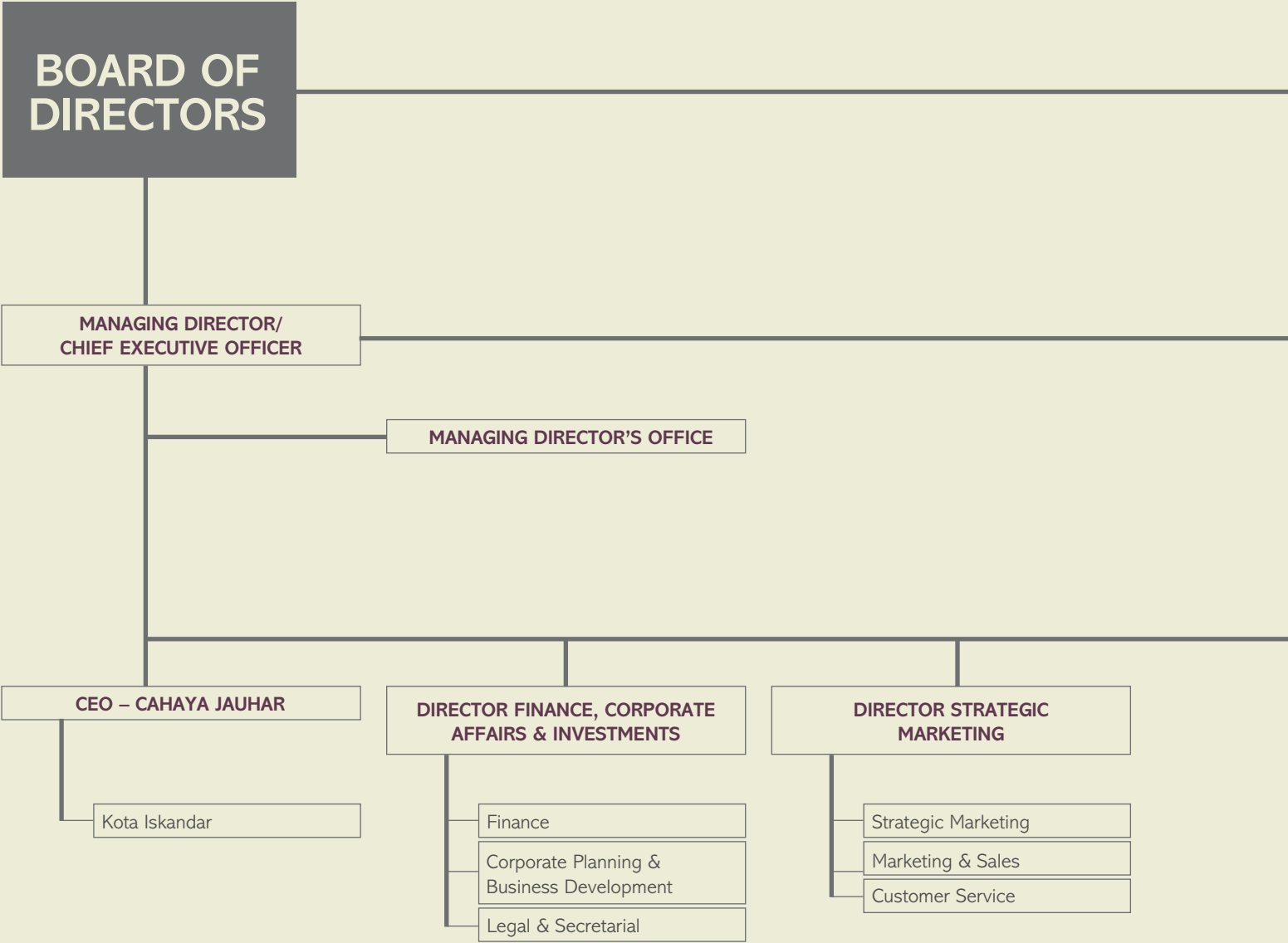
**GROUP CORPORATE STRUCTURE**

as at 31 March 2011

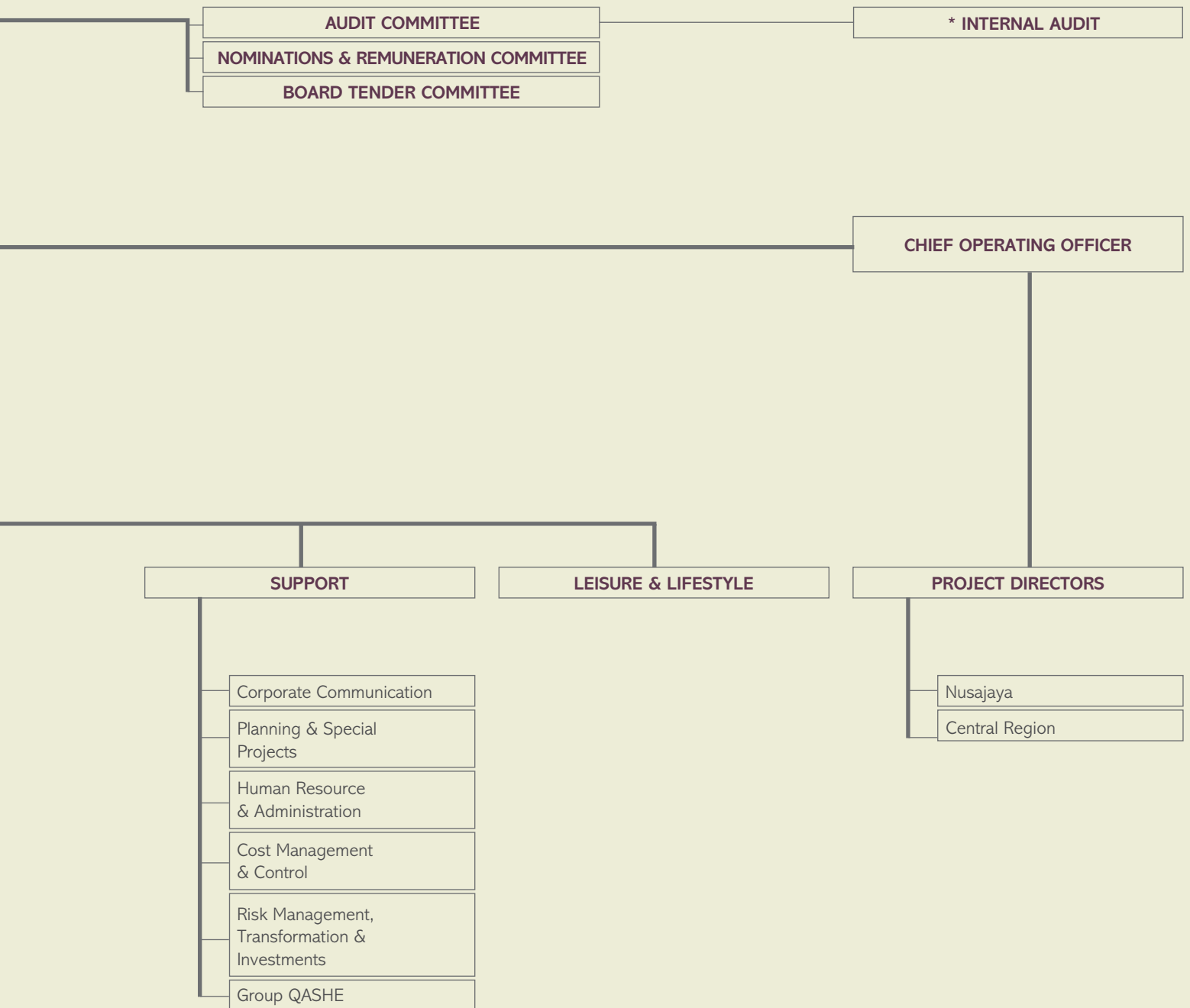
**UEM LAND HOLDINGS BERHAD**

UEM Land Berhad	Cahaya Jauhar Sdn Bhd
100%	60%
Bandar Nusajaya Development Sdn Bhd	Horizon Hills Development Sdn Bhd
100%	50%
Nusajaya Development Sdn Bhd	Nusajaya Consolidated Sdn Bhd
100%	50%
Symphony Hills Sdn Bhd	Malaysian Bio-XCell Sdn Bhd
100%	40%
Sunrise Berhad	Haute Property Sdn Bhd
100%	40%
	Setia Haruman Sdn Bhd
	25%

ORGANISATION  
STRUCTURE







\* Outsourced to UEM Group Management Sdn Bhd

## MEDIA HIGHLIGHTS







### UEM Land to step outside Nusajaya

By Andrew Ngai Editor

UEM Land is planning to step outside its traditional base of Nusajaya, Johor, to develop a new residential project in the Klang Valley. The company is currently in the early stages of planning and land acquisition for the project, which is expected to be completed within the next two years.

### Nusajaya riding on airport tax: Enlarged UEM Land to draw more interest

By Andrew Ngai Editor

Nusajaya, Johor, is becoming a major hub for residential development, thanks to the proximity of the new airport. UEM Land, which has a significant stake in the area, is expected to benefit from the increased demand for housing. The company's enlarged land portfolio is attracting more interest from investors and developers.

### 200 terima sumbangan hari raya

UEM Land has organized a charity event to celebrate Hari Raya. The company donated 200 packages of food and supplies to the needy. The event was held at a local community center, and UEM Land staff and volunteers participated in the distribution of the packages.

### UEM Land expects brisk Symphony Hills sales

UEM Land expects a brisk sales season for its new residential project, Symphony Hills. The company has received a lot of interest from potential buyers, and sales are expected to pick up significantly in the coming months. The project is located in a prime location and offers modern amenities and facilities.

### UEM Land, Sunrise gabung operasi?

There is speculation that UEM Land and Sunrise may be considering a merger or joint venture. The two companies have been working closely together on several projects, and their combined resources could be a powerful force in the real estate market. However, no official statement has been made yet.

### UEM Land to buy Sunrise for RM1.4b

UEM Land is planning to acquire Sunrise for RM1.4 billion. The acquisition is expected to strengthen UEM Land's position in the market and provide it with access to Sunrise's extensive land portfolio and development expertise. The deal is still in the early stages of negotiation.

### Program kesihatan dapat sambutan

UEM Land's health program has received a positive response from the community. The program, which focuses on promoting healthy living and preventing diseases, has been well-received by participants. UEM Land is committed to supporting the health and well-being of the community.



## 2010 CALENDAR OF EVENTS – CORPORATE EVENTS



### 25 February **UEM Land Holdings' Extraordinary General Meeting (EGM)**

UEM Land Holdings organised its EGM to obtain approval from its shareholders on the proposed Rights Issue for UEM Land Holdings to raise funds to reduce the Company's borrowings, for property development and working capital purposes.



### 2 March **Handover of Anjung Police Station**

UEM Land Holdings organised a ceremony to officially hand over the Anjung police station to the Royal Malaysian Police. The Anjung police station was constructed by UEM Land Holdings as one of the planned initiatives in the management aspect of the Nusajaya Safety and Security Master Plan. It also complements the "Nusajaya – A Safe City" programme launched by the police in July 2009.



### 22 April **Sale and Purchase Agreement with Encorp Berhad**

Encorp Berhad, through Encorp Iskandar Development Sdn Bhd, entered into a Sale and Purchase agreement with UEM Land Berhad to acquire and develop a commercial land parcel in Puteri Harbour into a mixed commercial and residential development.



### 22 May **MYWORKLIFE@ISKANDAR**

UEM Land Holdings participated in the MYWORKLIFE@ISKANDAR event which was spearheaded by Khazanah Nasional Berhad. The event marks the launch of a new online web portal that offers useful information to help not only Malaysian talents domestically or working abroad, but foreigners as well, in their decision-making process on whether to return or come to work in Malaysia.



### 10 June **Second Annual General Meeting**

UEM Land Holdings held its Second Annual General Meeting (AGM) at Persada PLUS. The AGM was organised primarily to provide the shareholders with a broad overview of the Company's performance, project updates and an opportunity for dialogue with the Board and Management.



### 17 June **Home Minister visits Puteri Harbour**

Home Minister YB Dato' Seri Hishammuddin Tun Hussein visited Puteri Harbour waterfront development, joined by a distinguished entourage comprising the Johor Menteri Besar, YAB Dato' Abdul Ghani Othman, the then Inspector General of Police, YBhg Tan Sri Musa Hassan, Johor Police Chief, YBhg Dato' Mohd Mokhtar Hj Mohd Shariff, Johor State Secretary, YBhg Dato' Hj Abdul Latif Yusof, members of the Johor State EXCO and Chief Executive Officer of Iskandar Regional Development Authority, Ismail Ibrahim.





**1 October  
Meriahnya 1Raya**

In conjunction with the 2010 Aidilfitri celebration, UEM Land Holdings participated in UEM Group's open house which was held at Mercu UEM. Themed, "Meriahnya 1Raya", the open house was attended by more than 1,500 guests.



**14-17 October  
Iskandar Johor Open**

UEM Land Holdings, was once again the platinum sponsor for the 4th Iskandar Johor Open (IJO) 2010. The IJO was held at Horizon Hills Golf & Country Club in Nusajaya.



**4 November  
Media & Analysts Briefing on  
UEM Land Holdings & Sunrise**

A Media Briefing was organised to announce UEM Land Holdings proposed acquisition of Sunrise Berhad and to brief the media and analysts on the details of the proposed acquisition.



**4 November  
Signing of Supplemental Agreements  
with BRDB**

UEM Land Berhad and Bandar Raya Developments Bhd (BRDB) entered into Supplemental Agreements to jointly develop Residential North in Nusajaya. The agreement was in conjunction with BRDB's acquisition of a 60 percent stake in Haute Property Sdn Bhd from Dubai World's Limitless Holdings Pte Ltd.



**22 December  
Extraordinary General Meeting**

UEM Land Holdings held its Extraordinary General Meeting at Persada PLUS to brief its shareholders on the proposed acquisition of Sunrise Berhad and to obtain their approval for its acquisition.



**30 December  
Sale and Purchase Agreement with  
Inch Kenneth**

UEM Land Berhad signed a Sale and Purchase Agreement with Inch Kenneth Kajang Rubber Public Limited to purchase a parcel of freehold agricultural land measuring approximately 448.6 acres, located within the vicinity of Bandar Baru Bangi.

## 2010 CALENDAR OF EVENTS – CORPORATE RESPONSIBILITY (COMMUNITY)



### 16 January **Microchip Controller Project workshop**

Forty secondary students of UEM Land's PINTAR schools attended the Microchip Controller Project workshop organised by UEM Land Holdings. The workshop was part of an on-going effort to develop innovative minds in technology as well as promoting a sustainable ICT community to benefit the Malaysian community and industry at large.



### 26 January **PINTAR Mobile Unit Visits UEM Land's PINTAR schools**

Students from UEM Land's PINTAR schools were treated with various fun-filled innovative and IT-related activities during a series of visits by PINTAR Foundation's Mobile unit.



### 15-17 March **PINTAR English Programme: Classroom Language Part 1**

UEM Land Holdings, in collaboration with British Council, organised a training course for PINTAR schools' teachers to provide an opportunity for them to get new ideas and explore current techniques in English language teaching. The training is part of UEM Land's English program which is aimed at enhancing UEM Land's PINTAR teachers' pedagogic skills in English language teaching.



### 3 April **Prize Giving Ceremony for High School Achievers**

Students of UEM Land's PINTAR schools were presented with cash and certificates during an award presentation ceremony for their excellent results in the 2009 UPSR, PMR and SPM examinations.



### 24 April **UEM Land-UKM Green School Programme**

UEM Land Holdings, in collaboration with UKM, launched the UKM-UEM Land Green School Programme at Sekolah Kebangsaan Taman Nusa Perintis 1 in Nusajaya. The programme is aimed at instilling greater awareness amongst the public, especially the young school children, on the impact of climate change.



### 22 -23 May **UPSR Clinic**

UEM Land Holdings successfully organised the UPSR Clinic for 250 students from UEM Land's PINTAR schools to help them prepare for their 2010 UPSR examination. The clinic was organised in collaboration with Berita Harian's Education Unit.



## 2010 CALENDAR OF EVENTS – CORPORATE RESPONSIBILITY (COMMUNITY)



### 24 June Green School Programme Prize Giving Ceremony

UEM Land Holdings presented gifts to winners of the Green Log Book activity which was organised in conjunction with the Green School programme. The winners were among 120 students who participated in the activity which required them to record their personal daily efforts to “go green” like switching off lights, reducing use of water and cycling to school, for a month.



### 28 June UEM Land Holdings Sponsors Star-NiE for its PINTAR Schools

UEM Land Holdings initiated a strategic partnership with The STAR Publication Malaysia Berhad by sponsoring RM20,000, as part of its efforts to inculcate reading habits and improve English proficiency among UEM Land's PINTAR Schools via The Star Newspaper in Education (NiE) programme. With this sponsorship, the exclusive The Star NiE supplements were distributed to all 17 of UEM Land's PINTAR schools weekly.



### 14 July NiE Workshop

More than 40 teachers from all 17 UEM Land's adopted schools under the PINTAR programme participated in a workshop conducted by the Star-NiE (Newspaper-in-Education). The workshop was to complement the NiE Sponsorship programme and was aimed at providing better exposure and insights to teachers on new and innovative methods in teaching English using the newspapers.



### 17 July Motivational Talk for Students

To help students overcome the pre-examination jitters, UEM Land Holdings organised a motivational talk to 120 students from four UEM Land's PINTAR schools who were taking the 2010 SPM examination. The one-day motivational talk was aimed at preparing the students for the SPM examination, both emotionally and psychologically.



### 24-25 July UPSR Clinic

UEM Land Holdings, with the support of Berita Harian's Education Unit, successfully organised the UPSR Clinic for 250 students who were sitting for their 2010 UPSR examination. The students are from UEM Land's adopted schools under the PINTAR programme in Johor Bahru.



### 31 July-1 August PMR Seminar

UEM Land Holdings organised the PMR Examination Seminar for 250 students of UEM Land's PINTAR schools who were taking their 2010 PMR examination. The seminar was conducted with the support of Berita Harian's Education Unit.

## 2010 CALENDAR OF EVENTS – CORPORATE RESPONSIBILITY (COMMUNITY)



7-8 August  
**SPM Seminar**

UEM Land Holdings, in collaboration with Berita Harian's Education Unit, successfully organised its SPM Examination Seminar for 250 students who were taking the 2010 SPM examination. The students who benefited from the seminar were from UEM Land's four 'adopted' secondary schools under the PINTAR programme.



17 August  
**Buka Puasa at Kampung Pulau**

UEM Land Holdings organised a "Majlis Berbuka Puasa" with villagers of Kampung Pulau in Gelang Patah where both UEM Land's employees and the villagers jointly prepared the Bubur Lambuk, a popular porridge prepared during the fasting month.



20 August  
**UEM Land Holdings and UMNO Gelang Patah Help the Needy**

UEM Land Holdings teamed up with UMNO Gelang Patah in distributing 'duit raya' and 'raya goodies' to the less fortunate in Gelang Patah district. The event was part of UEM Land's Ramadhan philanthropic programme and a way of giving back to the society. Additionally, it was also aimed at fostering a robust relationship with the local communities in Nusajaya.



2 September  
**Buka Puasa at Kampung Tiram Duku**

UEM Land Holdings organised a "Majlis Berbuka Puasa" with the villagers of Kampung Tiram Duku in Gelang Patah. The event was part of UEM Land Holdings' way of sharing and giving back to the society while further strengthening the relationship between UEM Land Holdings and the local community.



3 September  
**Buka Puasa Kampung Melayu Event**

UEM Land Holdings shared the joy of Ramadhan with the local community by organising a "Majlis Berbuka Puasa" at Kampung Sungai Melayu in Gelang Patah.



4 September  
**Buka Puasa with Senai Airport taxi drivers**

UEM Land Holdings distributed packed food to 100 taxi drivers in Senai Airport as part of the Company's way of giving and sharing with those who have been supportive of the Company.



## 2010 CALENDAR OF EVENTS – CORPORATE RESPONSIBILITY (COMMUNITY)



**9-10 October**  
**SPM Clinic for students**  
**of PINTAR Schools**

UEM Land Holdings, together with Berita Harian's Education Unit, successfully concluded its year 2010 series of examination seminars and clinics with the SPM Clinic for four of its PINTAR secondary schools.



**15 October**  
**Junior Golf Clinic for**  
**PINTAR School children**

20 Primary six students from UEM Land's PINTAR Schools around Gelang Patah were given the chance to have their first tee lesson at Horizon Hills Golf & Country Club, organised by UEM Land Holdings in conjunction with the Iskandar Johor Open Tournament.



**30 October**  
**Pintar Al-Quran Graduation day**

Eighty pre-school children who underwent the Pintar Al-Quran Reading Programme, were honoured in a Khatam Al-Quran ceremony held at Dewan Majlis Perbandaran Johor Bahru Tengah (MPJBT) when they successfully read the entire Quran. The children were from five different kindergartens in Gelang Patah.



**3 November**  
**Students' Output (English) Project**  
**Participants Rewarded**

UEM Land Holdings organised a prize-giving ceremony to award its PINTAR School students and teachers for the Students' Output (English) Project as a culmination of its English Programme for its PINTAR schools held at the Bilik Tayangan, Bangunan Dato' Jaafar Muhammad, Kota Iskandar.



**13 November**  
**Microchip Controller Installation**

Forty secondary students from UEM Land's PINTAR schools unveiled their creative inventions during the Microchip Controller Project installation workshop held at their respective schools. This is the administration of the one-year project, held in collaboration with UKM.

## 2010 CALENDAR OF EVENTS – MARKETING AND STAKEHOLDERS ENGAGEMENTS



### 23 January **Senai Airport Taxi helps promote Nusajaya**

An exclusive advertisement kit containing essential information on Nusajaya and its catalyst projects were distributed to 100 Senai Airport Taxi drivers as part of UEM Land's strategic efforts to promote, publicise and create awareness of Nusajaya as 'The World in One City' to the general public.



### 28 March **Super Sunday for Home Owners**

UEM Land Holdings organised a fun-filled Super Sunday for its potential and existing home owners at Puteri Harbour, to attract and inform potential buyers of its current, latest and upcoming project launches in Nusajaya.



### 25 April **New Nusa Idaman Interchange Opens**

The new Nusa Idaman Interchange was officially opened to the public. Built and fully funded by UEM Land Holdings, the new interchange provides better access for residents of Nusa Idaman.



### 31 July **Symphony Hills Launch**

UEM Land Holdings launched Symphony Hills, its debut project in Klang Valley, located on a 98-acre site in Cyberjaya. Located within the Intelligent City of Cyberjaya, Symphony Hills will be the platform that showcases Malaysia's first "Connected Intelligent Community" or CIC concept within a residential development.



### 26 August **Buka Puasa with Media**

UEM Land Holdings hosted a "Buka Puasa" for about 30 media practitioners at the Ledang Urban Retreat in Nusajaya. Apart from building stronger rapport, the event was also part of UEM Land's Holdings' way of showing its appreciation to the media in Johor, for their continuous support of the Company.



### 23 September **UEM Land Holdings Hosts 'Bersama Di Aidilfitri' Hari Raya Open House for Its Stakeholders**

UEM Land Holdings hosted a Hari Raya Open house for its stakeholders which include, among others, representatives from the state government, investment partners, consultants, contractors and members of the media from Malaysia and Singapore. It was held at The Ledang Urban Retreat, Nusajaya.



## 2010 CALENDAR OF EVENTS – MARKETING AND STAKEHOLDERS ENGAGEMENTS



### 26 September **Mega Raya Open House**

UEM Land Holdings hosted a Mega Raya Open House cum property showcase at Nusajaya Centre which was attended by more than 2,000 guests. The event was part of the Company's way of showing appreciation to its current property owners while introducing its upcoming projects to potential buyers.



### 7 October **UEM Land - Johor Media Futsal Friendly Match**

UEM Land Holdings organised its inaugural futsal match with the Johor Media at Sports Prima, Pandan in Pasir Gudang, Johor. The match was aimed at fostering closer ties with members of the Johor Media who have been very supportive towards the Company.



### 8 October **Nusa Bayu Info-Kits Distribution**

UEM Land Holdings distributed information kits to the public as part of its marketing and promotional activities to promote and invite the general public to the launch of Nusa Bayu Sales Gallery. The kits were distributed to more than 5,000 people at Tanjung Kupang Checkpoint.



### 10 October **Launch of Nusa Bayu Sales Gallery**

UEM Land Holdings unveiled its latest housing development to the public, Nusa Bayu - the high quality yet affordable homes within Nusajaya at its new Nusa Bayu Sales Gallery strategically located, the vast green spaces at Nusa Bayu offer a healthy lifestyle that will truly enable residents to work, live and play in Nusajaya.



### 23 October **Golf Friendly Tournament for Stakeholders**

A total of 117 players took part in an inaugural golf tournament organised by UEM Land Holdings. The tournament which took place at Horizon Hills Golf & Country Club was aimed at building closer rapport amongst stakeholders and at the same time, to help raise funds for Pusat Pemulihan Dalam Komuniti (PDK), Nusajaya.



### 15 & 16 December **QSHE Campaign**

UEM Land Holdings organised its third QSHE campaign to promote and inculcate safe and healthy work practices and culture amongst its employees, consultants, contractors and site-workers. The campaign which was held at Ujana, The Ledang Walkways, was attended by more than 200 people.

## AWARDS & ACCOLADES 2009 - 2010

- (1) **Ethical Business Excellence Award 2010/2011  
Big Companies Category for UEM Land Holdings**  
Awarded by the Ministry of Domestic Trade, Cooperatives and Consumerism.
- (2) **FIABCI Prix d'Excellence Awards 2010**  
Runner-up for the Masterplan Category for Puteri Harbour.
- (3) **FIABCI Malaysia Property Award 2010**  
Winner for Public Sector Category for Kota Iskandar (Phase 1) Nusajaya.
- (4) **PAM (Association of Malaysian Architects) Awards 2010**  
Special Category for East Ledang.
- (5) **Asia Pacific Residential Property Awards 2010**  
Highly Commended Best Development in Malaysia 2010 for East Ledang.
- (6) **FIABCI Malaysia Property Award 2009**  
Winner for Masterplan Category for Puteri Harbour.
- (7) **Asia Pacific Residential Property Awards 2009**  
Best Asia Pacific Golf Development Award 2009 for Horizon Hills.
- (8) **Asia Pacific Residential Property Awards 2009**  
Best Golf Development Award 2009 Malaysia for Horizon Hills.
- (9) **Award for Planning Excellence 2009**  
For Afiat Healthpark Project in Nusajaya.

1



4



7





2



3



5



6



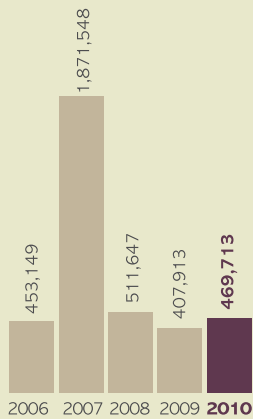
8



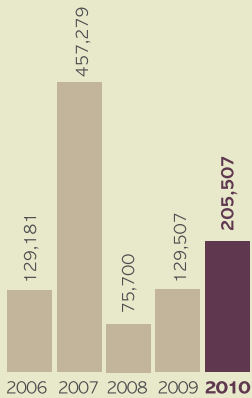
9



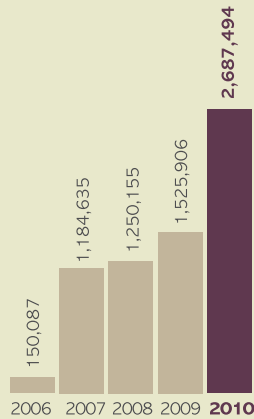
FIVE-YEAR FINANCIAL HIGHLIGHTS



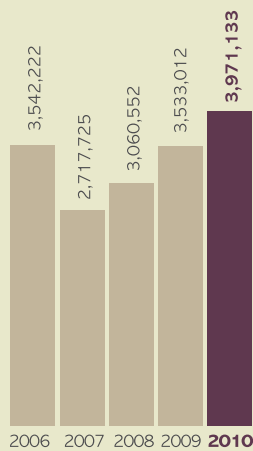
REVENUE  
(RM'000)



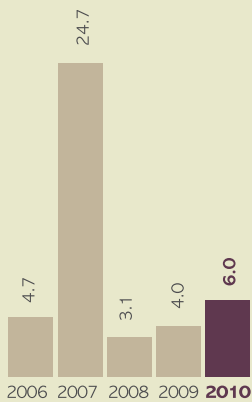
PROFIT BEFORE INCOME TAX  
(RM'000)



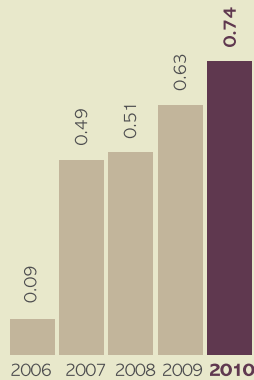
SHAREHOLDERS' EQUITY  
(RM'000)



TOTAL ASSETS  
(RM'000)



EARNINGS PER SHARE\*  
(SEN)



NET ASSETS PER SHARE  
(RM)

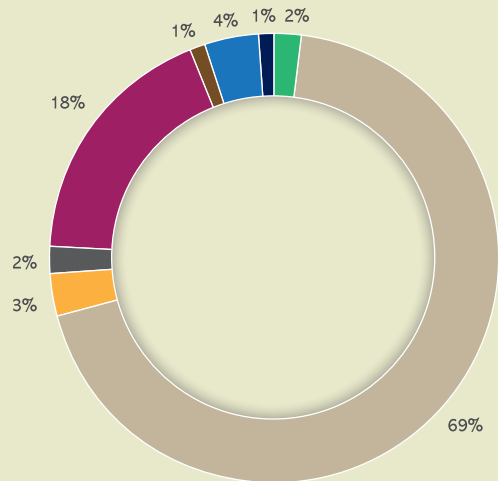
\* Attributable to owners of the parent



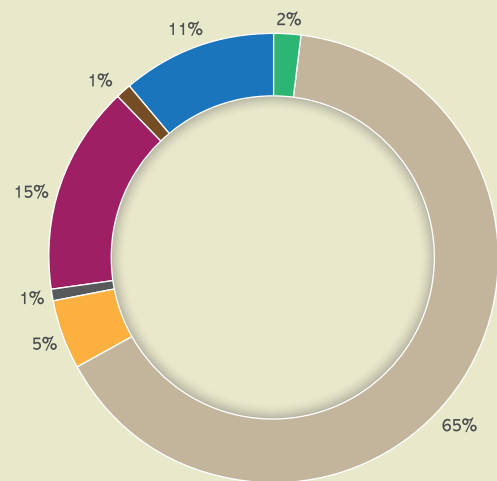
## FIVE-YEAR GROUP PERFORMANCE

Year Ended 31 December					
In RM'000	2006	2007	2008	2009 (Restated)	2010
Revenue	453,149	1,871,548	511,647	407,913	<b>469,713</b>
Cost of sales	(309,871)	(1,360,626)	(381,159)	(254,321)	<b>(259,457)</b>
Operating expenses	(31,700)	(85,552)	(62,307)	(62,812)	<b>(90,574)</b>
Operating profit	111,578	425,370	68,181	90,780	<b>119,682</b>
Other income	28,818	30,634	2,678	17,689	<b>59,791</b>
Finance costs	(6,612)	(594)	(6,367)	(7,520)	<b>(8,289)</b>
Share of result of associates and joint ventures	(4,603)	1,869	11,208	28,558	<b>34,323</b>
<b>Profit before income tax</b>	<b>129,181</b>	<b>457,279</b>	<b>75,700</b>	<b>129,507</b>	<b>205,507</b>
Profit attributable to owners of the parent	82,018	529,128	74,189	114,622	<b>194,537</b>
Shareholders' equity	150,087	1,184,635	1,250,155	1,525,906	<b>2,687,494</b>
Earnings per share (sen)	4.7	24.7	3.1	4.0	<b>6.0</b>
Return on equity	74.0%	79.3%	6.1%	8.3%	<b>9.2%</b>

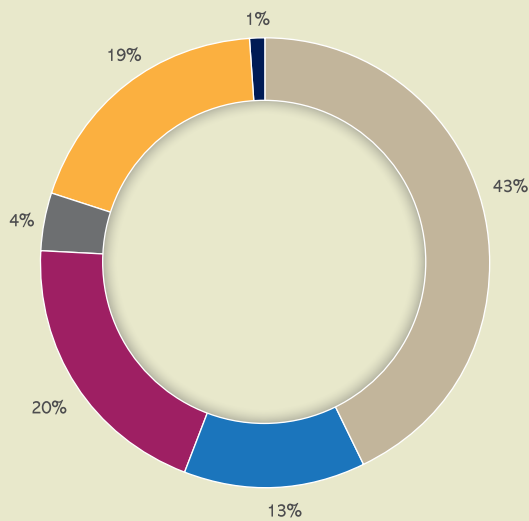
SIMPLIFIED  
GROUP BALANCE SHEET



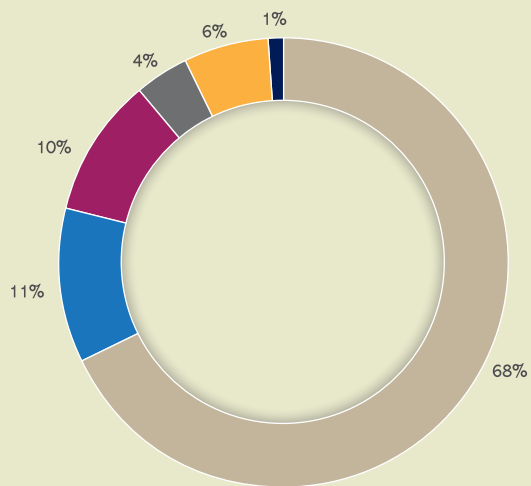
TOTAL ASSETS 2009



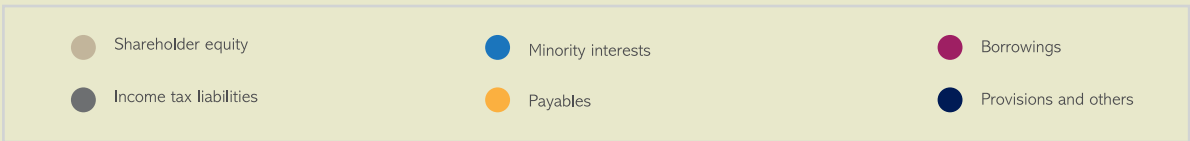
TOTAL ASSETS 2010



TOTAL EQUITY AND  
LIABILITIES 2009



TOTAL EQUITY AND  
LIABILITIES 2010





## 2010 GROUP QUARTERLY PERFORMANCE

In RM'000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2010
Revenue	39,699	88,003	65,674	276,337	<b>469,713</b>
Cost of sales	(26,903)	(56,933)	(44,019)	(131,602)	<b>(259,457)</b>
Operating expenses	(14,373)	(21,311)	(19,732)	(35,158)	<b>(90,574)</b>
Operating profit	(1,577)	9,759	1,923	109,577	<b>119,682</b>
Other income	3,594	29,694	3,851	22,652	<b>59,791</b>
Finance costs	(3,043)	(2,539)	(1,400)	(1,307)	<b>(8,289)</b>
Share of result of associates and joint ventures	4,994	4,354	9,628	15,347	<b>34,323</b>
<b>Profit before income tax</b>	<b>3,968</b>	<b>41,268</b>	<b>14,002</b>	<b>146,269</b>	<b>205,507</b>
Profit attributable to owners of the parent	3,142	40,346	15,688	135,361	<b>194,537</b>
Shareholders' equity	1,530,375	2,536,390	2,551,681	2,687,494	<b>2,687,494</b>
Earnings per share (sen)	0.1	1.2	0.4	3.7	<b>6.0</b>
Return on equity*	0.8%	4.2%	2.5%	20.7%	<b>9.2%</b>

\* Annualised and adjusted for non-recurring

## FIVE-YEAR FINANCIAL REVIEW OF THE GROUP

In RM'000	As at 31 December				
	2006	2007	2008	2009 (Restated)	2010
<b>TOTAL ASSETS</b>					
Property, plant and equipment and land use rights	10,456	11,132	12,693	86,188	<b>92,976</b>
Land held for property development, development properties and property development costs	2,777,054	2,111,653	2,255,944	2,435,123	<b>2,566,841</b>
Investment in associates, joint ventures and others	32,455	22,921	40,457	99,343	<b>188,453</b>
Inventories	35,501	34,797	35,905	53,205	<b>42,252</b>
Receivables	527,878	401,485	612,989	639,544	<b>602,081</b>
Goodwill	36,822	39,223	39,223	39,223	<b>39,223</b>
Deposits and cash and bank balances	83,351	57,809	34,823	144,408	<b>439,307</b>
Others	38,705	38,705	28,518	35,978	-
<b>Total assets</b>	<b>3,542,222</b>	<b>2,717,725</b>	<b>3,060,552</b>	<b>3,533,012</b>	<b>3,971,133</b>
<b>TOTAL EQUITY AND LIABILITIES</b>					
Share capital	867,554	1,214,088	1,214,088	1,215,637	<b>1,822,681</b>
Share premium	-	-	-	153,365	<b>513,124</b>
Merger relief reserves	22,894	34,330	34,330	34,330	<b>34,330</b>
Other reserves	(84,317)	63,132	47,027	30,662	<b>29,275</b>
(Accumulated losses)/retained profits	(656,043)	(126,915)	(45,290)	91,912	<b>288,084</b>
Shareholders' equity	150,087	1,184,635	1,250,155	1,525,906	<b>2,687,494</b>
Minority interest	559,293	451,500	452,380	453,306	<b>454,456</b>
<b>Total equity</b>	<b>709,380</b>	<b>1,636,135</b>	<b>1,702,535</b>	<b>1,979,212</b>	<b>3,141,950</b>
Borrowings	2,445,240	560,289	599,294	700,120	<b>408,185</b>
Income tax liabilities	177,747	156,165	145,935	151,507	<b>148,617</b>
Payables	169,572	330,553	577,418	677,858	<b>249,478</b>
Provisions and others	40,284	34,583	35,370	24,315	<b>22,903</b>
<b>Total equity and liabilities</b>	<b>3,542,222</b>	<b>2,717,725</b>	<b>3,060,552</b>	<b>3,533,012</b>	<b>3,971,133</b>
Net asset per share attributable to owners of the parent (RM)	0.09	0.49	0.51	0.63	<b>0.74</b>

## STATEMENT OF VALUE ADDED & DISTRIBUTION

In RM'000	2007	2008	2009 (Restated)	2010
<b>VALUE ADDED:</b>				
Revenue	1,871,548	511,647	407,913	<b>469,713</b>
Purchase of goods and services	(1,424,276)	(423,727)	(297,833)	<b>(320,995)</b>
Value added by the Group	447,272	87,920	110,080	<b>148,718</b>
Other income	30,634	2,678	17,689	<b>59,791</b>
Share of result of associates and joint ventures	1,869	11,208	28,558	<b>34,323</b>
<b>Total value added available for distribution</b>	<b>479,775</b>	<b>101,806</b>	<b>156,327</b>	<b>242,832</b>
<b>DISTRIBUTION:</b>				
To employees - salaries and other staff costs	20,180	17,562	16,222	<b>24,152</b>
To government - income tax	(72,464)	631	13,959	<b>9,820</b>
To provider of capital - finance costs	594	6,367	7,520	<b>8,289</b>
Retained for future reinvestment & growth - depreciation & amortisation	1,722	2,177	3,078	<b>4,884</b>
- retained profits	529,128	74,189	114,622	<b>194,537</b>
- minority interest	615	880	926	<b>1,150</b>
<b>Total distributed</b>	<b>479,775</b>	<b>101,806</b>	<b>156,327</b>	<b>242,832</b>
<b>RECONCILIATION:</b>				
Profit for the year	529,743	75,069	115,548	<b>195,687</b>
Add: Depreciation & amortisation	1,722	2,177	3,078	<b>4,884</b>
Finance costs	594	6,367	7,520	<b>8,289</b>
Staff costs	20,180	17,562	16,222	<b>24,152</b>
Income tax	(72,464)	631	13,959	<b>9,820</b>
<b>Total value added</b>	<b>479,775</b>	<b>101,806</b>	<b>156,327</b>	<b>242,832</b>



## EMPLOYEES & PRODUCTIVITY

### EMPLOYEES BY CLASSIFICATION IN 2010

Management (UE5 & Above)	86
Executive (UE1 - UE4)	188
Non-Executive (NE1 - NT8/NE10)	137
Young Executive Scheme Trainees (GT1 - GT2)	24

**Total** **435**

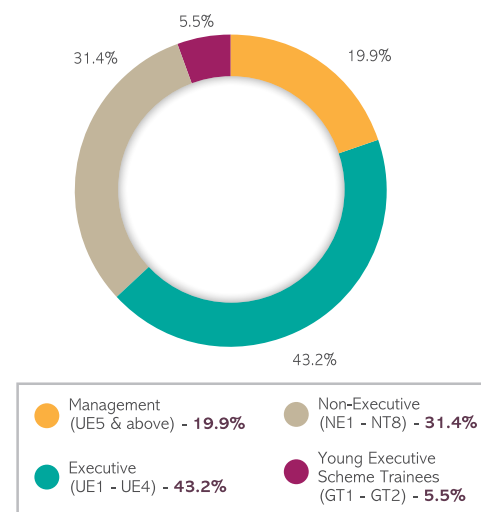
### EMPLOYEES' ETHNIC COMPOSITION

GRADE	Bumi	Chinese	Indian	Others	Non-M'sian	Total
Management (UE5 & Above)	76	6	2	1	1	86
Executive (UE1 - UE4)	171	11	6	0	0	188
Non-Executive (NE1 - NT8)	132	4	0	1	0	137
Young Executive Scheme Trainees (GT1-GT2)	24	0	0	0	0	24
<b>TOTAL</b>	<b>403</b>	<b>21</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>435</b>

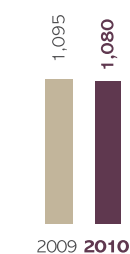
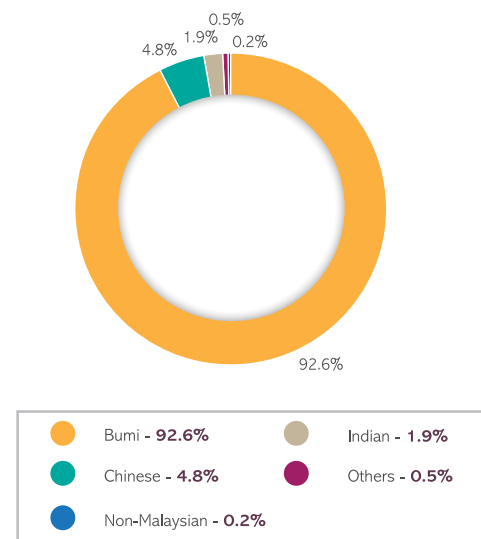
### STAFF COST

- |                                                                              |                     |
|------------------------------------------------------------------------------|---------------------|
| 1) Gross Salary (basic), All Fixed Allowances & Employer Contribution FY2009 | <b>RM24,712,671</b> |
| Bonus & Employer Contribution (2008)                                         | <b>RM1,535,694</b>  |
| 2) Gross Salary (basic), All Fixed Allowances & Employer Contribution FY2010 | <b>RM27,240,785</b> |
| Bonus & Employer Contribution (2009)                                         | <b>RM1,846,590</b>  |

### EMPLOYEES BY CLASSIFICATION IN 2010



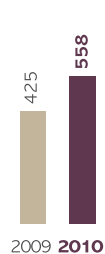
### EMPLOYEES' ETHNIC COMPOSITION



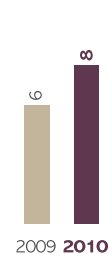
**REVENUE -  
PER EMPLOYEE**  
(RM'000)



**REVENUE -  
PER EMPLOYEE COST**  
(RM'000)

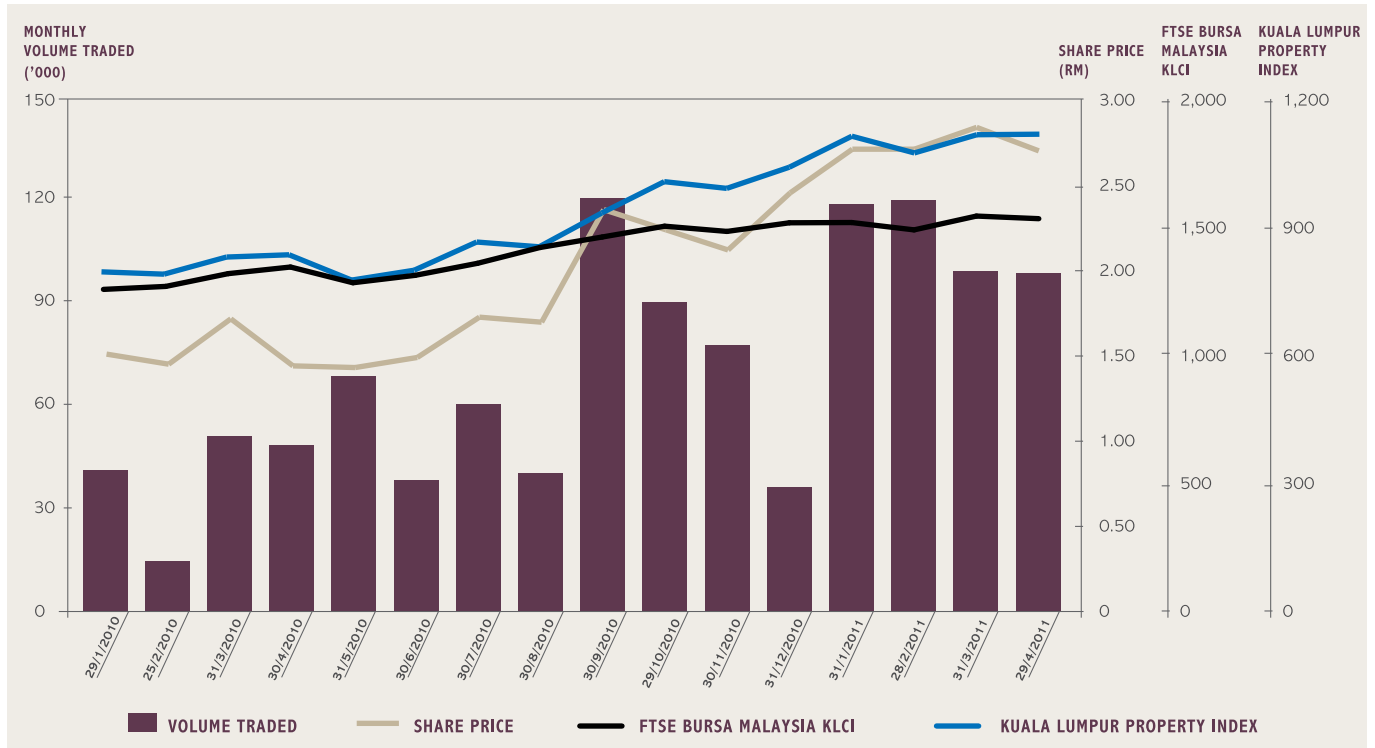


**VALUE ADDED & DISTRIBUTION  
PER EMPLOYEE**  
(RM'000)



**VALUE ADDED & DISTRIBUTION  
PER EMPLOYEE COST**  
(RM'000)

## SHARE PRICE & VOLUME TRADED



\* The share price illustrated in the graph above are as per the closing price on the last market day of each month from January 2010 until April 2011.

Date	High (RM)	Low (RM)	Closing (RM)	Monthly Volume Traded ('000)
29/1/2010	1.63	1.45	1.48	41,037
25/2/2010	1.54	1.39	1.42	14,617
31/3/2010	1.73	1.38	1.69	50,959
30/4/2010	1.57	1.39	1.41	48,516
31/5/2010	1.41	1.21	1.40	68,629
30/6/2010	1.60	1.35	1.46	38,085
30/7/2010	1.82	1.44	1.70	60,501
30/8/2010	1.74	1.57	1.67	40,239
30/9/2010	2.37	1.67	2.34	120,853
29/10/2010	2.47	2.18	2.22	90,340
30/11/2010	2.52	0.00	2.10	77,620
31/12/2010	2.65	2.09	2.44	36,112
31/1/2011	3.40	2.44	2.70	118,938
28/2/2011	3.07	2.66	2.70	120,070
31/3/2011	2.90	2.58	2.83	99,485
29/4/2011	3.01	2.67	2.69	98,793







# A KEY ECONOMIC DRIVER

Iskandar Malaysia has been identified as one of the key catalysts, high impact developments and engines of growth under the Ninth Malaysia Plan. As the master developer of Nusajaya, the city located at the heart of Iskandar Malaysia, we will elevate Nusajaya into a model regional city that creates and promotes economic growth and development in line with the Government's plans.

While Nusajaya remains our key pillar, UEM Land Holdings through its recent acquisitions will be in a position to explore new opportunities, thus accelerating the growth of the Company to even greater heights.







# LEADERSHIP

*from left*

Md Ali Md Dewal, Sheranjiv Sammanthan, Abdul Kadir Md Kassim, Dato' Wan Abdullah Wan Ibrahim, Dato' Ikmal Hijaz Hashim, Tan Sri Dr Ahmad Tajuddin Ali, Oh Kim Sun, Datuk Tong Kooi Ong, Dato' Izzaddin Idris.



## DIRECTORS' PROFILE



**DIRECTORS'  
PROFILE****TAN SRI DR AHMAD TAJUDDIN ALI**

Aged 62, Malaysian

*Non-Executive Chairman*

Tan Sri Dr Ahmad Tajuddin Ali was appointed as Chairman of UEM Land Holdings Berhad on 15 September 2008.

Currently, he is also the Chairman of UEM Group Berhad and Malaysian Oxygen Berhad. He also sits on the Board of Bangi Golf Berhad and a few other private limited companies.

Tan Sri Dr Tajuddin was previously the Director-General of Standards and Industrial Research Institute of Malaysia (SIRIM), the Chairman and Chief Executive of Tenaga Nasional Berhad, Chairman of UEM World Berhad, Zelan Berhad, Tricubes Berhad, Opus Group Berhad, Opus International Limited and Sime Engineering Services Berhad and a director of Sime Darby Berhad.

An engineer by training, Tan Sri Dr Tajuddin graduated with First Class Honours in Mechanical Engineering from King's College, University of London in 1973 and obtained his doctorate in Nuclear Engineering from Queen Mary College, University of London in 1977. He was conferred the Honorary Doctor of Science Degree by Universiti Putra Malaysia (UPM) in 2000, the Honorary Doctor of Engineering Degree by Universiti Tenaga Nasional (UNITEN) in

2008. In 2009, he was conferred the Honorary Doctor of Science Degree by Universiti Malaysia Terengganu (UMT). He is a graduate of the Harvard Business School's Advanced Management Programme.

Tan Sri Dr Tajuddin is a Registered Professional Engineer with the Board of Engineers Malaysia, a Fellow of the Institution of Engineers Malaysia and a Fellow of the Asean Federation of Engineering Organisations (AFEO).

Tan Sri Dr Tajuddin is currently the Chairman of the Energy Commission Malaysia and the President of the Academy of Sciences, Malaysia. He chairs the Malaysian Standards and Accreditation Council and currently, a member of the Governing Council of the International Organisation for Standardisation (ISO), Geneva, Switzerland. Currently, he is also the Joint-Chairman (Industry) of the Malaysian Industry-Government Group for High Technology (MIGHT) and a member of APEC Business Advisory Council (ABAC).

Tan Sri Dr Tajuddin attended all 11 Board meetings held during the financial year.

## DIRECTORS' PROFILE





**DIRECTORS'  
PROFILE****DATO' WAN ABDULLAH WAN IBRAHIM**

Aged 53, Malaysian

*Managing Director/Chief Executive Officer  
Member of Development Committee*

Dato' Wan Abdullah Wan Ibrahim was appointed to our Board on 15 September 2008. He joined UEM Land Berhad ("UEM Land") on 1 January 2006 as the Managing Director. Prior to joining UEM Land, he was the Group Chief Executive Officer of United Malayan Land Bhd, a property company listed on Bursa Malaysia. From 1996 to 2004, he was with Kumpulan Guthrie Berhad, where his last position held was as the Director of Property Division. In that capacity, he was tasked to lead the property development activities of the group, which covered three listed companies, namely, Kumpulan Guthrie Berhad, Highlands & Lowlands Berhad and Guthrie Ropel Berhad. He was also responsible for the conceptualisation and submission of plans for the Guthrie Corridor Planned Communities that covered an area of 11,650 acres linked and accessed by the Guthrie Corridor Expressway.

Prior to this, Dato' Wan spent 10 years with the Emkay Group of companies, which core activity was property development, and has held several positions including Group Executive Director. He holds a general degree in Business Administration (majoring in Accounting) from the Bolton Institute of Technology, United Kingdom.

Dato' Wan attended all 11 Board meetings held during the financial year.

**DATO' IZZADDIN IDRIS**

Aged 48, Malaysian

*Non-Independent Non-Executive Director  
Member of Nominations & Remuneration Committee,  
Board Tender Committee and Development Committee*

Dato' Izzaddin Idris was appointed to our Board on 7 July 2009. He is the Group Managing Director/Chief Executive Officer of UEM Group Berhad. He is also the Non-Executive Deputy Chairman of PLUS Expressways Berhad. Dato' Izzaddin holds a Bachelor of Commerce Degree (First Class Honours in Finance) from University of New South Wales, Australia and is a Fellow of CPA Australia and a member of Malaysian Institute of Accountants (MIA). He has over 20 years of experience in the fields of investment banking, financial and general management and was previously the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009.

He was formerly a Senior Vice President (Corporate Finance) of Southern Bank Berhad and the Chief Financial Officer of Ranhill Berhad. He also held the position of Chief Operating Officer of

Malaysian Resources Corporation Berhad in the late 1990s. After graduating in June 1985, Dato' Izzaddin served the Malaysian International Merchant Bankers Berhad for almost 11 years which included a 3-year secondment in the late 1980s to Barclays de Zoete Wedd Limited, a London-based investment bank and a subsidiary of Barclays Bank PLC then.

Dato' Izzaddin currently sits on the Boards of Projek Lebuhraya Utara-Selatan Berhad, Cement Industries of Malaysia Berhad, TIME Engineering Berhad, Faber Group Berhad, Opus Group Berhad, and UEM Builders Berhad and has served on the Boards of Proton Holdings Berhad and Kumpulan Wang Persaraan (Diperbadankan).

Dato' Izzaddin attended 10 out of the 11 Board meetings held during the financial year.

## DIRECTORS' PROFILE



**DIRECTORS'  
PROFILE****ABDUL KADIR MD KASSIM**

Aged 70, Malaysian

*Non-Independent Non-Executive Director  
Chairman of Board Tender Committee and  
Member of Audit Committee*

Abdul Kadir Md Kassim was appointed to our Board on 15 September 2008. He is the Managing Partner of Messrs Kadir, Andri & Partners. He is currently the Chairman of Time dotCom Berhad, UEM Builders Berhad and Cement Industries of Malaysia Berhad. He sits on the Board of UEM Group Berhad.

Kadir serves as Chairman of Exchange Committee of Labuan International Financial Exchange Inc, is a member of the Investment Panel of Tabung Haji and of the Corporate Debt Restructuring Committee. He is also a member of the Board of Directors of Danajamin Nasional Berhad. Kadir was recently appointed as a Director and Chairman of Federation of Investment Managers.

Kadir served in the Malaysian Administrative and Diplomatic Service and in the Judicial and Legal Service between 1966 and 1973, holding various positions. Kadir holds a Bachelor of Laws (Honours) degree from the University of Singapore.

Kadir attended 9 out of 11 Board meetings held during the financial year.

**MD ALI MD DEWAL**

Aged 70, Malaysian

*Senior Independent Non-Executive Director  
Chairman of Nominations & Remuneration Committee and  
Member of Audit Committee*

Md Ali Md Dewal was appointed to the Board of UEM Land Holdings Berhad on 15 September 2008, following the Restructuring Exercise of UEM World Berhad, in which he was a member of the Board since 2003. In addition, he sits on the board of Valuecap Sdn Bhd and several other private limited companies. He holds a Master of Business Administration Degree from Tulane University, New Orleans, USA.

Md Ali attended 8 out of the 11 Board meetings held during the financial year.



## DIRECTORS' PROFILE



**DIRECTORS'  
PROFILE****OH KIM SUN**

Aged 62, Malaysian

*Independent Non-Executive Director  
Chairman of Audit Committee and  
Member of Nominations & Remuneration Committee*

Oh Kim Sun was appointed to our Board on 15 September 2008. He is a member of the Malaysian Institute of Certified Public Accountants. An accountant by training, he began his career in 1972 with Coopers & Lybrand in London. He has over 35 years of experience in finance and has held positions as Finance Director of Taiko Plantations Sdn Bhd, Financial Controller of ICI Malaysia and Finance Manager (Secondment) of ICI Headquarters in London responsible for Northern Europe. Oh led a successful management buyout of ICI's Malaysian operations in 1994 and was appointed

Group Executive Director of Chemical Company of Malaysia Berhad until 2003. His directorships in other public companies include Faber Group Berhad and Nikko Electronics Berhad.

Oh attended 10 out of the 11 Board meetings held during the financial year.

**DATO' IKMAL HIJAZ HASHIM**

Aged 58, Malaysian

*Independent Non-Executive Director  
Member of Audit Committee and  
Board Tender Committee*

Dato' Ikmal Hijaz Hashim was appointed to our Board on 1 March 2009. He is the Chairman of Faber Group Berhad and a director of EP Manufacturing Bhd and Mutiara Goodyear Development Berhad, all of which are listed on Bursa Malaysia. He has served as the Chief Executive Officer of Iskandar Regional Development Authority (IRDA) from February 2007 until end of February 2009. Prior to that he was the CEO of Pos Malaysia Berhad and his last position was the Group Managing Director/Chief Executive Officer of Pos Malaysia & Services Holdings Bhd. He began his career by serving in the Administrative and Diplomatic Service of the Government from 1976 to 1990. He then joined United Engineers (Malaysia) Berhad as the General Manager of the Malaysian-Singapore Second Crossing Project. On 1 January 1993, he became the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad and subsequently as its

Managing Director from January 1995 to June 1999 and remained as a Director until November 2001. He was appointed as the Managing Director of Prolink Development Sdn Bhd ("Prolink") in July 1999. In February 2000, he was appointed President of the Property Division of the Renong Group while maintaining his position as Managing Director of Prolink. He held the position of Managing Director of Renong Berhad from 2002 until October 2003. He holds a Master of Philosophy (Land Management) from University of Reading, U.K., and Bachelor of Arts (Honours) from Universiti Malaya.

Dato' Ikmal attended 9 out of the 11 Board meetings held during the financial year.

## DIRECTORS' PROFILE





## DIRECTORS' PROFILE

### SHERANJIV SAMMANTHAN

Aged 43, Malaysian

*Non-Independent Non-Executive Director*

Sheranjiv was appointed to our Board on 27 October 2010. He holds a Bachelor of Commerce Degree from the University of Birmingham, England and is an Associate of the Institute of Chartered Accountants in England and Wales (ICAEW).

He is presently the Director in the Managing Director's Office of Khazanah Nasional Berhad.

Sheranjiv joined PriceWaterhouseCoopers ("PwC") Birmingham, England and qualified as a Chartered Accountant in 1996. He moved to PwC London before returning to PwC Malaysia in 2003, joining as Director in the Advisory Services practice in Kuala Lumpur. He was made a Partner of PwC Malaysia in July 2006. During his 18 years in PwC he led a wide variety of audit, financial advisory and management consulting assignments across various industries and geographies.

Prior to joining Khazanah, Sheranjiv led PwC's Risk and Governance practice encompassing its businesses and people across the South East Asian Peninsula Region covering Malaysia, Thailand, Vietnam, Laos and Cambodia. He has performed in excess of 100 Board Strategy and Oversight Improvement assignments for many household name companies in Malaysia and the region. He speaks regularly on Governance related topics at conferences and has published articles and interviews in the subject.

Sheranjiv attended all 3 Board meetings held during the financial year after his appointment.

### DATUK TONG KOOI ONG

Aged 52, Malaysian

*Non-Independent Non-Executive Director  
Chairman of Development Committee*

Datuk Tong Kooi Ong was appointed to our Board on 25 February 2011.

He holds a Bachelor of Arts in Business Administration and a Master of Arts in Economics and Finance from Simon Fraser University, Canada. In 2002, he was bestowed his Doctor of Laws (Honoris Causa) from the same university.

Datuk Tong is the Chairman of The Edge Communications Sdn Bhd, publisher of *The Edge*, Malaysia's award winning and best selling business and investment weekly newspaper. Other titles in its stable are *The Edge Financial Daily*, a standalone daily business paper that complements the weekly edition and *Personal Money*, a monthly personal finance magazine.

In the region, his media interests are represented by The Edge Publishing Pte Ltd, which publishes *The Edge Singapore*, a business and investment weekly newspaper.

He is also the Chairman of the Board and Chairman of the Executive Committee of Taiga Building Products Limited, listed on the Toronto Stock Exchange, with annual sales of over C\$1.0 billion and the Non-Executive Chairman of Sunrise Berhad.

#### Notes:

- Family Relationship with Director and/or Major Shareholder**  
None of the Directors has any family relationship with any Director and/or major shareholder of UEM Land Holdings Berhad.
- Conflict of Interest**  
None of the other Directors has any conflict of interest with UEM Land Holdings Berhad and its Group.
- Conviction for Offences**  
None of the Directors has been convicted for offences within the past 10 years other than traffic offences, if any.

## SENIOR MANAGEMENT



*From left*

Mohd Auzir Mohd Tahir  
Dato' Wan Abdullah Wan Ibrahim



*From left*

Mohd Zakir Omar  
Mahmud Dato' Dr Hj Abbas

## SENIOR MANAGEMENT



*From left*

Edward A. Sutton

Ar. Zulkifli Tahmali Yusof Tahmali



*From left*

Rusli Zainal Abidin

Ar. Saiful Anuar Abd Ghani

Suhairi Ramly



## PROFILE OF SENIOR MANAGEMENT

*The Senior Management team is responsible for implementing and executing the strategies set by the Board and ensuring that the Group delivers its strategic objectives.*

### MOHD AUZIR MOHD TAHIR

*CEO, Cahaya Jauhar Sdn Bhd*

Mohd Auzir Mohd Tahir joined the UEM Group in 1988, rising to his current position in January 2005. He has previously worked for various companies within the UEM Group, including Pengurusan Lebuhraya Berhad, Renong Overseas Corporation Sdn Bhd, Rocpoint (Pty) Limited, Bandar Nusajaya Development Sdn Bhd ("BND") and UEM Land. He holds a degree in Civil Engineering from the University of Wales, United Kingdom where he graduated in 1982 and he has more than 28 years experience in project management and property development.

### MOHD ZAKIR OMAR

*Director of Finance, Corporate Affairs & Investments*

Mohd Zakir Omar is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants since 1998. He also holds a BA(Hons) Combined Studies, Accounting and Law from DeMontfort University, Leicester, England where he graduated in 1993.

He started his career in 1994 with Deloitte Touche Tohmatsu, an international accounting firm in the audit and management consultancy division. He left Deloitte in 1997 to join Business Focus Group, a private investment holding company with diversified business interests ranging from shipbuilding, oil & gas, plantations and properties as an Accountant and subsequently as the Head of Finance until he left in 2000. He joined the UEM Group in 2000 and was attached to Faber Group Berhad as Manager, Business Development. He was subsequently transferred to UEM Land in 2003 and has held various positions in the Business Development, Corporate Planning and Finance departments of UEM Land before being promoted to his current position in 2008.

### MAHMUD DATO' DR HJ ABBAS

*Project Director, Central Region*

Mahmud Dato' Dr Hj Abbas joined UEM Land in 2009 with more than 28 years of experience in Development, Construction and Project Management. He started his career as a Project Engineer at Lend Lease (M) Sdn Bhd, an Australian Project Management company in 1982, after graduating from Brighton University with a degree in Building the same year. He joined the PERNAS Group of companies in 1983 and held several management positions in the group until his departure in 1996. His last position with Pemas was General Manager and Director of its subsidiary, Perspec Prime (M) Sdn Bhd. After that, he worked as Executive Director at Markas Sdn Bhd and General Manager, Development at ENSTEK Sdn Bhd, before he joined MAA Alliance Sdn Bhd in 2002 as Managing/Project Director. Mahmud Abbas has a Sloan Fellowship from the London Business School and is a Member of the Chartered Institute of Building, United Kingdom.

## PROFILE OF SENIOR MANAGEMENT

### EDWARD A. SUTTON

*Director, Strategic Marketing of  
UEM Land Holdings Berhad*

Edward A. Sutton was appointed as the Director, Strategic Marketing of UEM Land Holdings on 1 September 2010. Prior to joining UEM Land Holdings, he was the Director of Platinum Corporation based in United Arab Emirates (UAE) since June 2009 where he was responsible for the establishment, growth and success of a new real estate group. Prior to that, Edward worked with Nakheel, UAE where he had the experience of overseeing multi-million dollar projects and managing high profile joint venture partners and stakeholders. Edward has accumulated 18 years of experience with a variety of credible property developers in several countries and over the years, he developed strong leadership and network within the real estate industry. Edward holds an Advanced Diploma of Real Estate from Hornsby College of TAFE, and an MBA (International Business and Commerce) from University of New England.

### SUHAIRI RAMLY

*General Manager, Direct Development*

Suhairi Ramly joined UEM Land in 2006, bringing with him more than 20 years of working experience in the property development and construction sector. He began his career with development and construction conglomerates such as The Lion Group, Encorp Group Berhad and AlBukhary Foundation. He has extensive experience in the various aspects of project and construction management, as well as marketing. His involvement in the property and construction sector in major development projects include Horizon Hills in Nusajaya, Cahaya Alam in Shah Alam, Menara Citibank in Jalan Ampang and Bandar Bukit Mahkota in Bangi. He holds a BSc(Hons) Construction Management from the University of Westminster, United Kingdom.

### AR. ZULKIFLI TAHMALI YUSOF TAHMALI APAM

*Project Director, Nusajaya*

Ar. Zulkifli Tahmali Yusof Tahmali joined UEM Land Berhad in 2006 as Director, Strategic Marketing; Corporate Communication; Facilities Management and Information & Communication Technology, where he formulated and implemented overall marketing strategies and branding for the UEM Land group of companies. He initiated and devised four strategic initiatives, namely Nusajaya Integrated City Management Platform, Safety and Security, a multi-telco environment and ecoNusajaya to support the positioning of Nusajaya as the region's economic development nucleus. He is actively involved in business development, strategic planning and project start-up. Zulkifli began his career in 1987 as an Architect with Westfield Inc, an Australian shopping centre owner and developer in the United States. He was an integral part of a design and construction team that developed shopping malls throughout the United States. Upon his return to Malaysia in 1991, he served Perunding Alam Bina Sdn Bhd, Metacorp Berhad, Golden Hope Development Sdn Bhd and Budaya Hikmat Sdn Bhd. The last position held before joining UEM Land was Director, Operations at United Malayan Land Berhad responsible for projects that included three townships and various niche developments in the Klang Valley and Johor Bahru. He holds a Master of Business Administration (Finance) from Universiti Putra Malaysia (2002) and a Bachelor of Architecture degree from the University of Louisiana at Lafayette (1987), United States. He is a Licensed Architect in the State of Connecticut, United States since 1991 and a professional architect registered with the Board of Architects Malaysia since 1995.

### RUSLI ZAINAL ABIDIN

*General Manager, Township & Infrastructure  
Planning, Bandar Nusajaya Development ("BND")*

Rusli Zainal Abidin joined UEM Group in 1995 as a Senior Manager for Bandar Nusajaya Development Sdn Bhd (BND) and left in 1998 to join Puncak Niaga Berhad. He rejoined BND in 2000 as the General Manager of the Township & Infrastructure Planning Department. He has previously worked at Erinco Sdn Bhd as a Senior Engineer from 1991 to 1995, Assistant Resident Manager for Angkasa-Ghd Engineers in 1991 and Project Engineer for Antah Biwater Joint Venture from 1987 to 1991. He holds a degree in Civil Engineering from Herriot-Watt University, Edinburgh, Scotland where he graduated in 1985 and a Masters in Construction Management from the same university where he graduated in 1987.

### AR. SAIFUL ANUAR ABD GHANI

*General Manager, Planning & Special Projects*

Ar. Saiful Anuar Abd Ghani joined UEM Land in 2007. He is a Professional Architect and Interior Designer registered with Lembaga Arkitek Malaysia, an International Member of FIABCI – Malaysian Chapter, and a Member of the National Institute in the Alternative Dispute Resolution; Malaysian Institute of Arbitrators. He holds a degree in Architectural Studies from University of Nebraska, Lincoln, United States and Masters in Architecture from the Washington University in St. Louis, Missouri, USA. He possesses more than 21 years of experience in various building industries, ranging from inception of the layout to overseeing the total operations of development.

## SENIOR MANAGEMENT



*From left*  
Adnan Ismail  
Mohd Nadzari Bachek



*Standing from left*  
Zamry Ibrahim  
Karimah Tan Abdullah

*Seated*  
Aminah Abdullah



## SENIOR MANAGEMENT



*From left*

Mohd Azmil Abd Shukor  
Tengku Shamzaini Tengku Shamsul Bahari  
Khaidzir Hassan



*From left*

Wong Lee Loo  
Tan Hwee Thian

## PROFILE OF SENIOR MANAGEMENT

### MOHD NADZARI BACHEK

*General Manager, Operation, Bio-XCell*

Mohd Nadzari Bachek joined UEM Land Holdings Berhad in March 2010 as General Manager, Operation, Bio-XCell Sdn Bhd, a JV company between Malaysian Biotechnology Corporation Sdn Bhd (BiotechCorp) and UEM Land Holdings. Mohd Nadzari holds a Bachelor of Architecture from University of Tennessee, USA. Prior to his appointment, Mohd Nadzari was the General Manager/ Vice President, Business Development & Manufacturing of Universal Building Products Sdn Bhd, a subsidiary of MTD Group of companies. He has more than 21 years experience in Project Management, Architectural Design and has served several organisations including Dimensi Timal Sdn Bhd, Pendinginan Megajana Sdn Bhd, Metacorp Berhad, Mekar Idaman Sdn Bhd and Design Innovation Architects, Inc, Tennessee. He is leading the Operations team and is currently reporting to the Chief Executive Officer of Malaysian Bio-XCell Sdn Bhd.

### ADNAN AZHAR ISMAIL

*General Manager, Leisure & Lifestyle*

Adnan Azhar Ismail joined UEM Land in 2000. He was previously a General Manager of Strategic Planning for Kedah Cement Holdings Bhd and for Esso Production Malaysia Inc where he worked as an analyst in the materials department and later the information systems department. He holds an International Baccalaureate Diploma from the United World College of the Atlantic, United Kingdom which he received in 1980. He holds a degree in Civil Engineering from University of Wales, United Kingdom where he graduated in 1984 and a Masters in Business Administration from the University of Miami, Florida, United States where he graduated in 1985.

### MOHD AZMIL ABD SHUKOR

*General Manager, Waterfront Development – Puteri Harbour*

Mohd Azmil Abd Shukor joined UEM Land on 1 February 2010. Prior to that, he served as a Deputy Director Technical & Operation of a property development company in Bahrain. Mohd Azmil graduated from the University of East London, United Kingdom with a Bachelor of Science (Hons) in Architecture in 1989. In 1992, he graduated from the University of Nottingham, United Kingdom with a Bachelor of Architecture (with Honours). Apart from having worked in Malaysia, he had also worked in the United Kingdom, Singapore, United Arab Emirates, Kingdom of Bahrain and Azerbaijan. Mohd Azmil was appointed as the Acting Head for Waterfront Development on 13 November 2010 and was promoted as a General Manager for Waterfront Development effectively on 1 January 2011.

### ZAMRY IBRAHIM

*General Manager, Strategic Marketing*

Zamry Ibrahim joined UEM Land in 2006. He has more than 18 years of experience in property marketing and sales and was previously attached to United Malayan Land Bhd, Malaysian Industrial Estates Bhd, Negara Properties (M) Berhad, the Encorp Group and the AlBukhary group. He possesses a degree in Business Administration in Finance from Wilkes University Pennsylvania, United States where he graduated in 1990 and a Masters in Business Administration in Finance from University of Lehigh, Pennsylvania, United States where he graduated in 1991.

*The Senior Management team is responsible for implementing and executing the strategies set by the Board and ensuring that the Group delivers its strategic objectives.*

## PROFILE OF SENIOR MANAGEMENT

### AMINAH ABDULLAH

*General Manager, Human Resource  
and Administration*

Aminah Abdullah joined UEM Land Holdings on 20 December 2010. Prior to joining UEM Land Holdings, Aminah was a freelance Senior Consultant. She is a HR practitioner for more than 25 years in various industries ranging from publishing, manufacturing and property development. A graduate of the University of Singapore, she went on to pursue a Graduate Diploma in Personnel Management when she was with the Singapore Civil Service before moving on with FEP International Sdn Bhd, KIG Glass Industrial Bhd and United Malayan Land Bhd. Aminah also holds a Masters in Business Administration from University of Preston, United States.

### KHAIDZIR HASSAN

*Deputy General Manager, Risk Management,  
Transformation & Investments*

Khaidzir joined UEM Land on 2 January 2006 and has been with the UEM Group since 1995 after he left his academician world as a tutor and lecturer at University of Malaya. He received his Master of Arts degree and Bachelor of Arts (Honours) degree from University of Malaya with a specialisation in Linguistics. He also received his Certificate of Computer Science from University of Malaya. He has about 20 years of experience in risk management, systems and methods, management systems, project management, education and consultancy services.

### TAN HWEЕ THIAN

*Joint Company Secretary*

Tan Hwee Thian is the Director, Secretarial of UEM Group Management Sdn Bhd and the Joint Company Secretary of UEM Land Holdings. He is also the Joint Company Secretary of UEM Group Berhad, PLUS Expressways Berhad and other companies in the UEM Group. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, a member of The Malaysian Institute of Chartered Secretaries and Administrators and a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He started his career with a public accounting firm and had also worked in a group of companies with diverse business interests spanning insurance, property development and management services. His work experience involved company secretarial, administration, share registration, auditing and accounting.

### TENGKU SHAMZAINI TENGKU SHAMSUL BAHARI

*Deputy General Manager  
Product Planning and Design*

Tengku Shamzaini Tengku Shamsul Bahari joined UEM Land in August 2008 as Deputy General Manager, Product Planning and Design. He holds a Bachelor of Architecture degree and a Bachelor of Science in Architecture Studies degree from Washington State University, Pullman, Washington, USA. He has about 21 years experience in architecture and property development and has served several organisations including Sime Darby Property Berhad, Guthrie Property, Golden Hope Plantation, SNO Architect Sdn Bhd, Jurubina Bertiga International Sdn Bhd, Island & Peninsular Berhad and Group Design Partnership. He is currently heading the Product Planning and Design Department of UEM Land.

### KARIMAH TAN ABDULLAH

*General Manager, Corporate Communication*

Karimah Tan Abdullah joined UEM Land in 2007. She has been with the UEM Group since September 1995 and has held various positions within the UEM Group, including Vice President of Corporate Communication at TIME dotCom Berhad in 2001. Before joining UEM Group, Karimah was in the advertising industry where she worked in various local and international agencies including KHK Needham, Wings BBDO and AMC Advertising. Her last position in the advertising industry was that of Account Director at Limkokwing Integrated Sdn Bhd. She graduated with an Honours degree in Science from National University of Singapore and holds a Diploma in Education from the same university.

### WONG LEE LOO


*Joint Company Secretary*

Wong Lee Loo is the Joint Company Secretary of UEM Group Berhad, UEM Land Holdings, and their subsidiaries. She is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators. She also holds a Bachelor of Law degree with Honours from University of London, United Kingdom and Certificate of Legal Practice. She joined the Legal and Secretarial Division of UEM Group in 1991 as Secretarial Assistant and has served in various positions in the said Division. Presently, she is the Deputy General Manager, Secretarial as well as the Joint Company Secretary of UEM Group Management Sdn Bhd.



**MD/CEO'S  
OPERATIONS  
REVIEW**





I write this Operations Review from a very different vantage point than I did last year. Within the relatively short period of 12 months, UEM Land Holdings Berhad (UEM Land Holdings or the Group) has drastically transformed its strengths, outlook and possibilities – all as a result of events that unfolded in a year that I can only describe as intense. Last year, we were a township developer of repute. Today, through the successful acquisition of Sunrise Berhad (Sunrise), we are a developer par excellence in every sense of the word.

Dato' Wan Abdullah Wan Ibrahim,  
Managing Director/Chief Executive Officer

## MD/CEO'S OPERATIONS REVIEW



Artist's Impression of Ujana Executive Apartments,  
East Ledang

The bullish economy played a significant role in our ability to make the quantum leap that we did. It allowed us to take stock of our relative strengths and market positioning, and make strategic decisions – bold ones, I may add – to realign ourselves closer to our stated vision of becoming a global community builder. The healthy environment also allowed us to surge ahead with ongoing projects and make considerable progress in Nusajaya – our flagship project – where we have set ourselves a target of achieving 'tipping point' in 2012. We are now a year away from that target, and it gives me pleasure to say that developments in year 2010 have brought us closer to that pinnacle.

### FINANCIAL PERFORMANCE

In the financial year ended 31 December 2010, UEM Land Holdings' revenue grew to RM469.7 million from RM407.9 million in 2009. This was primarily due to increased contribution from Property Development activities as well as continued strong contribution from Strategic Land Sales.

Revenue from Property Development increased by 23% to RM337.5 million from RM273.4 million in 2009, with significant contributions from Direct Development and Developed Land Sales. Revenue from Direct Development grew by 20% to RM162.4 million from RM135.4 million in 2009. Developed Land Sales, rebounded strongly in 2010, more than doubling from RM80.6 million in 2009 to RM171.4 million, driven mainly by strong demand for our Southern Industrial & Logistics Clusters (SiLC) with a smaller contribution coming from Puteri Harbour. The combined revenue contribution from Direct Development and Developed Land Sales was more than sufficient to compensate for the cessation of revenue from Turnkey Development activities, following the completion and delivery of the Kota Iskandar Phase 1 project in 2009.

Although Strategic Land Sales dropped 5% from RM123.0 million in 2009 to RM116.7 million in 2010, it continued to be a key contributor to the Group's healthy showing, while revenue from Facilities Management and other activities grew to RM19.1 million from RM11.5 million in the preceding year.

The Group's profit after tax, amortisation and minority interests (PATAMI) improved by a significant 70% to RM194.5 million from RM114.6 million in 2009. This is in line with the higher revenue recorded and better profit margin from on-going projects as well as significant contributions from one-off transactions such as Strategic Land Sales and the gain on disposal of Touch 'N Go Sdn Bhd, which contributed RM25.6 million. The improved performance of our joint ventures and associate companies also led to higher share of results of RM34.3 million, compared to RM28.5 million in 2009.

Notwithstanding the growth in revenue from Financial Year 2009, the Group was unable to achieve the ambitious 35% revenue growth target set in the Headline Key Performance Indicators (KPI). However, the Group was able to surpass the Headline KPI target for Return on Equity, which was set at 6%. It should be pointed out that, as in previous years, our Headline KPIs were stretched targets and served more as internal targets to motivate the team to greatness.

### HIGHLIGHTS OF THE YEAR

Much of what we achieved in 2010 can be traced back to a five-year Strategic Plan that the Board and Management charted in 2009. This took effect in 2010 and is to guide us through to year 2015. Under this plan, we had identified several key objectives for the Group, including:

- Landbank diversification
- Sustainable financial performance (revenue and profits)
- Product diversification





The Johor State Assembly's Sultan Ismail Building in Kota Iskandar

At the same time, it was imperative that we improve our financial standing. This we did with a 1 for 2 Rights Issue exercise, which was successfully completed in April 2010. Following the exercise, UEM Land Holdings had issued 1,214,088,456 new ordinary shares at RM0.80 each, which raised total proceeds of approximately RM971.3 million.

The Rights Issue proceeds allowed UEM Land Holdings to repay the UEM Group term loan amounting to RM633.0 million, which carried an interest cost of 7.5% per annum. With the successful completion of the Rights Issue exercise, our gearing level has dropped drastically from 0.67 times based on our financial statements as at December 2009 to 0.18 times based on our financial statements as at December 2010, placing us on a stronger footing to source for additional funding at more favourable terms, as and when the need arise.

Further, the remaining proceeds from the Rights Issue exercise provided a significant capital for UEM Land Holdings' on-going and future development activities that will help accelerate the realisation of value from Nusajaya landbank and spur UEM Land Holdings' future earnings growth.



## MD/CEO'S OPERATIONS REVIEW





## MD/CEO'S OPERATIONS REVIEW

In August 2010, we launched Phase 1 of our high-end gated residential development in Cyberjaya, Symphony Hills. This was a milestone for UEM Land Holdings for a couple of reasons. Firstly, Symphony Hills represents our maiden development project outside of Nusajaya. Secondly, it establishes us as a developer with a difference. With Symphony Hills, UEM Land Holdings is introducing to the Malaysian market an entirely novel concept of a Connected Intelligent Community that runs on high-speed broadband network.

The real coup of the financial year, however, were two acquisitions entered into towards end 2010. In December 2010, we were given the mandate to acquire about 449 acres of freehold land in Bangi, strategically located within the growth area of Bandar Baru Bangi where several new townships such as Alam Sari and Bandar Seri Putra are being developed. The fact that we managed to secure this land reflects well on our growing brand equity. We are very excited by this acquisition as it presents us with an ideal opportunity to develop yet another comprehensive and integrated township.

The announcement of our acquisition of Sunrise ended the financial year with a real bang for the Group. This acquisition literally changes the face of UEM Land Holdings, and allows us to jump-start our

growth trajectory towards achieving the goals as set out in our five-year Strategic Plan. The acquisition was preceded by a detailed study by the Management on the various property players in Malaysia. Based on our strategic requirements, the Board and Management agreed that Sunrise was the most suitable candidate for a possible merger and acquisition. Having completed this acquisition in February 2011, the Group is now undoubtedly one of the leading real-estate companies in Malaysia.

While UEM Land Holdings has a strong reputation and track record for township development, Sunrise is renowned for luxury high-rise residential and commercial developments. Our diametrically opposed capabilities therefore stand to create amazing synergies which will equip us with the knowledge and expertise, backed by the scale of our combined resources, to become a truly global player. For UEM Land Holdings, the acquisition offers the additional bonus of instantly diversifying our landbank – one of the parameters identified in our Strategic Plan – as Sunrise has within its stable, land in Mont'Kiara and Dutamas, Kuala Lumpur City Centre, Kajang, Shah Alam as well as in Vancouver, Canada.



## MD/CEO'S OPERATIONS REVIEW



East Ledang



### SUCCESSFUL LAUNCHES

In 2010, we were able to make good a number of launches that had been held off during 2009 due to the economic crisis. Over the course of the year, we launched 515 residential units in East Ledang, Nusa Idaman, Horizon Hills (developed under a joint venture with Gamuda Berhad) and Nusa Bayu, a new development. I'm proud to say that the take-up rates of residential projects in Nusajaya have been very good, the average as at 31 December 2010 standing at 82%.

## MD/CEO'S OPERATIONS REVIEW



Symphony Hills



Artist's impression of the Central Hub at Bio-XCell

We also saw strong demand for SiLC, where Phases 1 and 2A, with a total saleable area of 275 acres, is almost sold out. I have to say our performance here was even better than we had anticipated, not just in terms of the acreage sold but also in the prices we were able to command. This was partly due to the fact that, by 2010, we had developed the infrastructure in SiLC, which allowed potential investors to see in reality what previously they could only visualise on paper. Of course, our location also serves as a huge magnet, given the proximity of the Port of Tanjung Pelepas and Johor Port, in Johor; Jurong Port and PSA, in Singapore; as well as the Senai Airport in Johor and Singapore's Changi Airport.

The establishment of Bio-XCell, our joint venture project with Malaysian Biotechnology Corporation Sdn Bhd (BiotechCorp), as Malaysia's first biotechnology park, is another compelling factor for biotech companies, including leading foreign companies, to set up in SiLC. Subsequent to the launching of Bio-XCell in May 2010, world renowned biotech companies including Biocon Ltd and Strides Arcolab from India, Glycos Biotechnologies, Inc from the USA and Metabolic Explorer from France have committed to invest more than RM950 million in Bio-XCell.

### DEVELOPMENT UPDATES

In 2010, developments under UEM Land Holdings were still mainly concentrated in Nusajaya, one of the five Flagship Zones of Iskandar Malaysia. Encompassing a total of 23,875 acres, about 10,000 acres of Nusajaya is still owned by UEM Land Holdings, making us the principal landowner as well as master developer of this strategic landbank that is set to turn Iskandar Malaysia into one key economic growth corridor for the country. Other than Nusajaya, we are developing Symphony Hills, in yet another prestigious location – Cyberjaya.



## MD/CEO'S OPERATIONS REVIEW





## MD/CEO'S OPERATIONS REVIEW

### Kota Iskandar

Kota Iskandar is the new administrative centre of the Johor State Government. Since April 2009, when Phase 1 of this development was completed, over 2,200 state government staff are based here. The numbers will be further boosted when Phase 3 which covers the Federal Government departments currently located in Johor Bahru, are relocated to Kota Iskandar. For Phase 2 development which is the Johor State Government's staff housing project, the development proposal is currently being finalised and the construction is expected to commence by end 2011.

Upon completion, Kota Iskandar will house 76 State and Federal Government departments with about 6,000 civil servants.

In 2010, a dedicated Iskandar Malaysia bus service was also launched, making it easier for the government staff to commute to work. Kota Iskandar also received industry recognition by winning the Public Sector Category of the FIABCI Malaysia 2010 awards.

### Puteri Harbour

Puteri Harbour is an integrated urban waterfront development and the jewel in UEM Land Holdings' development portfolio. The Inner Lagoon, Public Marina and the Satellite Clubhouse were completed in January 2009, while the Private Marina was completed in March 2010 and the Megayacht Marina was completed in July 2010. Meanwhile, building works has started on the family indoor theme park, business hotel and boutique apartments located at the Crescent, fronting the Public Marina. We also plan to launch Imperia, consisting of an office and a residential tower, in the Commercial South Precinct in 2011.

We have also sealed several significant transactions for Puteri Harbour in 2010. In April, the first deal was sealed with Encorp Iskandar Development Sdn Bhd, a subsidiary of Encorp Berhad, on the sale of a 3.3-acre parcel for RM25.9 million. The development is estimated to have a Gross Development Value (GDV) of RM330 million.

In July 2010, Bandar Raya Developments Berhad (BRDB) acquired a 60% stake in Haute Property Sdn Bhd from Dubai World's Limitless Holdings Pte Ltd, resulting in BRDB replacing Limitless as UEM Land Berhad's partner to develop the 111-acre Residential North Precinct.

Ending the year on a high note, in December 2010, Nusajaya Consolidated Sdn Bhd, our 50:50 joint venture company with United Malayan Land Bhd, exercised its option to buy a second parcel comprising 6.7 acres in Puteri Harbour for a cash consideration of RM49.6 million to be developed over four years. The development is estimated to have a GDV of RM670 million.

To cap an eventful year, Puteri Harbour added another FIABCI award to its name. Having already won the Best Master Plan award at the FIABCI Malaysia 2009, it was selected as Runner Up in the Best Masterplan category at the FIABCI 2010 International Prix d'Excellence.

Puteri Harbour Marina, Nusajaya

## MD/CEO'S OPERATIONS REVIEW

### SiLC

SiLC is a 1,300-acre clean and green managed industrial park focusing on advanced technologies, biotechnology and logistics. A total of eight factories are currently operational in SiLC, two of which began in 2010. A key component of SiLC will be Bio-XCell, Malaysia's first dedicated biotechnology park developed on a joint venture with BiotechCorp.

Earthworks and infrastructure works for Phases 1 and 2A have been completed, with take-up rates of 100% and 86% respectively. Meanwhile, earthworks and infrastructure works for Phase 2B – where Bio-XCell is located – is under way and scheduled for completion by mid-2011. Bio-XCell expects to start welcoming tenants into its ecosystem by November 2011.

### Afiat Healthpark

Afiat Healthpark (Afiat) is a holistic and integrated healthcare development catering to three different areas of healthcare, namely modern medicine, traditional & complementary medicine and wellness. In 2008, Nusajaya Medical Park Sdn Bhd, a wholly-owned subsidiary of UEM Land, signed a Sale and Purchase Agreement with Columbia Asia Sdn Bhd for the development of an 82-bed hospital at Afiat. In July 2010, the Columbia Asia Hospital opened its doors to the public. Another significant development in 2010 was the opening of the KM19.1 interchange in April, providing direct access to Afiat from the Linkedua Expressway.

### RESIDENTIAL PROPERTIES

Our residential projects continued to be well received in 2010, with strong sales recorded for East Ledang, Nusa Idaman as well as Horizon Hills. We also introduced a new residential development, Nusa Bayu, in October 2010 targeted at providing value-for-money homes for first-time house buyers.

### East Ledang

Spanning 275 acres of prime land, East Ledang offers luxury garden residences, featuring 31 esoteric gardens, a lake and wetlands among its resort-styled homes. The gated and guarded community features link duplexes, twin villas and bungalows. In 2008, Serenity Park was launched, and all 139 units were handed over to the owners in April 2010. In 2009, Tranquility Park was launched with 21 of the 28 bungalows sold while 80 out of 112 twin villas have been sold as of 31 March 2011. In October 2010, Harmony Park was launched, offering 64 link duplexes and as at 31 March 2011, 56 units have been sold.

East Ledang units are all CONQUAS certified. CONQUAS which stands for Construction Quality Assessment System was developed by the Building and Construction Authority (BCA) of Singapore and allows us to set targets for our contractors and assess the quality of the finished buildings.

The success of East Ledang to date has helped UEM Land Holdings gain various awards and recognitions. In 2010, it was named a Highly Commended Development in Malaysia at the Bloomberg Asia Pacific Residential Property Awards 2010. It was also recognised as one of Southeast Asia's 20 best resort developments by Property Report Southeast Asia's i-Property Awards and won the PAM (Association of Malaysian Architects) Special Category Award.

With these recognitions, it has put UEM Land Holdings at par with other major real estate developers in the region that provides quality living standards which will contribute to realising our vision to be a global community builder.

### Ujana

Ujana Executive Apartments in East Ledang was launched in August 2009, offering the first executive high-rise residential development in Nusajaya. The 23-storey block of apartments comprises 172 spacious one-bedroom, two-bedroom and

three-bedroom units. Ujana is targeted as an ideal investment opportunity and will have additional services like concierge, leasing and housekeeping to ensure that all units are well maintained. To date, all units in Ujana have already been snapped up.

The construction works for Ujana have started and as of 31 March 2011, about 21.9% were completed. The construction of these apartments is expected to be completed by the third quarter of 2012.

### Horizon Hills

Horizon Hills is a premier township set on 1,200 acres of undulating hills and valleys – the only gated and guarded development in Johor which comes with a designer 18-hole Par 72 golf course and a designer clubhouse. Themed One with Nature, the development consists of intimate residential precincts linked by winding trails and tree-lined streets, where homes are surrounded by panoramic vistas of the golf course, waterways and thematic parks. Since its initial launch in 2007, a total of 1,143 residential and commercial units in Horizon Hills have been sold as at 31 March 2011.

In 2010, partial phases of South Golf were handed over, while 33 units of two-storey shop offices in Horizon Hills' first commercial precinct were launched and fully sold. In May 2010, Horizon Hills launched its first high-rise development, Fairway Suites, comprising 240 units of luxury condominiums in two towers.

The landed residential and commercial buildings in Horizon Hills are also CONQUAS certified. In addition, Horizon Hills Golf & Country Club won the best Design in the Commercial Category of the 10th Singapore Institute of Architects Architectural Design Award 2010.

## MD/CEO'S OPERATIONS REVIEW



East Ladang

### **Nusa Idaman**

Nusa Idaman offers medium-high cost housing in a mixed development spanning 250 acres in the suburbs of Nusajaya. Each precinct within this enclave enjoys single entry and exit points, lush parks and family recreational spaces. As of 31 March 2011, Nusa Idaman enjoys an 89% take-up rate, with 946 units sold and over 654 homes handed over to their owners in the last two years.

In April 2010, a RM15 million interchange was opened, providing direct access to Nusa Idaman from the Second Link Highway. This interchange also provides easy access to Afiat.

### **Nusa Bayu**

Nusa Bayu is a mixed development offering affordable homes catering to young families and first-time homebuyers. Upon expected completion in 2018, it will boast 3,000 residential and commercial units built across

260 acres on the northern tip of Nusajaya. Residential units here will comprise double storey terrace houses and low cost houses, the commercial plots will consist of one and two-storey shops and offices. There will also be a school, community centre, a 7.45-acre recreation area with a lake, lakeside playground, jogging track and a football field. In October 2010, Phase 3A of Nusa Bayu was launched comprising 130 double storey terrace houses, of which 38% have since been sold as at 31 March 2011.



## MD/CEO'S OPERATIONS REVIEW



The Gateway, Horizon Hills Golf & Country Club



OTHER MILESTONES THAT CONTRIBUTED TO THE GROWING MOMENTUM OF NUSAJAYA WAS THEMED ATTRACTIONS AND RESORTS SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KHAZANAH NASIONAL.

### Tipping Point at Nusajaya

I believe that we are making real headway towards achieving our envisaged 'tipping point' in 2012, when all the necessary ingredients for the regional city will be in full force and Nusajaya will truly come alive. We have achieved so much within the past few years, and especially in the last year, as the review above would indicate. Already, 2,200 government staff are working in Kota Iskandar and Puteri Harbour is a hive of activity. The other catalyst projects in Nusajaya, undertaken by Iskandar Investment Berhad, are also progressing well. A number of key components, such as the Newcastle University Medicine Malaysia campus and the coastal highway, are expected to be completed by end 2011 while several others such as the Legoland Theme Park and Marlborough College are also targeted for completion in 2012.

### Beyond Nusajaya: Symphony Hills

As I mentioned earlier, Symphony Hills, which is located within Cyberjaya Flagship Zone, is being developed as Malaysia's first Connected Intelligent Community. UEM Land Holdings is partnering with Mesiniaga Bhd and Cisco Malaysia to realise this futuristic concept. To promote community-living, there will be a Community Portal to connect all residents, as well as a Clubhouse where they can meet and interact. This will be a novelty in itself, not only because it will be a floating Clubhouse but also because it will incorporate green technologies such as rainwater harvesting.

We intend for our 98-acre Symphony Hills to be the next prestigious address in the country, and believe we are creating a new benchmark in this regard. There will be added emphasis on security, based on the neighbourhood Gated Community Scheme complete with a state-of-the-art security system, guardhouse, perimeter fencing, patrolling guards, CCTV and emergency response unit.

The entire development which will consist of 1,813 units of mixed landed and high-rise strata residential units with a total GDV of RM1.1 billion, will be developed over a period of seven years in several parcels, each with a different theme and design concept. The first phase, to be developed on 60 acres,

consists of 410 units. From August 2010 to 31 March 2011, 194 units were launched with a total GDV of RM237.8 million and 23% have been taken up. The remainder of Phase 1 is to be launched in the second quarter of 2011.

Also in the pipeline for Symphony Hills is a high-rise development consisting of approximately 360 units. Design development has commenced and we aim to launch the development in the fourth quarter of 2011, earlier than originally planned.

### RISK MANAGEMENT

UEM Land Holdings is conscious of risks inherent in property development and has developed a comprehensive risk management framework to ensure lines of responsibility and accountability are clear, while we are guided by a structured process to identify, assess, evaluate, treat, monitor and review significant risks that could impede the Group from achieving our key business objectives. Management meets every quarter to discuss and deliberate on the significant risks identified by the respective departments, projects and subsidiaries, and provides an update to the Board of Directors.



I would like to assure our shareholders that the risk management process does not stop at the planning stage, but continues throughout the duration of our projects. External influences can, and do, impact our operations. Hence we continuously evaluate such risks to ensure decisions made are always sound. Within our risk management framework, decision-making is a dynamic process based on optimising the risk return relationship in all our investments so as to enhance shareholder value. Indeed, we have enhanced our performance management by involving the risk management team as a strategic 'business partner' at the planning stage of all our operations. Whereas in the past, the risk management team performed more of a historical function in reporting on risks identified, analysed and evaluated, today it is part of the management process that shapes the Company's future.

#### EMPLOYEE DEVELOPMENT

One of UEM Land Holdings' strengths is our people. We feel blessed to have a youthful, motivated team whom we continue to inspire via professional development programmes and a performance-based reward structure. At senior management level, a strategic performance management approach via KPIs has been adopted using the Balanced Scorecard method. Corporate KPIs are then cascaded to the Heads of Division, Heads of Department and their respective staff and create greater visibility and transparency over their respective performance matrix. Employees are appraised based on how well they perform in accordance with their individual scorecards with the KPIs agreed upon at the beginning of each year.

We also have a talent management framework which includes fast-tracking the career progression of those identified as having leadership potential. In order to help

our managers to spot talents, we equip them with the tools, systems performance metrics, and information they need to evaluate employees. Through programmes such as the Emerging Leaders Programme (ELP) and Young Executive Scheme (YES), we ensure that our talents are given excellent work exposure and attain invaluable skills.

We discuss career development plans with our employees so that they have a clear idea of what is expected of them, and what they can expect of the Company. We recognise that strong leadership play an important role in human capital development, hence we encourage open two-way communication between senior management and all levels of employees, especially on issues relating to the progress, plans and prospects of the business. We also conduct focus group discussions involving all levels of staff, to provide an opportunity for employees to air their views and suggestions in an open manner without fear of reprisal.



## MD/CEO'S OPERATIONS REVIEW

### ENSURING THE BEST IN CUSTOMER SERVICE

UEM Land Holdings is mindful of the importance of managing our customers effectively, and is making a concerted effort to create a customer-centric mindset among our employees. To improve our customer service, we have developed a comprehensive Customer Relationship Management (CRM) system, which was implemented in June 2010. The system allows us to obtain relevant data from our customers, which provides a complete picture of their needs, thereby enabling us to devise ways of meeting them.

Going one step further, we have been training our frontline staff under a Culture of Excellence (COE) programme to enhance their competencies, hence enabling them to interact in a more professional manner with customers and potential investors. The programme culminates with an evaluation, jointly conducted by consultants and staff at the UEM Learning Centre. Results and feedback have been most encouraging and we are looking into extending the programme across the Group.

We also organise events such as Super Sundays when we spend the entire day with customers and potential investors in a laid-back atmosphere. Last year, we attracted more than 1,000 visitors from Singapore and Malaysia, including home owners in Nusajaya to Puteri Harbour for the event. From the positive response to these events, we believe they serve to enhance our rapport with our valued customers.

### GOING GREEN

Given the urgency to counter global warming, we believe that a categorical imperative for property developers today is to integrate environmental considerations into the blueprint of development plans. The Nusajaya Green Plan is our commitment to ensuring the 'World in One City' that we are developing supports a technologically-advanced lifestyle within a sustainable biosphere. Unveiled in December 2009, the Nusajaya Green Plan outlines a practical balance between economic, social and environmental considerations based on the concept of R.O.S.E, which stands for Reducing the demand on natural resources; Offsetting

our environmental footprint by augmenting environmental services elsewhere; Substituting high energy consumption goods, services and processes with more efficient alternatives; and Enhancing environmental services and functions within Nusajaya.

We have, for example, installed a district cooling system in Kota Iskandar through which we are able to reduce energy consumption in the government complex by 50%. We are also maintaining a network of green tracts in Nusajaya, the largest being a 600-acre Regional Open Space located on the hilliest terrain of the city. Together with the Ramsar site in Sungai Pulai, adjoining Nusajaya and equal in size to it, our green network forms the green lung of south-west Johor.

We are further guided by the Green Building Index in our design of East Ledang, Puteri Harbour and Symphony Hills, which means that various energy-efficient technologies have been employed to reduce the energy requirements of these developments, and hence reduce their carbon footprint.

The Ledang Urban Retreat





## MD/CEO'S OPERATIONS REVIEW

### BUILDING OUR FUTURE

As I mentioned at the beginning of this operational review, we have entered a new phase in our transformation into a property champion in Malaysia. In this new phase, we present a new 'face' to Malaysia and beyond, as we now have the combined capabilities and resources of UEM Land Holdings and Sunrise to take on development projects of greater magnitude and complexity, anywhere in the world.

Of course, as in any acquisition, we have to ensure a smooth transition of Sunrise into the UEM Land Holdings' fold. Because of its strong value, we intend to capitalise on the Sunrise brand; and because of the knowledge and skills of its human capital, we intend to maintain the management structure and composition as they are. However, we plan to have cross-overs from UEM Land Holdings to Sunrise and vice versa to facilitate the transfer of intellectual capital. We are also planning to look at operational integration; but timing, as always, is crucial. The operational integration will include, amongst others, the cross sharing of best practices, policies and procedures, realisation of cost savings from increasing size and purchasing power and leveraging on respective customer base.

With Sunrise in our fold, we expect to report better Group revenue in 2011 as we will have the combined performance of both companies. Sunrise's results will be consolidated following the change in its financial year end, from 30 June to 31 December. Although Sunrise presents us with a full pipeline of potential projects, UEM Land Holdings will continue to build on our existing pipeline projects so as to increase the momentum of our growth.

Given the developments that have taken place that boost our strengths internally, and an economy that promises to further improve, the future certainly looks bright. There is every reason to believe that we have built a solid foundation on which to further develop and take our name further afield – not just in Malaysia, not just regionally, but globally.



28 Mont'Kiara

### ACKNOWLEDGEMENTS

This has been an eventful year, one which has placed significant demands on our entire team, and I believe the UEM Land Holdings family has proven it was up to the challenge. For this, I would like to thank every individual, from the senior management to the junior-most level, for his or her dedication to UEM Land Holdings and commitment to our vision. My sincere appreciation also goes to our Board of Directors for its guidance, vision and integrity. We would also like to

warmly welcome all employees of Sunrise to the UEM Land Holdings family. Together, we can build a bright future, and achieve our vision of becoming a global community builder.

**Dato' Wan Abdullah Wan Ibrahim**  
Managing Director/Chief Executive Officer





# A DEDICATED WORKFORCE

We have a dedicated and committed workforce that has contributed immensely to the accomplishments of the company. It is their unwavering loyalty, commitment and hard work that have set us on the road to success. An unmatched combination of knowledge, skills and dedicated personnel provides us with a solid foundation for the future.





## CORPORATE RESPONSIBILITY



AS ONE OF THE LEADING DEVELOPERS IN MALAYSIA, UEM LAND HOLDINGS BELIEVES WE HAVE A RESPONSIBILITY IN SERVING THE COUNTRY'S PROPERTY NEEDS IN AN ECONOMICALLY, ENVIRONMENTALLY AND SOCIALLY ACCOUNTABLE MANNER. THIS BELIEF IS ENCAPSULATED IN OUR CORPORATE RESPONSIBILITY (CR) POLICY, WHICH IS INTEGRAL TO THE CORE OF OUR BUSINESS AND GUIDES OUR EVERY ACTION, DECISION AND OPERATION.

Mangrove trees at RAMSAR Site, Sungai Pulai,  
Picture Courtesy of UKM

CR contributes to the sustainability of our business, leading us to deliver services and products that fulfil the requirements of our customers in a manner that protects the living environment, both now and in the long run. At UEM Land Holdings, we embrace sustainability as a positive challenge, a source of continuous learning, innovation and improvement. This further supports our vision to be a global community builder, adapting to the ever-changing global business and social environment.

UEM Land Holdings abides by frameworks that promote best practice in CR, such as the Malaysian Code of Corporate Governance and the Putrajaya Committee on GLC High Performance's *Silver Book – Achieving Value Through Social Responsibility*. Through the former, we have nurtured a culture that values honesty, integrity and transparency, while the latter reinforces the need to conduct business in a way that generates socially and ethically-considered profits.

Together with our own comprehensive Business Conduct Policies as well as Code of Ethics, these frameworks ensure we uphold the highest level of integrity in our dealings with all our stakeholders, namely our customers, employees, business partners, vendors and suppliers, the media, regulators and the community.

CR at UEM Land Holdings focuses on the four main parameters of the workplace, marketplace, community and the environment.

### WORKPLACE PRACTICES

Our employees are an important asset to the Company, and we highly value their contributions to UEM Land Holdings' success. Much emphasis is therefore placed on recruiting, developing and retaining the best human capital talents the market can offer. We are also committed to creating a work environment in which our people are able to flourish both professionally and personally, as this not only ensures a high level of satisfaction at the workplace, but also a high level of productivity.

## CORPORATE RESPONSIBILITY

In UEM Land Holdings, we inculcate a performance-based culture by aligning employees' rewards to the achievement of the Key Performance Indicators (KPIs) and corporate scorecards. The KPIs are set for each employee at the beginning of every year to ensure equitable and fair assessment of employees' performance. In this way, employees are motivated to meet their individual targets as their remuneration and rewards are linked with their performance. To review their performance, we have put in place a comprehensive Performance Management System (PMS), through which employees are appraised on how effectively they meet their KPI targets, while a Performance Management Committee has been set up to review all KPI settings and performance results in a transparent manner.

### Training and development

To achieve its vision of being a global community builder, UEM Land Holdings depends on the collective skills, knowledge and experience of its workforce. Thus, we continuously ensure that employees are equipped with the essential knowledge, technical skills and capabilities to support the Company's vision.

In order to bring out the best in each employee, we have a human capital development programme with a strong emphasis on training. Employees participate in various training programmes and courses, including those organised by the UEM Group's Learning Centre. At UEM Learning Centre (ULC), regular needs analysis are conducted to ascertain gaps in capabilities that need to be addressed. Relevant courses are organised based on such analysis, and employees are sent for training to acquire knowledge and skills that fill the gaps while also enhancing their performance at work. In addition, senior management and employees who have been identified as having leadership potential are placed in Leadership Management Programmes to further enhance their skills. This is part of our human capital development strategy that

helps create a robust leadership pool that is able to meet future challenges and allows for seamless succession planning. In 2010, UEM Land Holdings invested a total of almost RM900,000 on staff training purposes.

### Culture of Excellence Programme

Aspiring to be a world class organisation, UEM Land Holdings first embarked on its Culture of Excellence (COE) Programme in 2009 to deliver excellence in customer service. Aimed at enhancing the interaction skills and knowledge of our front line employees, training focused particularly on personal effectiveness and performance excellence. The COE Programme is in its second year of execution and strives to develop a mindset of excellence in not just meeting, but exceeding, stakeholders' expectations at all times. This programme continues to cultivate the highest level of professionalism amongst Marketing, Sales and Customer Service employees.

Under this programme, the Company also launched a Toastmasters Club in October 2010 for employees based in Nusajaya. Through this well-established platform, employees are given the opportunity to develop their confidence and public speaking skills.

The quest for excellence and customer centricity at UEM Land Holdings will continue as we look at more ways to build this into the Company's culture.

### Open communication

UEM Land Holdings believes an open culture that encourages two-way communication is essential to creating a sense of belonging among employees, and promotes teamwork and ownership. Information on development progress, strategy and plans as well as other relevant information are, therefore shared with all employees through activities such as town hall meetings. In addition, announcements and notices are cascaded down through internal memoranda and our

intranet, WebKita, at [www.intranet.uemland.com](http://www.intranet.uemland.com), in which employees can keep updated on Company events, staff matters, dialogues and other corporate information. On top of sharing information, "kopitiam" sessions are regularly held to understand staff needs better and also encourage staff to give feedback on any Company matter.

### Safety at Work

In UEM Land Holdings, we are committed to ensuring a safe, healthy, clean and ergonomic working environment at all times for our employees, our contractors and their workers. As a responsible property developer, we are also conscious of the possible impact our activities may have on the environment and therefore seek to minimise that wherever the Company operates. In 2009, we had implemented an Integrated QSHE Management System (QSHE-MS) for our property development services which meets the requirements of:

- ISO 9001:2008 - Quality Management System
- OHSAS 18001:2007 - Occupational Health & Safety Management System
- ISO 14001:2004 - Environmental Management System

The system assures us of a single standard that governs our operations at all UEM Land Holdings premises and project sites. Internally, it has resulted in formalised and clearly defined processes and practices, reducing duplication and related costs, minimising risks and eliminating conflicting responsibilities while promoting consistency in operations and improving communication. In 2010, the Company further improved its Integrated QSHE-MS with the attainment of MS 1722: Part 1 2005, which has been developed in Malaysia as a tool for the effective and efficient management of overall Occupational Safety and Health (OSH) risks.



## CORPORATE RESPONSIBILITY

To engage and increase the awareness of employees, consultants and contractors on quality, occupational safety, health and environment issues in the Nusajaya development, UEM Land Holdings conducted a QSHE Campaign on 15 and 16 December 2010. The campaign was held in collaboration with the Department of Occupational Safety & Health (DOSH), Department of Environment, SIRIM Berhad, Construction Industry Development Board (CIDB), National Institute of Occupational Safety & Health (NIOSH), Akademi Binaan Malaysia (ABM), Bulan Sabit Merah Malaysia and Columbia Asia Hospital, Nusajaya.



### MARKETPLACE INITIATIVES

Our customers are one of our most valued stakeholders, and every effort is made to ensure we meet their expectations in terms of quality products and service. Emphasis is placed on innovation and keeping a pulse on international trends so as to incorporate the latest technologies and systems in our developments. This is complemented by a high level of professional service in our dealings with customers, partners, contractors and other stakeholders. As we strengthen our reputation in the marketplace, we also gain traction in our quest to become a global community builder.



### Ensuring quality products

UEM Land Holdings employs a comprehensive management programme to ensure superior quality in all aspects of our projects, from the materials used to the workmanship and labour. We conduct regular briefings with our contractors and consultants to share our expectations on delivering quality products while maintaining a safe workplace for workers. These briefings allow us to better manage our business risks as well as our customers' and stakeholders' expectations.

To provide quality products, we continuously apply best-in-class benchmarks and standards across all our developments. Currently, our contractors are required to comply with the Construction Quality Assessment System (CONQUAS) developed by the Building and Construction Authority (BCA) of Singapore. This allows us to set targets on the desired standard and quality of our developments. In March 2010, assessments were carried out for East Ledang Phase 1A, Phase 1B and Phase 1C. As part of our continual quality quest, our contractors, consultants and employees were given CONQUAS training on 12 and 13 October 2010.



## CORPORATE RESPONSIBILITY



Security Control Centre at Puteri Harbour Clubhouse

### Ensuring Safety and Security in our Developments

Our developments are noted in the industry for their high-technology safety and security features. UEM Land Holdings has established several key strategic initiatives to create a safe living environment for residents and stakeholders of our developments. These include the Nusajaya Security Blueprint launched in 2008, which has since guided the development of security systems for each of the projects and developments in Nusajaya. The Nusajaya Security Blueprint has been rolled out progressively with each development in Puteri Harbour and East Ledang, supported by our consultants and contractors who have been trained in CPTED (Crime Prevention Through Environmental Design) to incorporate security elements into the design and build environment.

Other strategic initiatives undertaken by UEM Land Holdings that will set Nusajaya apart from other cities include:

- ***Nusajaya Intelligent City Management Platform (NICMP)***  
We have proposed an integrated business platform that will be able to process data from various systems in the city to enhance the management of services provided to Nusajaya's community, and are currently studying its feasibility with CISCO and Mesiniaga.
- ***Nusajaya Environment Masterplan***  
The Nusajaya Green Plan integrates the effective planning and management of water, energy and waste to ensure the most efficient use of resources and minimal impact on the environment. The plan is based on the R.O.S.E (Reduce, Offset, Substitute and Enhance) concept.
- ***Multi-Telco Environment***  
UEM Land Holdings has engaged two of Malaysia's leading telecommunications providers, Telekom Malaysia (TM) and TT dotCom Sdn Bhd (a subsidiary of TIME dotCom) to provide best-in-class telecommunications infrastructure in Nusajaya.

In our Symphony Hills development in Cyberjaya, we are creating Malaysia's first Connected Intelligent Community (CIC). The CIC concept delivers comfort, convenience, community and security within Symphony Hills. Central to the CIC concept is the custom - designed community service portal that enables remote access capabilities. This portal is the primary platform that implements the CIC concept, operating its Smart Home and security features through state-of-the-art technology and high-speed fibre optic infrastructure. This will enable a number of futuristic functions, including the ability to monitor homes and switch on or off lights remotely from anywhere in the world. With the development of CIC in Symphony Hills, it will set the tone for a new level of "intelligence" and "community" that will no doubt soon become a trend setter.

## CORPORATE RESPONSIBILITY



### Ensuring Customer Satisfaction

In UEM Land Holdings, we continuously strive to understand our customers' needs and satisfy them in the most cost-effective manner. This is the ultimate objective of our Customer Relationship Management (CRM) system. Launched in 2008, the CRM system enables our marketing personnel to develop customised programmes and campaigns for existing and potential customers.

To create the desired customer experience, our customer service personnel are trained to increase the level of their product knowledge and communication skills. While a dedicated Customer Service Department handles post-sales customer inquiries and complaints, we also actively encourage the public to access information on our products and services via our user-friendly, interactive websites.

In August 2010, a monthly e-newsletter was launched to update our customers on progress and developments in Nusajaya. Customers and other stakeholders can also access our Facebook account to keep abreast of happenings in and around Nusajaya.

### COMMUNITY ENGAGEMENTS

UEM Land Holdings believes strongly in supporting and helping to develop the local communities where we have a presence. Building strong community partnerships is integral to our Corporate Social Responsibility (CSR) policy, which in turn feeds our vision of achieving a sustainable future. Our CSR policy is focussed on education and community development which engage and enrich our local communities.

In 2008, we embarked on an aggressive school adoption programme under PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility), spearheaded by Khazanah Nasional. We began with the adoption of 16 schools within Nusajaya, and in 2010 we took on our 17th school, SK Kompleks Sultan Abu Bakar. The PINTAR programme promotes excellence in education by inspiring an interest in knowledge and learning among young school children, while providing them with a conducive learning environment.

Since 2007, UEM Land Holdings has implemented five key initiatives to accomplish the objectives and aspirations of PINTAR using an intervention approach to influence better educational outcomes for underserved students in predominantly rural locations in Malaysia. The programmes developed by UEM Land Holdings, based on PINTAR's key tenets, include the Academic Excellence Programme, ICT Knowledge and Appreciation Programme, Micro Controller Project, the English Programme and the Green School project. Another significant CSR initiative by UEM Land Holdings is the PINTAR Al-Quran programme for pre-school children.

#### Academic Excellence Programme

Established in 2007, the Academic Excellence Programme aims to raise the academic performance of students in Nusajaya. Under the programme, UEM Land Holdings organises examination seminars and clinics, motivational talks, English teachers' training programmes, Newspaper in Education (NiE) sponsorship as well as several workshops.

In 2010, a total of five examination seminars and clinics were held in collaboration with Berita Harian to help students prepare for the UPSR, PMR and SPM. For the first time, we also invited employees' children to participate in the sessions. Since 2008, the programme has benefited more than 2,000 students. The seminars were focused on:

- Preparing the students on expectations of the respective exams by exposing them to methods and techniques of answering questions accurately
- Giving the students insights to help them avoid making careless mistakes
- Building the students' confidence

A motivational talk was also organised for 200 SPM candidates to inspire them to excel in the examination.

#### Micro Controller Project

Another key initiative under the PINTAR programme is the Microchip Controller Project, fully funded and sponsored by UEM Group and organised by UEM Land Holdings in collaboration with Universiti Kebangsaan Malaysia (UKM). This programme aims to develop students' interest in the creative use of technology, and forms part of UEM Land Holdings' strategic efforts to promote a sustainable ICT community to benefit the Malaysian community and industry at large.

The two-year programme commenced in December 2009, and the first batch of 40 students from two UEM Land PINTAR secondary schools - SMK Taman Nusa Jaya and SMK Kompleks Sultan Abu Bakar - participated in several workshops in UKM to develop prototypes of IT-based inventions.

By the end of the project in 2010, they had produced a total of 10 ingenious inventions. The second batch students are currently undergoing the programme.

## CORPORATE RESPONSIBILITY

### English Programme

The English programme, sponsored and organised by UEM Land Holdings with the assistance of the British Council, kicked off in March 2010. This programme is part of UEM Land's on-going quest to develop an English-proficient community in all 17 of our PINTAR schools around the Gelang Patah district. Four English Teachers' Training programmes were organised in 2010, benefitting a total of 54 teachers.

The objective of the English programme is to train primary and secondary school teachers and develop their confidence in teaching English. Two modules were run in 2010 - the Classroom Language; and Primary and Secondary Methodology Modules. These explored new teaching techniques which are relevant and applicable to the Malaysian English classroom to support the teachers in improving the language proficiency of their students.

UEM Land Holdings also initiated a strategic partnership with The STAR Publication Malaysia Berhad to inculcate the reading habit and improve the English proficiency among PINTAR students via The Star Newspaper in Education (NiE) programme. Under this programme, UEM Land Holdings will contribute more than RM20,000 annually towards the exclusive The Star-NiE supplement, which is published every Wednesday and distributed to all 17 UEM Land PINTAR schools.

It is envisioned that this programme will help the teachers to explore a new and interesting dimension to teaching while offering the students more creative ways of learning English. Special NiE workshops were also conducted for all the English teachers and students at UEM Land PINTAR schools to allow them to benefit optimally from the programme.

A Students' Output (English) project was initiated towards the end of the English Teachers' Training programme to gauge how much the teachers had gained from the course and the difference it made to their students. The programme also assessed the students' ability to embed the ICT skills gained through the ICT knowledge and appreciation programme conducted in previous years into their school project.

### Green School Project

This environmental project, launched in April 2010 in collaboration with UKM, is based on the concept of 'smart and caring living', one of the key tenets of the Nusajaya Green Plan. It aims to advocate responsibility by developing an awareness of the need to conserve the environment among children while instilling the sense of respect for diversity, love for the environment and a sense of responsibility to serve the society.

Three primary schools – SK Taman Nusantara, SK Taman Nusa Perintis 1 and SK Tiram Duku - were selected to participate in the pilot programme which included greening activities in the schools and embracing lifestyle changes to offset carbon emission.

To further reinforce green habits among the children and community in Nusajaya, UEM Land Holdings sponsored and distributed 22 recycling bins to all UEM Land's PINTAR schools and five KEMAS kindergartens to inculcate the habit of recycling.

### The Pintar Al-Quran Programme

In 2010, the Pintar Al-Quran programme continued to be implemented at five KEMAS kindergartens to inculcate the core of Islamic values among the children before they begin their formal primary education. The classes commenced in February and carried on until the second week of November. At the end of this period, 80 pre-schoolers successfully completed reading the Al-Quran. About 450 pre-schoolers have completed the course since the programme was established in 2008.





## CORPORATE RESPONSIBILITY

### Community Development

Over and above our intense involvement in the PINTAR programme, UEM Land Holdings also contributes to the well-being of the communities in which we operate by supporting key activities and helping the needy and underprivileged.

In 2010, we built the Anjung Police Station in Nusajaya, and subsequently handed it over to the Royal Malaysian Police to complement and enhance Nusajaya as 'A Safe City'. In conjunction with the month of Ramadan, for the first time, we sponsored and prepared *buburlambuk* with the community in Kampung Pulau. In addition, we organised several *Majlis Berbuka Puasa* and *Sumbangan Hari Raya* for more than 400 villagers in the Gelang Patah district, where we donated cash and Hari Raya goodies to the underprivileged in our 'adopted' villages in conjunction with the Hari Raya celebration.

UEM Land Holdings was also the platinum sponsor of the Iskandar Johor Open (IJO) 2010, which was held at the Horizon Hills Golf & Country Club, in our bid to encourage this sport and to put Nusajaya on the global map. Also in conjunction with the IJO 2010 tournament, UEM Land Holdings initiated a Junior Golf Clinic for 20 Year Six students to develop their interest in golf.

Towards the end of 2010, we held an inaugural Golf Friendly for our stakeholders at the Horizon Hills Golf & Country Club. Proceeds from this tournament were channeled towards the Pusat Dalam Komuniti (PDK) Nusajaya, a rehabilitation centre for mentally and physically challenged children around Gelang Patah district.

### ENVIRONMENTAL INITIATIVES

As one of the leading developers in Malaysia, we have aligned our sustainability strategy with our business strategy and are increasingly integrating sustainability into our operations and processes across the value chain. UEM Land Holding's commitment to the environment is manifest through the strategic planning and management of water, energy and waste; and environment conservation as outlined in the Nusajaya Green Plan, launched in 2009.

The design and planning for Nusajaya includes a network of green open spaces, the biggest of which spans 600 acres on the hilliest terrain of Nusajaya. Together with the Ramsar site at Sg Pulau, adjoining Nusajaya and equal in size to it, they form the green lung of south-west Johor.



Dato' Wan Abdullah Wan Ibrahim and Prof. Tan Sri Dato' Dr Sharifah Hapsah Syed Hasan Shahbudin, Vice Chancellor of UKM, officiating Green School Project.

## CORPORATE RESPONSIBILITY



Horizon Hills Golf & Country Club

Although none of our projects are located on protected land, we recognise that the coastal water surrounding Puteri Harbour may contain habitats that are important to the marine ecosystem. To protect the natural environment surrounding this development, we ensure all recommendations of our Environmental Impact Assessment (EIA) are implemented. UEM Land Holdings conducts EIAs, as required by law, in all our developments that are larger than 50 hectares or located within coastal areas or hill slopes.

Our initiatives, however, go beyond the requirements of legislation. The Nusajaya Green Plan, for example, is a model blueprint for environmentally responsible township development. It identifies all potential environmental issues related to this township development, allowing us to minimise our impact using the R.O.S.E. concept. The R.O.S.E. stands for:

- **Reduce** – optimising the scale of activities and lifestyle to lessen the demand on resources
- **Offset** – augmenting environmental services or paying for the reduction of environmental footprint elsewhere
- **Substitute** – maintaining the same scale of activities and lifestyle but utilising goods, services and processes that require fewer resources
- **Enhance** – improving the environmental services or functions

In 2010, we produced our inaugural Corporate Responsibility Report which contained data on a baseline carbon emissions study for 2009. The study determined that about 74% of our emissions came from our contractors' activities, while the use of electricity in our daily operations accounted for 14% of total emissions. Based on this data, we are taking appropriate action to minimise our energy consumption and make credible energy reductions associated with our operations.

### A SUSTAINABLE FUTURE

In our commitment to sustainability, UEM Land Holdings takes responsibility for the entire process of developing a property from the initial idea through to the design and planning of the project, its implementation and management and, finally, the maintenance of buildings and assets. We operate our business taking cognisance of the interests of all our stakeholders – our customers, shareholders, the community, our employees and the environment. We realise that corporate responsibility is an on-going quest that requires the continuous assessment of impact and results; review and implementation of fresh targets; and embrace this as a positive challenge that will see the Company evolve and improve with time.

## **CORPORATE GOVERNANCE STATEMENT**

UEM Land Holdings Berhad recognises the importance of good corporate governance and the Board is committed to ensure that good corporate governance is practised throughout the Group with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

As required under the Bursa Malaysia Listing Requirements ("Listing Requirements") this Corporate Governance Statement reports on how the Malaysian Code of Corporate Governance ("the Code") and Listing Requirements are applied by the Company and sets out the Company's formal report on compliance with the best practices of the Code and Listing Requirements throughout the financial year ended 31 December 2010.

### **1. BOARD OF DIRECTORS**

#### **1.1 The Board Composition**

In accordance with the Company's Articles of Association and unless determined by the Company in a General Meeting, the number of Directors shall not be less than 2 or more than 15.

As at 31 December 2010, the Board consists of 8 Members comprising the Managing Director/Chief Executive Officer, 4 Non-Independent Non-Executive Directors and 3 Independent Non-Executive Directors. The 3 Independent Non-Executive Directors meet the criteria of independence as prescribed in the Listing Requirements and the Board confirmed that there had been no transactions, relationship or arrangements that would have impaired the independence or any judgment made by the Board.

The Board composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals in the fields of accounting, legal, banking, corporate finance, engineering and property development. This combination of different professions and skills working together enables the Board to effectively lead and successfully supervise the Company's business activities, which are vital to the success of the Group.

Encik Omar Siddiq Amin Noer Rashid, a Non-Independent Non-Executive Director resigned on 28 February 2010 and was replaced by Mr Sheranjiv Sammanthan, a Non-Independent Non-Executive Director, who was appointed on 27 October 2010. Following the successful acquisition of Sunrise Berhad, Datuk Tong Kooi Ong joined the Board on 25 February 2011 as a Non-Independent Non-Executive Director, bringing the number of Board members to 9, comprising of the Managing Director/Chief Executive Officer, 5 Non-Independent Non-Executive Directors and 3 Independent Non-Executive Directors.

#### **1.2 Duties and Responsibilities of the Board**

The Board leads and provides stewardship to the Group's strategic direction and operations to maximise shareholders' value. It regularly meets to perform its principal responsibilities, amongst others, as follows:-

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, reviewing the compensation and retention or replacement of senior management;
- Developing and implementing an investors relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

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



# CORPORATE GOVERNANCE STATEMENT

## 1. BOARD OF DIRECTORS (cont'd.)

### 1.2 Duties and Responsibilities of the Board (cont'd.)

The Managing Director/Chief Executive Officer is responsible for implementing the policies and decisions of the Board, overseeing the operations and managing the development and implementation of the Company's business and corporate strategies.

The roles of the Managing Director/Chief Executive Officer and Non-Executive Directors are clearly delineated, both having fiduciary duties towards shareholders. Non-Executive Directors have the necessary skill, financial and business experience to bring effective judgment to bear on the issues of strategy, performance and resources.

The Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making of the Board taking into account the interests of the Group and the minority shareholders. The Independent Directors are also proactively engaged with both the internal and external auditors and this is especially so for Mr Oh Kim Sun who is the Chairman of the Audit Committee.

Taking into cognisance the importance of the interests of shareholders and stakeholders, the Board has identified another Independent Non-Executive director, Encik Md Ali Md Dewal, as the designated Senior Independent Director to whom concerns relating to the Company may be conveyed by shareholders and stakeholders.

### 1.3 Conflict of Interest

Directors are required to declare their respective shareholdings in the Company and related companies and their interests in contracts or proposed contracts with the Company or any of its related companies. The Directors concerned shall abstain from any deliberation and voting in relation to these transactions.

### 1.4 Dealings in securities of the Company

Directors and employees of the Group who are in possession of price-sensitive information regarding the Company which are not publicly available, and who deal in the securities of the Company are required to notify the Company within a specific timeframe as prescribed by the Listing Requirements.

### 1.5 Board Meetings and Supply of Information

The Board is expected to meet at least 7 times for the next financial year, with additional meetings to be convened when necessary to review financial, operational and business performances. Board meetings for each financial year are scheduled before the end of the preceding financial year.

The Board meetings are chaired by the Non-Executive Chairman, whose role is clearly separated from the role of the Managing Director/Chief Executive Officer. The Non-Executive Chairman leads the Board effectively and encourages contribution from all members to ensure a balance of power and authority.

Prior to the Board meetings, the Board is furnished with an agenda and a set of Board papers in advance of each Board meeting for the Directors to study and evaluate the matters to be discussed. The Board papers contain both quantitative and qualitative information thereby enabling informed decisions to be made. This is to enable Directors to review, consider, and if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the meetings. The papers are presented in a manner which is concise and includes comprehensive management reports, minutes of meetings, proposal papers and supporting documents. In addition, presentations to the Board and Board Committees are prepared and delivered in a manner which ensures a clear and adequate presentation of the subject matter.

The Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands.

## CORPORATE GOVERNANCE STATEMENT

### 1. BOARD OF DIRECTORS (cont'd.)

#### 1.5 Board Meetings and Supply of Information

All Directors have full access to the advice and services of the Company Secretaries who ensure that Board procedures are adhered to at all times during meetings and advise the Board on matters including corporate governance issues, and Directors' responsibilities in complying with relevant legislation and regulations. Hence, in discharging their duties, the Board is assured of full and timely access to all relevant information. The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.

For the financial year ended 31 December 2010, the Board held 11 meetings and the details of the attendance are as follows:-

	Directors	Number of Board meetings attended	Percentage of Attendance (%)
1	Tan Sri Dr Ahmad Tajuddin Ali	11/11	100
2	Dato' Wan Abdullah Wan Ibrahim	11/11	100
3	Dato' Izzaddin Idris	10/11	91
4	Abdul Kadir Md Kassim	9/11	82
5	Md Ali Md Dewal	8/11	73
6	Oh Kim Sun	10/11	91
7	Dato' Ikmal Hijaz Hashim	9/11	82
8	Sheranjiv Sammanthan (Appointed on 27 October 2010)	3/3*	100
9	Omar Siddiq Amin Noer Rashid (Resigned on 28 February 2010)	1/3^	33

\* Reflects the number of Board Meetings attended during the financial year after the Director was appointed.

^ Reflects the number of Board Meetings attended during the financial year up to the date of resignation.

#### 1.6 Re-election of Directors

Under the provisions of the Company's Articles of Association, all Directors, including the Managing Director, shall retire from office at least once in every 3 years but shall be eligible for re-election. At the first annual general meeting and in every year thereafter one-third (1/3) of the Directors for the time being, or if their number is not a multiple of 3, then the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting ("AGM"). All retiring Directors can offer themselves for re-election.

The Company's Articles of Association also provide for Directors who are appointed by the Board during the financial period before an AGM to retire and to offer themselves for re-election at the next AGM to be held following their appointments.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of 70 years shall retire at every AGM of the Company and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

To assist the shareholders in their decision, sufficient information such as personal profile and attendance of meetings for the Directors standing for re-election are disclosed in the Directors' Profile on pages 52 and 61 of this Annual Report. The details of their interest in the securities of the Company, are set out in the Analysis of Shareholdings which appear on page 214 of this Annual Report.

# CORPORATE GOVERNANCE STATEMENT

## 1. BOARD OF DIRECTORS (cont'd.)

### 1.7 Training and Development of Directors

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Malaysia Securities Berhad, have also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Group.

Members of the Board had also been invited to participate in forums and/or seminars in their capacity as a speaker, moderator or panelist in areas of their expertise. Some of the trainings/conferences/seminars and/or workshops in which members of the Board had participated as at 31 December 2010, are as follows:-

No.	Directors	List of Training/Conference/Seminar/Workshop Attended
1.	Tan Sri Dr Ahmad Tajuddin Ali	Presentation by a Chinese speaker at Qingdao, China – Sime Darby Berhad
		Informal Board dialogue at Qingdao, China – Sime Darby Berhad
		Talk by YABhg Tun Dr Mahathir Mohamad on Public Service – Managing the Changing World – by PTD Alumni
		1st APEC Business Advisory Council – ABAC
		Seminar on APEC Study on Export Technical Assistance Models (Technical Barriers to Trade) – APEC Singapore
		The EU-Malaysia Biomass Stakeholders Exchange Forum on “Issues, Opportunities & Way Forward for the Development of Biomass Industry in Malaysia” – MIGHT
		Keynote address by YB Dato' Sri Peter Chin Fah Kui, Minister of Energy, Green Technology And Water Malaysia on “Sustainable Initiatives in Challenging Times” in conjunction with the launching of The World Corporate Social Responsibility (CSR)/ Socially Responsible Investment (SRI) Conference and Workshop 2010 – Russ Consulting Sdn Bhd
		2nd APEC Business Advisor Council – ABAC
		Partnership Exchange Forum : “Struktur Governans Sains, Teknologi dan Inovasi (STI) Negara” – Pejabat Penasihat Sains & MIGHT
		Smart Partnership Think Tanking Dialogue. Keynote Speech on Malaysia's Experience in Enhancing Quality Infrastructure For Better Market Access by YBhg Tan Sr Dr Ahmad Tajuddin Ali as Chairman of MDSAM
		Green Energy, Technology & Innovation Summit 2010 – ASLI



## CORPORATE GOVERNANCE STATEMENT

### 1. BOARD OF DIRECTORS (cont'd.)

#### 1.7 Training and Development of Directors

No.	Directors	List of Training/Conference/Seminar/Workshop Attended
	Tan Sri Dr Ahmad Tajuddin Ali (Continued)	<p>Dinner Talk on Penggunaan Tenaga Nuklear Bagi Penjanaan Elektrik bersama-sama Alhi – KeTTHA</p> <p>KWAP Leadership Series : Tan Sri Dr Ahmad Tajuddin Ali sebagai penceramah bersama kakitangan Pengurusan Kumpulan Wang Persaraan – KWAP</p> <p>UEMG-Executive Leadership Program – presentation by Tan Sri Dr Ahmad Tajuddin Ali: A Path of Leader Series – ELP</p> <p>2nd Energy Forum. Tan Sri Dr Ahmad Tajuddin Ali as a keynote speaker on “Securing A Sustainable Energy Future for Malaysia” – Malaysian Gas Association (MGA), Energy Commisison (EC) &amp; Energy Council of Malaysia (ECOM)</p> <p>The National Water &amp; Utilities Summit: “Sustainable Water &amp; Efficient Utilities Management – Key Challenges and Opportunites” – ASLI</p> <p>Asia-Pacific Regional Conference &amp; Exhibition on Energy Efficiency - CIRED</p> <p>National Standards Conference 2010. The Pre-Requisite for Survival : Meeting Standards in a Globalised Economy – Opening &amp; Keynote address by Tan Sri Dr Ahmad Tajuddin Ali, as Chairman of MSDAM – Standards Malaysia</p> <p>National Standards Conference 2010. The Pre-Requisite for Survival : Meeting Standards in a Globalised Economy – Tan Sri Dr Ahmad Tajuddin Ali as a moderator for the session on “Standards: Voluntary vs Mandatory” – Standards Malaysia</p> <p>Khazanah Global Lecture by Dr Manmohan Singh, The Prime Minister of The Republic of India – Khazanah Nasional Berhad</p> <p>4th ABAC meeting, APEC SME Summit &amp; APEC CEO Summit 2010 - ABAC</p> <p>Presented paper at MAJECA Forum</p>
2.	Dato' Wan Abdullah Wan Ibrahim	<p>Asia Metrocity Summit 2010 – Asian World Summit Sdn Bhd</p> <p>International Herald Tribune Conference – Dawn of the New Decade: Alternative Investments in Asia – International Herald Tribune &amp; The London Speaker Bureau</p>
3.	Dato' Izzaddin Idris	<p>Brand Strategy Workshop – Faber Group Berhad</p> <p>Khazanah Megatrends Forum – Khazanah Nasional Berhad.</p>
4.	Abdul Kadir Md Kassim	<p>MINDA – Building High Performance Directors Programme 2010. Core topics were:</p> <ul style="list-style-type: none"> <li>• Issues and Updates including GLC Transformation.</li> <li>• What makes a Board Perform?</li> <li>• The Strategic Dimensions of Board Work.</li> <li>• The External Dimensions of Board Work.</li> </ul> <p>World Capital Markets Symposium, Kuala Lumpur – Securities Commission</p> <p>Chairman's Forum 2010 – MINDA</p>

# CORPORATE GOVERNANCE STATEMENT

## 1. BOARD OF DIRECTORS (cont'd.)

### 1.7 Training and Development of Directors

No.	Directors	List of Training/Conference/Seminar/Workshop Attended
5.	Md Ali Md Dewal	High Performance Boards: How Board Directors can Make a Real Difference – IMD International
6.	Oh Kim Sun	Malaysian Outlook Seminar Kuala Lumpur – Credit Suisse Seminar
		MINDA Breakfast Talk “Moral Foundation for Good Governance” – MINDA
		Risk Management Workshop – Proton & PwC Advisory Services
		Governance, Risk Management & Compliance: What Audit Committees and Chief Audit Executive Should Know – Institute of Internal Auditors Malaysia
		2nd Annual Corporate Governance Summit 2010 “Truth, Lies and Corporate Governance” – Malaysian Institute of Corporate Governance (MICG) and Federation of Public Listed Companies Berhad (FPLC)
		Malaysian Outlook Seminar Kuala Lumpur – Credit Suisse Seminar
		Brand Strategy Workshop – Faber Group Berhad
		Airport Operations, Airport Technical Services & Airport Fire Rescue – Malaysian Airports Training Centre/Malaysia Airports Consultancy Services Sdn Bhd
		2010 IFA Crossroads Asia-Pacific Conference – International Fertiliser Industry Association Conference
7.	Dato’ Ikmal Hijaz Hashim	Forum on FRS 139 Financial Instruments: Recognition & Measurement – Bursa Malaysia Securities Malaysia Berhad
		Khazanah Tea Talk – Opportunities & Risk Arising From Climate Change for Malaysian GLCs
		MINDA Flagship Program – Building High Performance Directors Programme 2010. Core topics were: <ul style="list-style-type: none"> <li>• Issues and Updates including GLC Transformation.</li> <li>• What makes a Board Perform?</li> <li>• The Strategic Dimensions of Board Work.</li> <li>• The External Dimensions of Board Work.</li> </ul>
		Brand Strategy Workshop – Faber Group Berhad
		MINDA Chairman’s Forum – MINDA
		Medica Europe Conference – Messe Dusseldorf GmbH
		IFRIC 15 : New Era of Financial Reporting for Developers – Malaysian Institute of Accountants

## CORPORATE GOVERNANCE STATEMENT

### 1. BOARD OF DIRECTORS (cont'd.)

#### 1.7 Training and Development of Directors

No.	Directors	List of Training/Conference/Seminar/Workshop Attended
8.	Sheranjiv Sammanthan	Mid Year Retreat: Continuing Education Program – Khazanah Nasional Berhad
		SC World Capital Market Symposium – Securities Commission
		Khazanah Megatrends Forum 2010 – Khazanah Nasional Berhad
		Khazanah Global Lectures by H.E. Manmohan Singh – Khazanah Nasional Berhad
		World Congress of Accountants 2010 – Malaysian Institute of Accountants
		Year-End Strategic Retreat – Khazanah Nasional Berhad

In addition, the Board has also participated in in-house programmes and forums to keep abreast with the impact of latest corporate law and governance updates. The topics covered were as follows:-

- Talk on Competition Law and Its Impact on UEM Group of Companies;
- Independent Directors: Actual vs. Perceived Independence.

#### 1.8 Board Effectiveness Assessment

The Board conducts an evaluation of its activities and performance as prescribed in the Green Book on Enhancing Board Effectiveness launched by the Putrajaya Committee on GLC High Performance. The Board evaluates the overall Board's performance against criteria that the Board determines are important to its success. These include the Board's composition, communication, effectiveness and responsibilities. Questionnaires are sent to directors to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees and the results are presented to the Nominations & Remuneration Committee and thereafter to the Board for evaluation and consideration.

#### 1.9 Company Secretaries

The Company Secretaries provide support to the Chairman and the Board members of the Company to ensure the effective functioning of the Board and guidance to the Board on their responsibilities under the relevant laws and other legal requirements to which they are subject to and how those responsibilities should be discharged. The Company Secretaries organise and attend Board and Board Committee meetings and ensure that accurate and proper records of deliberation of issues discussed, decisions and conclusions are taken. The Company Secretaries record, prepare and circulate the minutes of the meetings of the Board and Board Committees and ensure that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. The Company Secretaries advise the Board with respect to policies and procedures applicable to the Board and Board Committees and the rights and responsibilities of the Directors. In addition, the Company Secretaries also update the Board regularly on amendments to the Listing Requirements, practice and guidance notes, and circulars from Bursa Securities. All Directors have access to the advice and services of the Company Secretaries.



# CORPORATE GOVERNANCE STATEMENT

## 1. BOARD OF DIRECTORS (cont'd.)

### 1.10 Board and Management Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board and Management Committees. These Committees have the authority to examine particular issues and report to the Board or the Board Committee on their proceedings and deliberations together with its recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board Committees are:-

- a) Audit Committee;
- b) Nominations & Remuneration Committee;
- c) Board Tender Committee; and
- d) Board Development Committee which was dissolved on 25 February 2011.

The Management Committees are:-

- a) Management Planning Committee;
- b) Management Tender Committee; and
- c) Development Committee, which was formed on 25 February 2011 following the dissolution of the Board Development Committee.

The composition of the Board Committees, the attendance of the members at the Board Committees meetings held in 2010 and their roles and responsibilities are as follows:-

#### Audit Committee

The Audit Committee assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group.

The members of the Audit Committee consist of Non-Executive Directors with a majority of them being Independent Directors as follows:-

- 1. Oh Kim Sun (Chairman/Independent Non-Executive Director)
- 2. Md Ali Md Dewal (Senior Independent Non-Executive Director)
- 3. Abdul Kadir Md Kassim (Non-Independent Non-Executive Director)
- 4. Dato' Ikmal Hijaz Hashim (Independent Non-Executive Director)

The terms of reference of the Audit Committee together with its report are presented on pages 113 to 117 of the Annual Report.

## CORPORATE GOVERNANCE STATEMENT

### 1. BOARD OF DIRECTORS (cont'd.)

#### Nominations & Remuneration Committee

The Nominations & Remuneration Committee is made up exclusively of Non-Executive Directors with a majority of them being Independent Directors. The members are as follows:

1. Md Ali Md Dewal (Chairman/Senior Independent Non-Executive Director)
2. Dato' Izzaddin Idris (Non-Independent Non-Executive Director)
3. Oh Kim Sun (Independent Non-Executive Director)

The duties and responsibilities of the Nominations & Remuneration Committee include, among others, the following:

- Assist the Board in reviewing the performance of the Senior Management and the other Directors annually;
- Recommend to the Board the appointment of individual directors;
- With respect to the nomination of new candidates for Board membership, to recommend to the Board the criteria, qualifications, and experience deemed appropriate for the particular vacancy to be filled;
- Review and recommend to the Board annual increments and ex-gratia payments for Executive Directors;
- Design and implement an evaluation procedure for Executive Directors;
- If instructed by the Board, review the proposals for the remuneration package of each member of the Company's committees; and
- In discharging its duties, the Committee shall at all times be mindful of the provisions of the Malaysian Code on Corporate Governance and all applicable laws, regulations and guidelines.

For the financial year ended 31 December 2010, the Nominations & Remuneration Committee held 2 meetings and the details of the attendance are as follows:

Members	Attendance at meetings
Md Ali Md Dewal – Chairman	2/2
Dato' Izzaddin Idris – Member	2/2
Oh Kim Sun – Member	2/2

#### Board Development Committee

The Board Development Committee comprised the following:

1. Md Ali Md Dewal – (Chairman/Senior Independent Non-Executive Director)
2. Dato' Izzaddin Idris – (Non-Independent Non-Executive Director)
3. Dato' Wan Abdullah Wan Ibrahim – (Managing Director/Chief Executive Officer)
4. Dato' Ikmal Hijaz Hashim – (Independent Non-Executive Director)

## CORPORATE GOVERNANCE STATEMENT

### 1. BOARD OF DIRECTORS (cont'd.)

#### Board Development Committee (cont'd.)

The functions and responsibilities of the Board Development Committee include, among others, the following:

- To provide strategic direction and guidance to the Management Planning Committee concerning development matters such as project justification, development concept and rationale, overall positioning and expected returns/feasibility;
- To review and approve the appointment of design and development consultants in line with the Group's Discretionary Authority Limits ("DAL") requirements;
- To evaluate new projects/development proposals including overall masterplans, layout plans, proposed product type, target market and pricing;
- To approve any major changes in direction of the development projects including the definition/criteria of major changes; and
- To evaluate, review and make recommendations to the Board on the development proposals that require the Board's approval under the DAL.

For the financial year ended 31 December 2010, the Board Development Committee held 5 meetings and the details of the attendance are as follows:-

Members	Attendance at meetings
Md Ali Md Dewal – Chairman	5/5
Dato' Izzaddin Idris – Member	4/5
Dato' Wan Abdullah Wan Ibrahim – Member	5/5
Dato' Ikmal Hijaz Hashim – Member	4/5

Following the successful completion of the acquisition of Sunrise Berhad ("Sunrise") and as part of the integration plan with Sunrise, the Board Development Committee was dissolved on 25 February 2011 and reconstituted into a Development Committee comprising Directors and key executives from both the Company and Sunrise.

#### Board Tender Committee

The Board Tender Committee was established on 1 March 2009. The members are as follows:

1. Abdul Kadir Md Kassim (Chairman/Non-Independent Non-Executive Director)
2. Dato' Izzaddin Idris (Non-Independent Non-Executive Director)
3. Dato' Ikmal Hijaz Hashim (Independent Non-Executive Director)



## CORPORATE GOVERNANCE STATEMENT

### 1. BOARD OF DIRECTORS (cont'd.)

#### Board Tender Committee (cont'd.)

The functions and responsibilities of the Board Tender Committee include, among others, the following:

- Approve the List of Tenderers for Projects/Construction contracts of more than RM20 million per transaction, in line with the Group's Discretionary Authority Limits ("DAL") requirements;
- Recommend to the Board for award of all budgeted Projects/Construction contracts of more than RM50 million per transaction, in line with the Group's DAL requirements;
- Recommend to the Board for award of all unbudgeted Projects/Construction contracts of more than RM20 million per transaction, in line with the Group's DAL requirements;
- Approve and award of all budgeted Projects/Construction contracts of more than RM20 million and up to RM50 million per transaction, in line with the Group's DAL requirements;
- Approve and award of all unbudgeted Projects/Construction contracts up to RM20 million per transaction, in line with the Group's DAL requirements;
- Approve the provisional variation orders or variation orders (including cumulative variation orders) of more than 10% of the original contract value, in line with the Group's DAL requirements;
- Report to the Board the approved variation orders, in line with the Group's DAL requirements;
- Approve the finalisation of contract of more than RM20 million and up to RM50 million per transaction, in line with the Group's DAL requirements; and
- Recommend to the Board on the finalisation of contract of more than RM50 million per transaction, in line with the Group's DAL requirements.

For the financial year ended 31 December 2010, 3 meetings were held and the details of the attendance are as follows:

Members	Attendance at meetings
Abdul Kadir Md Kassim – Chairman	3/3
Dato' Izzaddin Idris – Member	2/3
Dato' Ikmal Hijaz Hashim – Member	3/3

### 2. DIRECTORS' REMUNERATION

- 2.1 The Company pays its Non-Executive Directors annual fees that are approved annually by the shareholders. In addition, non-executive members of the Board and Board Committees are paid a meeting allowance for each meeting they attended or participated through teleconferencing.
- 2.2 In evaluating the Managing Director/Chief Executive Officer's remuneration, the Nominations & Remuneration Committee takes into account corporate financial performance, as well as performance on a range of non-financial factors including accomplishment of strategic goals. The Nominations & Remuneration Committee recommends to the Board the remuneration package of an Executive Director and it is the responsibility of the Board to approve the remuneration package of an Executive Director.
- 2.3 The Company's policy on Directors' remuneration is to attract and retain Directors of high calibre needed to run the Group successfully. The Managing Director/Chief Executive Officer is being paid by a subsidiary and in line with the Company's general remuneration policy for its senior management. His remuneration is structured so as to link rewards to corporate and individual performance. He is not paid any Directors' fees and meeting allowances for the Board and Board Committee meetings that he attends.

# CORPORATE GOVERNANCE STATEMENT

## 2. DIRECTORS' REMUNERATION

2.4 For Non-Executive Directors, the amount of remuneration varies with the level of responsibilities undertaken by the individual Non-Executive Director. The fees payable to each of the Non-Executive Director are determined by the Board as approved by the shareholders of the Company. All Non-Executive Directors are paid fixed annual director fees as members of the Board and certain Board Committees. In addition to fixed annual director fees, all Non-Executive Directors are paid meeting attendance allowances for Board and Committee meetings attended.

2.5 The details of the Directors' remuneration for the financial year ended 31 December 2010, is as below:-

	Salary	Fees	Other benefits & emolu- ments	Benefit in kind	Total
Name of Director	RM ('000)				
Tan Sri Dr Ahmad Tajuddin Ali		90	11	-	101
Dato' Wan Abdullah Wan Ibrahim	861*			104	965
Dato' Izzaddin Idris <sup>+</sup>		40	14	-	54
Abdul Kadir Md Kassim		54	15	-	69
Md Ali Md Dewal		54	17	-	71
Oh Kim Sun		72	17	-	89
Dato' Ikmal Hijaz Hashim		54	16	-	70
Sheranjiv Sammanthan <sup>**+</sup>		7	3	-	10
Omar Siddiq Amin Noer Rashid <sup>^+</sup>		6	1	-	7
<b>TOTAL</b>	<b>861</b>	<b>377</b>	<b>94</b>	<b>104</b>	<b>1,436</b>

\*\* Appointed on 27 October 2010

^ Resigned on 28 February 2010

+ Fees and meeting allowances for nominees of Khazanah Nasional Berhad and UEM Group Berhad on the Board of UEM Land Holdings are payable/paid directly to the respective companies.

\* This amount is inclusive of salary, bonus and EPF (employer's contribution) and is paid by a subsidiary.

## CORPORATE GOVERNANCE STATEMENT

### 2. DIRECTORS' REMUNERATION (cont'd.)

2.6 The number of Directors of the Company whose total remuneration during the financial year falls within the following band is as follows:-

	Number of Directors	
	Executive	Non-Executive
RM100,000 and below	–	7
RM100,000 – RM150,000	–	1
RM800,000 – RM900,000	1	–

### 3. SHAREHOLDERS

#### 3.1 Dialogue between the Company and investors

The Group has been transparent and accountable to its shareholders and investors and recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following channels:-

- Annual Report;
- The various disclosures and announcements to Bursa Securities including quarterly results;
- Press releases and announcements to Bursa Securities and to the media;
- Dialogues and presentations at general meetings to provide overview and clear rationale with regard to the proposals tabled for approval by shareholders; and
- Online investor relations on UEM Land Holdings' website at [www.uemland.com](http://www.uemland.com).

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

#### 3.2 Annual General Meeting ("AGM")

The AGM of the Company serves as the principal forum that provides the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, and corporate developments in the Group, the resolutions being proposed and on the businesses of the Group. The Chairman as well as the Managing Director/Chief Executive Officer and the external auditors, if so required, will respond to shareholders' questions during the meeting. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.



## CORPORATE GOVERNANCE STATEMENT

### 4. ACCOUNTABILITY AND AUDIT

#### 4.1 Primary Responsibilities of the Audit Committee

The financial reporting and internal control system of the Group is overseen by the Audit Committee, which comprises 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The primary responsibilities of the Audit Committee are set out on pages 113 to 117 of the Annual Report.

#### 4.2 Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The quarterly financial results and audited financial statements were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. The details of the Company and the Group's financial statements for the financial year ended 31 December 2010 can be found from pages 130 to 206.

#### 4.3 Internal Control and Risk Management

The ultimate responsibility for ensuring a sound and effective internal control system lies with the Board. The Board sets policies and procedures for internal control and oversees that the implementation of the internal control system is properly carried out by the executive management.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group as well as risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss. A statement on the state of internal control in the Group is set out on pages 118 to 121.

#### 4.4 Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations under the Listing Requirements including obligations relating to related party transactions. The Board, through the Audit Committee, reviews all related party transactions involved. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider the matter.

The Recurrent Related Party Transactions entered into by the Group with its related parties in 2010 are set out in pages 216 to 218 of this Annual Report.

#### 4.5 Relationship with Auditors

The Company maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before the audit commences. The Audit Committee ensures that the management provides timely responses on all material queries raised by the external auditors after the audit in respect of the accounting records, financial accounts or systems of control.

It is a policy of the Audit Committee to meet up with the external auditors at least twice a year without the presence of the Executive Director and the Management to discuss on audit findings, audit plan and the Company's financial statements. In 2010, the Audit Committee met up twice with the external auditors in the absence of Management.

## **CORPORATE GOVERNANCE STATEMENT**

### **5. DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS**

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

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2010, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report on pages 130 to 133 and the Financial Statements from pages 137 to 206 of this Annual Report.

### **6. COMPLIANCE STATEMENT**

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board considers that the Statement on Corporate Governance provides the information necessary to enable shareholders to evaluate how the Code has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the Code, the Listing Requirements and all applicable laws and regulations throughout the financial year ended 31 December 2010.

This Statement is made in accordance with the Board of Directors' approval dated 30 March 2011.

# **ADDITIONAL COMPLIANCE INFORMATION**

In accordance with Appendix 9C of the Listing Requirements

## **Utilisation of Proceeds**

On 29 April 2010, the Company completed its rights issue exercise involving the issuance of 1,214,088,456 new ordinary shares of RM0.50 each in the Company ("UEM Land Holdings Berhad Shares") ("Rights Shares") on the basis of 1 Rights Share for every 2 existing UEM Land Holdings Berhad Shares, at an issue price of RM0.80 per Rights Share ("Rights Issue"). The utilisation status of the proceeds of the Rights Issue is as follows:-

Purpose	Proposed utilisation RM mil	Actual utilisation RM mil	Timeframe for utilisation	Deviation		Explanation
				RM mil	%	
Settlement of the UEM Group Berhad (UEMG) Term Loan	633.0	633.0	Upon completion of the Rights Issue	–	–	The repayment of the UEMG Term Loan was effected by way of setting-off the UEMG Term Loan amount against the corresponding amount payable by UEMG as part of the full subscription of its entitlement under the Rights Issue.
Part payment to Setia Haruman Sdn Bhd for the acquisition of freehold land in the Mukim of Dengkil, Sepang, Selangor Darul Ehsan ("1st Tranche Payment")	65.1	65.1	Within 1 month from completion of the Rights Issue	–	10.0	The 1st Tranche Payment was made on 30 April 2010
Estimated expenses in relation to the Rights Issue	5.0	4.5	Within 1 month from completion of the Rights Issue	0.5	–	The expenses in relation to the Rights Issue has been fully paid. The deviation in balance will be adjusted to the amount allocated for general working capital as stated in the Abridged Prospectus dated 5 April 2010
Payment of outstanding trade payables	66.2	66.2	Within 1 month from completion of the Rights Issue	–	–	RM66.2 million has been utilised to pay outstanding trade payables as stated in the Abridged Prospectus dated 5 April 2010
Property development expenditure and general working capital of the Group	202.0	60.0	As and when required	142.0	70.3	The balance proceeds will be used for working capital and property development expenditure as per Abridged Prospectus dated 5 April 2010
<b>Total gross proceeds</b>	<b>971.3</b>	<b>828.8</b>		<b>142.5</b>	<b>14.7</b>	



## **ADDITIONAL COMPLIANCE INFORMATION**

### **Share Buy-Backs**

There was no share buy-backs during the financial year ended 31 December 2010.

### **Options, Warrants or Convertible Securities Exercised**

The Company has not issued any options, warrants or convertible securities in respect of the financial year ended 31 December 2010.

### **American Depositary Receipt (“ADR”) or Global Depositary Receipt (“GDR”)**

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2010.

### **Sanctions and/or penalties**

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by any regulatory bodies.

### **Non-audit fees**

During the financial year under review, non-audit fees of RM110,000 was paid to the Ernst & Young, the external auditors of the Company, in respect of reporting accounting fee for the rights issue exercise.

### **Variation in results**

The interim financial report previously announced for the 4th Quarter 2010 financial period was based on audited results and therefore there is no material variance to report on.

### **Profit Guarantee**

The Company did not issue any profit guarantee for the financial year ended 31 December 2010.

### **Material Contracts**

Other than those disclosed in the financial statements, there were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries involving Directors and major shareholders' interests.

### **Revaluation Policy**

The Company has not adopted a regular revaluation policy on landed properties.

### **Recurrent Related Party Transactions of Revenue Nature**

The Company proposes to seek the approval of its shareholders for the renewal of shareholders' mandate for Recurrent Related Party Transactions and the proposed new shareholders' mandate for additional Recurrent Related Party Transactions of a revenue and trading nature which is in the ordinary course of business at the Annual General Meeting of the Company to be held on 16 June 2011.

# AUDIT COMMITTEE REPORT

## 1. FORMATION

The Audit Committee was established by the Board of Directors ("the Board") on 15 September 2008.

The Audit Committee assists the Board in fulfilling its duty to ensure the integrity of financial information by overseeing the financial reporting controls, policies and practices of UEM Land Holdings Berhad ("the Company") and its subsidiaries ("the Group").

## 2. COMPOSITION

The Audit Committee consists of four (4) members of the Board of whom three (3) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director. The Company has complied with Paragraph 15.10 of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, which requires the majority of the Audit Committee to be Independent Directors.

The members of the Audit Committee and their details are as follows:-

Name	Designation	Directorship/Qualification	
Oh Kim Sun	Chairman	Independent Non-Executive Director	Member of the Malaysian Institute of Certified Public Accountants
Md Ali Md Dewal	Member	Senior Independent Non-Executive Director	Master of Business Administration Degree
Abdul Kadir Md Kassim	Member	Non-Independent Non-Executive Director	Bachelor of Laws (Honours) Degree
Dato' Ikmal Hijaz Hashim	Member	Independent Non-Executive Director	Master of Philosophy (Land Management)

## 3. MEETINGS

8 meetings were held during the financial year ended 31 December 2010 and details of the attendance of the members at the Audit Committee meetings were as follows:-

Name of Audit Committee member	No. of meetings attended
1. Oh Kim Sun	8/8
2. Md Ali Md Dewal	7/8
3. Abdul Kadir Md Kassim	7/8
4. Dato' Ikmal Hijaz Hashim	7/8

The Managing Director/Chief Executive Officer, certain senior management and representatives from the internal and external auditors attended the meetings upon invitation.

Detailed internal audit reports, together with Management's responses are circulated to the Audit Committee members and the Managing Director/Chief Executive Officer, and significant issues are discussed at the Audit Committee meetings.

## AUDIT COMMITTEE REPORT

### 4. COMPOSITION AND TERMS OF REFERENCE

#### 4.1 Composition of the Audit Committee

The Audit Committee shall be appointed by the Board from amongst their numbers, and fulfills the following requirements:-

- i. The Committee must comprise at least three (3) directors.
- ii. All members of the Committee must be Non-Executive Directors, a majority of whom must be Independent Directors.
- iii. All members of the Committee must be financially literate and at least one member of the Committee must be a member of an accounting association or body.
- iv. No alternate director shall be appointed as a member of the Committee.
- v. In the event of any vacancy in the Committee, the Board must fill the vacancy within 3 months.

The members of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

#### 4.2 Secretary of the Audit Committee

The Company Secretaries of the Company and/or their representative shall be the Secretaries of the Audit Committee.

#### 4.3 Duties and Responsibilities of the Audit Committee

The following are the main duties and responsibilities of the Audit Committee collectively:

- i. Oversees the Company's internal control structure to assure operational effectiveness and efficiency, reduce the risk of unreliable financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.
- ii. Assists the Board of Directors in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks.
- iii. Recommends to the Board on the appointment and annual reappointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of the audit.
- iv. Reviews with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved.
- v. Reviews with external auditors, their audit report.
- vi. Reviews the quarterly interim results and annual financial statements of the Company and the Group prior to approval by the Board, focusing particularly on:
  - Any changes in accounting policies and practices.
  - Significant adjustments arising from the audit.
  - The going concern assumption.
  - Compliance with accounting standards and other legal requirements.
- vii. Discusses problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss in the absence of the management where necessary.
- viii. Reviews the external auditors' management letter and management's responses.



# AUDIT COMMITTEE REPORT

## 4. COMPOSITION AND TERMS OF REFERENCE (cont'd.)

### 4.3 Duties and Responsibilities of the Audit Committee (cont'd.)

- ix. Reviews with the external auditors the draft statement to be made by the Board with regard to the state of internal control of the Company and its Group, and reports the results thereof to the Board.
- x. Reviews the assistance and co-operation given by the Company and its Group's officers to the external and internal auditors.
- xi. Reviews any letter of resignation from the external auditors and any questions of resignation or dismissal.
- xii. Reviews the adequacy of the scope, functions, competency and resources of the Internal Audit function and ensures that it has appropriate standing within the Company and its subsidiary companies to undertake its activities independently and objectively, including but not limited to the following:
  - Reviewing and approving the Annual Internal Audit Plan and ensuring adequate risk and governance coverage;
  - Reviewing the results of the internal audit process and where necessary ensuring that appropriate actions are taken on the recommendations of the internal auditors;
  - Reviewing the overall performance of the Internal Audit function;
  - Approving any appointment or termination of the party that provides the Internal Audit function; and
  - Taking cognisance of resignations of senior internal audit staff members and providing the resigning staff member an opportunity to submit his/her reasons for resigning.
- xiii. Considers the major findings of internal investigations and management's responses.
- xiv. Reviews any related party transactions and conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- xv. Considers other matters as defined by the Board.

### 4.4 Powers of the Audit Committee

In carrying out its duties and responsibilities, the Audit Committee will have the following rights:

- i. Explicit authority to investigate any matter within its terms of reference.
- ii. The resources that are required to perform its duties.
- iii. Full, free and unrestricted access to any information, records, properties and personnel of the Company and of any other company within its Group.
- iv. Direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- v. Obtain independent professional or other advice and to invite outsiders with relevant experience to attend the Committee's meetings (if required) and to brief the Committee.
- vi. Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The attendance of any particular Audit Committee meeting by other Directors and employees of the Company shall be at the Audit Committee's invitation and discretion, and must be specific to the relevant meeting.

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

## AUDIT COMMITTEE REPORT

### 4. COMPOSITION AND TERMS OF REFERENCE (cont'd.)

#### 4.5 Audit Committee meetings

- i. The Audit Committee will meet at least four (4) times in each financial year although additional meetings may be called at any time, at the discretion of the Audit Committee Chairman.
- ii. The quorum for each meeting shall consist of at least two (2) members, both of whom shall be Independent Directors.
- iii. Recommendations of the Audit Committee are submitted to the Board for approval.
- iv. The Secretaries of the Audit Committee and/or their representatives shall be in attendance at all Audit Committee meetings and record the proceedings of the meeting thereat.
- v. Minutes of each meeting shall be kept as part of the statutory record of the Company upon adoption by the Audit Committee.
- vi. A resolution in writing signed and approved by all the Audit Committee members who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolution shall be forwarded or otherwise delivered to the Secretaries of the Audit Committee without delay and shall be recorded in the Company's Minutes Book. Any such resolution may consist of several documents in like form each signed by one or more Audit Committee members.
- vii. A meeting of the Audit Committee may be held by means of telephone, videoconference or telephone conference or other telecommunication facilities, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- viii. The Managing Director/Chief Executive Officer and/or other appropriate officer may be invited to attend where their presence is considered appropriate as determined by the Audit Committee Chairman.
- ix. The internal and/or external auditors have the right to appear and be heard at any meeting of the Audit Committee and are recommended to attend each Audit Committee meeting.
- x. Upon the request of the auditor(s), the Audit Committee Chairman shall also convene a meeting of the Audit Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.
- xi. The Audit Committee shall meet with external auditors without the presence of the executive board members and management at least twice a year, and whenever deemed necessary.

### 5. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

The Audit Committee held 8 meetings during the financial year ended 31 December 2010. The internal and external auditors, the Managing Director/Chief Executive Officer and members of the senior management attended most of the meetings and the following matters, inter-alia, were covered during the Audit Committee meetings:-

- i. Reviewed the adequacy and relevance of the scope, functions, resources, risk based internal audit plan and results of the internal audits and ensured corrective actions were taken in addressing the risk issues reported by the Internal Auditors.
- ii. Reviewed with the External Auditors, the audit plan of the Company and of the Group for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit.

## AUDIT COMMITTEE REPORT

### 5. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (cont'd.)

- iii. Reviewed with the External Auditors without the presence of management staff and the executive board member, the extent of assistance rendered by management and issues and reservations arising from audits.
- iv. Reviewed the quarterly results and financial statements for the financial year ended 31 December 2010 with management and the External Auditors for recommendation to the Board of Directors for approval and release to Bursa Securities.
- v. Reviewed all recurrent related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- vi. Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.
- vii. Reviewed and recommended to the Board the Company's funding requirement and the funding proposals to be secured by the Company.
- viii. In addition, the Chairman of the Audit Committee had, from time to time, met with the External Auditors without the presence of other Audit Committee members or management.

### 6. INTERNAL AUDIT FUNCTION

- 6.1 The Company outsources its internal audit function to UEM Group Management Sdn Bhd ("UEMGM"), which has adequate resources and appropriate standing to undertake its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems. UEMGM reports directly to the Audit Committee. As at 31 December 2010, the reimbursable costs incurred for the audit function was RM60,582.
- 6.2 It is the responsibility of Internal Audit to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating divisions within the Company and its Group, and the extent of compliance with established policies and procedures as well as relevant statutory requirements.



## STATEMENT ON INTERNAL CONTROL

Set out below is the Board of Directors' ("the Board") Statement on Internal Control for UEM Land Holdings Berhad and its group of companies ("the Group"), made in compliance with Paragraph 15.27 of the Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by The Institute of Internal Auditors Malaysia.

### BOARD'S RESPONSIBILITIES

The Board recognises the importance of a sound internal control system and risk management practices in order to achieve good corporate governance. The Board acknowledges that the Board is ultimately responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity. The system covers controls relating to financial, operational, risk management, management information systems and compliance with applicable laws, regulations, rules, directives and guidelines.

Generally, the Group's system of internal control is designed to manage the risks to which the Group is exposed to while pursuing its business objectives. The Group's system of internal control is designed to mitigate rather than eliminate the risks. Therefore, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

### RISK MANAGEMENT

Risk Management is firmly embedded in the Group's system of internal control as it is regarded by the Board to be a vital and integral part of the Group's strategic planning and business operations. The Risk Management Framework was established to guide the risk management process, i.e. to define policy and objectives and to identify, assess, evaluate, treat, monitor and review significant risks affecting achievement of the Group's goals and key business objectives.

A Risk Management Committee ("RMC"), which is a Management Committee, comprising of senior management from various functional responsibilities, was set up to assist the Board in carrying out its responsibilities. The Managing Director/Chief Executive Officer is the Chairman of the RMC. The RMC is tasked to establish, implement and maintain an effective enterprise risk management system for the Group. The RMC meets every quarter to discuss and deliberate on significant risks identified by the respective departments, projects and subsidiaries.

The RMC reports the results of the risk review sessions to the Audit Committee which assists the Board in deliberating on the identified risks and ensuring the implementation of appropriate systems and controls to manage these risks. The risk identification and mitigation activities are then reported to the Board. (Further details on Risk Management are included in pages 122 to 124 of this report.)

### CONTROL STRUCTURE & MONITORING ACTIVITIES

Apart from risk management activities, other key elements of the control structure of the Group are:

#### Board Committees

To promote corporate governance and transparency, Board Committees were set up by the Board. Specific terms of reference and authority are assigned to the Board Committees for areas within their scope.

The Board Committees formed are:-

- Audit Committee
- Nominations & Remuneration Committee
- Board Development Committee\*
- Board Tender Committee

The Board Committees report to the Board and in line with their respective terms of reference and the authorisation limits granted by the Board, the Board Committees either approve or make recommendations for the Board's decisions.

\* On 25 February 2011, following the successful completion of the acquisition of Sunrise Berhad, the Board Development Committee was dissolved and reconstituted into a Development Committee with members comprising some Directors and key executives from both the Company and Sunrise Berhad.

## STATEMENT ON INTERNAL CONTROL

### Board Meetings

Regular Board meetings are scheduled. The Chairman in consultation with the Managing Director/Chief Executive Officer decides the agenda items for the meetings. Board papers are distributed to the members ahead of the meetings and Board members have access to all relevant information. Any urgent business is dealt with and decided only after all the required information is presented and deliberated. This ensures that the Board maintains full and effective supervision over key issues.

### Group and Organisational Structure

The Group has a well-defined structure that is aligned to business and operational requirements. Additionally, clear lines of accountability and responsibility have been set and communicated via Organisation Charts, Strategic Plans, Budgets and Authority Limits.

### Strategic Plans & Budgets

The Group undertakes a comprehensive strategy review and budgeting process to establish goals and targets against which performance is monitored on an ongoing basis. The Board participates in the review and approval of the Strategic Plans and Budget.

A periodic monitoring and reporting system is in place which highlights significant variances of key performance indicators against plans and budget to monitor performance, with key variances highlighted and followed up by the management.

The quarterly financial results published to shareholders are prepared by the management and reviewed by the Audit Committee prior to recommendation to the Board for approval. This allows Independent and Non-Executive Directors of the Board to give their input and guidance on areas requiring attention.

### Authority Limits and Approved Policies

The Group has instituted and implemented Discretionary Authority Limits ("DAL") that refers to authority limits for financial and non-financial transactions which have been assigned to certain individuals or set of personnel by the Board to approve or carry out transactions in order to enable timely decisions to be taken and at the same time provide a check and balance on the commitments that the management undertake on behalf of the Group.

The Board has also approved significant financial and operating policies, which are drawn up to comply with laws and regulations where applicable, to guide the behaviour of management in performing their day-to-day operations.

### Quality Management System

The Group has a dedicated team for quality assurance, project monitoring and occupational safety, health and environment (QSHE). The QSHE team monitors the projects in terms of technical findings and defects inspection and ensures that the products constructed and delivered are in accordance with contract specifications and internal guidelines and that the project sites comply with legal and other requirements in terms of occupational safety, health and environment.

The Group's Quality Management Systems was awarded the MS ISO 9001:2000 in November 2000 and this was further upgraded to ISO 9001:2008 certification in March 2010. These certifications promote the adoption of a systematic approach to the development, implementation and improvement of the Group's Quality Management System. This approach emphasises the importance of understanding customers and meeting their various stringent requirements.

The Group was also certified as OHSAS 18001:1999 compliant in November 2007 and this was upgraded to OHSAS 18001:2007 certification in November 2008. This reflected the Group's commitment to safeguard the health and safety of its employees, customers and suppliers.

Striving to achieve even higher standards of environmental management, the Group implemented a comprehensive Environment Management System in January 2009 and has successfully obtained the SIRIM certification for MS ISO 14001:2004 in November 2009.

The Group also adopted the Construction Quality Assessment System (CONQUAS), a standard Quality assessment system developed by the Building and Construction Authority (BCA) of Singapore, to measure construction works against workmanship standards and specification. With CONQUAS, there will be a standardisation of Quality within our mixed development which will enhance our overall image and hence improve sales.

## STATEMENT ON INTERNAL CONTROL

### Insurance on Key Assets

Adequate insurances for major assets and resources of the Group are in place to cover against any mishap that may result in material losses to the Group.

### Management Information System

Comprehensive Management Information Systems exist throughout the Group. Relevant data is captured, compiled, analysed and reported. These systems enable management to make decisions in an accurate and timely manner towards meeting the targeted business objectives.

### Information and Communication Technology ("ICT")

The Group ICT Security Policies prescribe the requirements to maintain an adequate level of security for IT systems and information used to support the Group's activities.

### Human Resource System

Manpower planning, selection and recruitment are carried out to ensure that key positions in the Group are filled by staff with the necessary competencies. A computerised Human Resource Management System is maintained to manage employee database and provide support system for managing human resource functions.

A standardised Performance Management System is adopted throughout the Group to ensure that the performance management is comprehensive, coherent and clear, and to provide a platform for improving employee performance. At senior management level, a strategic performance management approach via key performance indicators ("KPIs") has been adopted using the "Balanced Scorecard" concept, in line with the Government's guidelines for Government Linked Companies. With this approach, the Corporate KPIs can be cascaded to the Heads of Division, Heads of Departments and their respective staff and create greater visibility and transparency over their respective performance matrix.

Training needs analysis in the Group is facilitated through UEM Group Berhad's training centre called UEM Learning Centre. Courses and training requirements are prioritised according to the results of the analysis and the employees are sent to the relevant courses to enhance their knowledge, skills and abilities.

Leadership Management Programmes are in place to identify and nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders. This will ensure that the Group has a robust leadership pool to meet future challenges and for succession planning. These initiatives are facilitated by UEM Learning Centre.

### Code of Conduct

All employees are required to sign and adhere to the Group's Code of Conduct, which emphasises corporate values. The Code of Conduct represents the undertakings by the employees to the minimum standard of behaviour and ethical conduct of the Group.

### Internal Audit

The internal audit function for the Group is outsourced to UEM Group Management Sdn Bhd ("UEMGM"), which is adequately resourced and has adequate standing within the Group to carry out its duties. UEMGM's internal audit activities are in conformance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

The main role of UEMGM is to undertake regular and systematic reviews so as to provide reasonable assurance to the Audit Committee and Board regarding the adequacy and effectiveness of risk management, internal control and governance systems. This is done through ongoing reviews of risks and internal controls relating to operational, financial and management information systems, as well as reviews of the Group's compliance with the principles and best practices of the Malaysian Code on Corporate Governance. The Audit Committee holds regular meetings to deliberate on internal audit findings and recommendations, and report them back to the Board.

To ensure the adequacy of coverage, internal audit assignments are prioritised based on the results of the risk management exercise, audit cycle and discussions with senior management. The Annual Internal Audit Plan is presented to the Audit Committee for approval.



## STATEMENT ON INTERNAL CONTROL

### Transformation Program for Government-Linked Companies

The GLC Transformation Program initiated by the Putrajaya Committee on Government Linked Companies ("GLCs") High Performance aims to transform GLCs into high performing entities.

In line with this objective, the Group has implemented/implementing the following initiatives:-

- i) Enhance Board effectiveness;
- ii) Strengthen Director capabilities;
- iii) Enhance GLIC Monitoring and Management functions;
- iv) Improve regulatory environment;
- v) Clarify social obligations;
- vi) Review and revamp procurement;
- vii) Optimise capital management practices;
- viii) Manage and develop leaders & other human capital;
- ix) Intensify performance management practices; and
- x) Enhance operational improvement.

### Business Continuity Management

The Business Continuity Management has been instituted and implemented to ensure that business operations are resilient and the effects of disruptions to the business operations are minimised. In other words it is a structured process whereby the Group ensures the maintenance or recovery of business operations, including services to customers, when confronted with adverse events such as natural disasters, technological failures or human error.

### Joint ventures and associates

In the case of material joint ventures and/or associates, the Group ensures that its interests and investments are protected by having Board representation at the respective joint ventures and/or associates. Notwithstanding this, the management of the joint ventures/associates is responsible to oversee the administration, operation and performance of the joint venture and/or associates. Financial and operational information of these joint ventures/associates are provided regularly to the Management of the Group.

### BOARD'S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives. To this end, the Board remains committed towards maintaining a sound system of internal control and believe that a balanced achievement of its business objectives and operational efficiency can be attained.

### CONCLUSION

The Board is pleased to report that the state of the Group's internal control system and risk management practices are able to meet the Group's objective to ensure good corporate governance. There was no material control failure or weakness that would have material adverse effect on the results of the Group for the year under review.

**This Statement on Internal Control was approved by the Board of Directors on 30 March 2011**

ENTERPRISE RISK  
MANAGEMENT  
REPORT

Enterprise-Risk Management

The Management of UEM Land Holdings Berhad and its group of companies ("the Group") has developed and adopted a comprehensive risk management framework that covers its risk management policy, lines of responsibility and accountability, and includes a structured risk management process in identifying, assessing, evaluating, treating, monitoring and reviewing significant risks affecting the achievement of the Group's goals and key business objectives.

The Management meets quarterly to discuss and deliberate on the significant risks identified by the respective departments, projects and subsidiaries, mitigation plans and subsequently provides an update to the Board of Directors ("the Board").

Enterprise-Risk Management Framework

The Risk Management Framework of the Group encompasses policies, objectives, lines of responsibilities and accountabilities. Everyone in the organisation is involved in Risk Management and has been made aware of the requirements of the system and their roles and duties in it. In a nutshell, the Group's Risk Management Framework provides clear guidelines on the following:

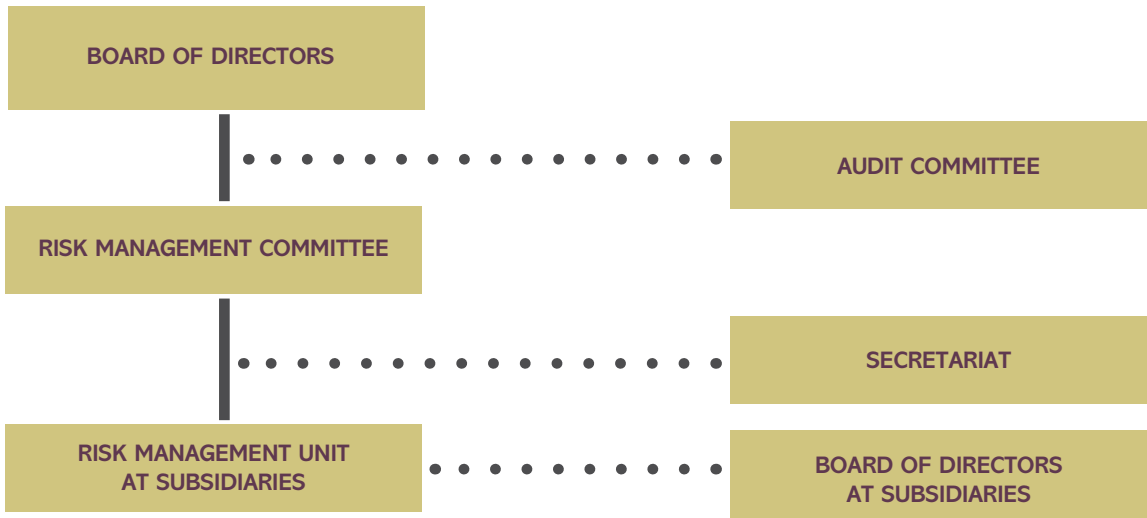
- The overall Risk Management Policy of the Group;
- The key objective of Risk Management;
- The Risk Management Guiding Principles;
- The Group's Risk Appetite and how different magnitudes of risk exposures are to be managed and monitored;
- The risks which are unacceptable to the Group and to be avoided; and
- The roles of the Board, the Management, the Risk Management Committee ("RMC"), the Risk Owners and the Risk Management Secretariat.

Enterprise-Risk Management Policy

The objective of the Risk Management Policy of the Group is to put in place an adequate and effective process of managing risks that will enable the Group to achieve business objectives and provide reasonable assurance to the Board and other stakeholders of the adequacy of state of internal controls of the Group and its ability to increase shareholders' value and confidence. The policy also helps create a risk-attuned environment to safeguard the Group's businesses and help maintain its reputation and facilitate continuous compliance with corporate governance best practices and the relevant laws including Bursa Malaysia's Listing Requirements.

Enterprise-Risk Management Structure

The following diagram outlines the risk management structure that is in place in the Group.



## ENTERPRISE RISK MANAGEMENT REPORT

### Role of the Board of Directors

The Board approves the Group's risk management objectives and policy, and provides stewardship by reviewing and acknowledging the principal risks identified by the RMC and ensuring the implementation of an appropriate system to manage these risks. The Board also reviews the adequacy and integrity of the Group's internal controls and management information systems to ensure compliance with the applicable laws, regulations, rules, directives and guidelines. The Board also considers the nature and extent of risks acceptable to the Group as well as evaluates the risk implications.

### Role of the Audit Committee

The Audit Committee's role is to implement and support the overseeing function of the Board's role in risk management. It reviews the RMC's periodic reports as well as highlights changes to the Group's risk profile to the Board.

### Role of the Risk Management Committee

The RMC is chaired by the Managing Director/Chief Executive Officer. Its members are appointed from the senior management team and representatives from subsidiaries. The RMC's key role is to review the validity of the identified risks and ensure that actions to mitigate the risks are being implemented.

The RMC is also responsible for the following activities:

- Agreeing on the procedures and reporting formats of the risk management processes;
- Reviewing the adequacy and effectiveness of the Risk Management Framework;
- Ensuring the Board and Management receive adequate and appropriate information for decision making and review purposes;
- Communicating and providing a reference point for dissemination and feedback on the Group's risk management policies and procedures;
- Commissioning, where required, special projects to investigate, develop or report on special aspects of the risk management processes of the Group; and
- Presenting progress reports on risk management to the Audit Committee and the Board.

For the financial year ended 31 December 2010, the RMC met 4 times.

### Role of the Risk Management Unit

The Risk Management Unit ("RMU") is chaired by the Head of subsidiaries/Project Director of the respective operating units or projects. Its members include all the Heads of Division and Heads of Department. The RMU's key role is to review the validity of the identified risks and ensure that actions to mitigate the risks are being implemented.

The RMU is also responsible for the following activities:

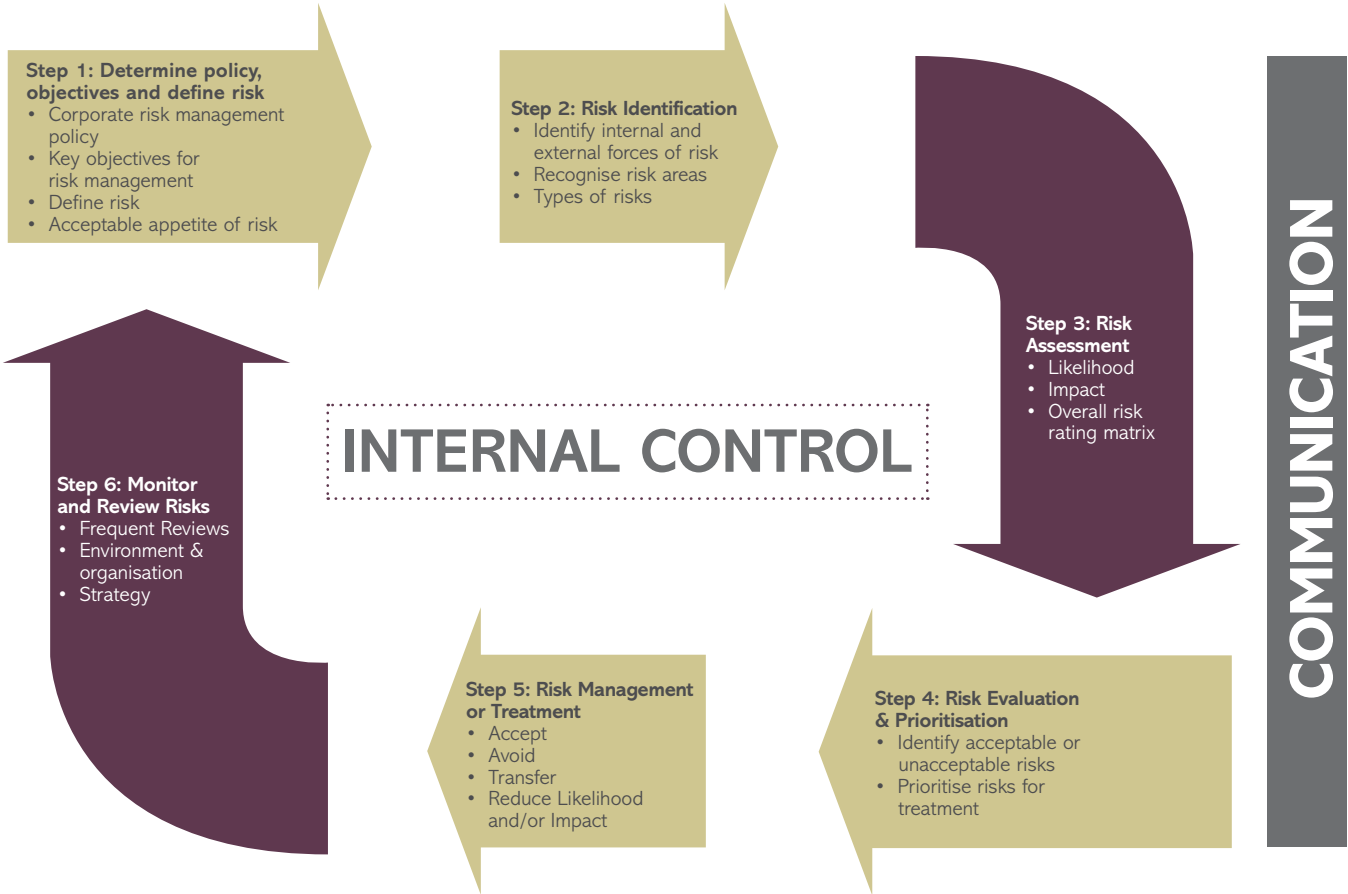
- Agreeing on the procedures and reporting formats of the risk management processes;
- Ensuring the Board/Management receive adequate and appropriate information for decision making and review purposes;
- Communicating and providing a reference point for dissemination and feedback on the Group's risk management policies and procedures; and
- Presenting progress reports on risk management to the RMC, the Audit Committee and the Board.



ENTERPRISE RISK  
MANAGEMENT  
REPORT

Enterprise-Risk Management Process

There are six steps within the risk management process. Within each stage, there are distinct decisive factors to consider before the next stage is reached:



Conclusion

The Board is of the opinion that the Group's Enterprise-Risk Management System is effective and functioning adequately, and that everyone in the Group has been made aware of the requirements of the system and its procedures. The Board has also found that all identified risks are being managed to an acceptable level, and that the system is proficient in helping to keep the Group in line with its long term goals and objectives.

## CODE OF ETHICS

### A Commitment

- (i) All employees shall, in the course of their employment with the Company and in carrying out their duties and responsibilities in respect thereof, diligently and to the best of their ability perform such duties and responsibilities as may from time to time be assigned or designated to them.
- (ii) All employees are expected at all times to promote and advance the interests of the Company and shall not do anything to bring disrepute to the Company.
- (iii) All employees shall obey, comply with and observe rules, regulations, procedures, practices, orders, directives and policies of the Company, whether expressed or implied in law or by custom and practice.

### B Confidentiality

- (i) No employee is permitted whether during or after termination of their employment with the Company, to discuss or divulge confidential information relating or pertaining to the Company directly or indirectly to any person or Company unless:
  - (a) such information has previously been made public knowledge; or
  - (b) upon express direction or with express approval of the Company; or
  - (c) required, compelled or obliged to do so by law.
- (ii) Employees should not discuss whether among themselves or with others, within the workplace or outside the Company's premises, confidential information regarding the Company, its business partners, its customers or clients, its employees or any other confidential information except in the course of carrying out the Company's business.
- (ii) It is the Company's policy that any information pertaining to the Company in any way whatsoever and which is not generally available to the public shall be treated with utmost confidence. Such information must not be shared or used by any employee whether directly or indirectly to influence an investment decision in connection with the purchase or sale of securities.
- (iv) The first obligation of any employee who receives a subpoena or other request seeking the disclosure of confidential information pertaining to the Company is to contact his immediate supervisor or HR Manager for guidance.

### C Insubordination and Inefficiency

An employee shall not commit any act of wilful refusal, insubordination or disobedience of any lawful and reasonable instruction of his supervisor/manager including refusal to perform work assigned, being inefficient and deliberately slowing down of work causing the quality and/or the quantity of work to be adversely affected.

### D Press Releases and Public Statements

An employee shall inform his immediate supervisor if a member of the media approaches him for any information, statement or opinion concerning the Company. The immediate supervisor shall provide guidance to the employee on the appropriate response to the media's request.

An employee shall not make any public statement on the policies or decisions of the Company whether orally or in writing or in any form whatsoever nor shall he circulate or cause to be circulated any such statement.

## CODE OF ETHICS

### **E Public Appearance as a Guest Speaker or Panel Member**

Any employee who has been invited to appear as a guest speaker in a public forum must, if he intends to make such appearance, submit the details and/or the topic(s) of his proposed speech to his immediate supervisor. The immediate supervisor shall in turn submit the same to the management for their consideration. An employee may only make such appearance if prior approval has been obtained.

### **F Publications**

Employees are not permitted to publish or distribute in any written or printed form, articles, books, periodicals, leaflets, brochures etc containing information relating to the Company without prior written approval of the Company.

### **G Conflict of Interest**

An employee cannot during his employment with the Company, engage directly or indirectly in any other business or occupation whether as principal, agent, servant or broker while still in the employment of the Company. He is also not permitted to engage in any activity, which can be detrimental, directly or indirectly, to the interest of the Company.

An employee may acquire or hold shares in any quoted public Company. However, he must seek prior approval from the Company if he intends to acquire substantial shareholding(s) in any such company (as defined in the Companies Act, 1965) or hold directorship(s) in the same Company.

An employee is not allowed to participate in or influence the purchase of goods and services from any company or person in which or through which that employee has or will obtain a direct or indirect interest or benefit.

Upon receipt of the Code, all employees must declare all such interests as described in the Declaration Form for Conflict of Interests and particular attention must be paid to the notes thereto, which explain the types of interests that must be declared.

Any proposal made by any employee for an unsolicited offer to purchase any or all of the equity interests of any of the Companies in the Group will be viewed as an event which may give rise to a conflict of interest if such employee continues employment with the Group. Accordingly, such employee shall tender his resignation immediately.

### **H Gifts or Favours**

It is the policy of the Company that no employee or any member of his immediate family will accept any form of gifts or favours from contractors, suppliers, clients/customers, or any other party having business dealings with the Company.

However, in such circumstances where it is customary to do so, employees shall be permitted to accept such gifts of nominal value or favours provided that such gifts or favours are not extended and/or accepted for the purpose or with the intention of:

- (i) influencing any present or future act or decision by that employee.
- (ii) inducing such employee to perform or omit any act in violation of his proper duties and responsibilities.
- (iii) inducing such employee to use or direct any other person to use his influence with a government, or any of its representatives, divisions or agencies to affect or influence any act or decision of any such government, representative, division or agency and in any or all of the above cases, for the purposes of expediting, benefiting, prejudicing or affecting in any way whatsoever whether directly or indirectly the business dealings or relationship of the gift giver with the Company.



## CODE OF ETHICS

### H Gifts or Favours (Cont'd)

For the purpose of this section, 'Nominal Value' of a gift shall be defined as the sum of the gift(s) having the aggregate monetary value of not more than Ringgit Two Hundred and Fifty only (RM250). Employees shall report to their respective Head of Department all gifts or favours received which exceeded the nominal value.

All employees shall, if in doubt as to the nature or purpose of the gift or favour consult the HR Manager who shall decide, either in consultation with or through his own accord, the course of action in respect of such gift or favour. Gifts which cannot be accepted by the employee shall be:

- (i) returned to the donor; or
- (ii) if such return is not possible or impracticable, retained by the Company for distribution to recognised charitable organisations, the Company's Sports and Recreational Club or for general distribution to the Company's employees.

### I Entertainment

Employees shall not accept any gratuitous entertainment from any of the Company's clients, customers, suppliers, contractors or any party with whom the Company has business dealings with unless such entertainment is or is able to be reciprocated by the employee:

- (i) in his personal capacity; or
- (ii) by obtaining reimbursement from the Company as part of the Company's business entertainment expense.

In accepting all such entertainment, the guidelines set out in paragraph (H) in respect of acceptance of gifts or favours shall apply.

### J Personal Solicitation

The Company discourages any solicitation by staff members during working hours as such solicitations normally disrupt business activity and work routines.

Employees are not permitted to sell, distribute or act as agent for the sale or distribution of any type of food or merchandise in the office premises whether during or outside office hours.

### K Graft and Invitation to Graft

An employee shall not in any manner or form, offer on behalf of the Company or receive an offer of graft or a bribe for his own benefit, or the benefit of his relatives or spouse.

### L Marriage and Transfer

In the event of a marriage between employees of the Company within the same department, one partner to the marriage may be relocated to another department.

### M Relatives

The Company discourages the hiring of the family members of an existing employee. The onus is on such employee to declare whether he has any relatives or spouse working in the Company or any Company within the Group.

# A PROMISING FUTURE

The future looks promising as we strengthen through strategic acquisitions and align ourselves with reputable global industry names to further enhance the Company's growth. These alliances and partnerships will allow us to gain geographical expansion beyond Nusajaya as we look to capitalise on growth opportunities to create sustainable shareholder value. With an international portfolio in hand plus an impressive track record and a well-planned business road map, we look forward to a future that promises growth and further success.





## FINANCIAL STATEMENTS

Directors' Report	130
Statement by Directors	134
Statutory Declaration	134
Independent Auditors' Report	135
Income Statements	137
Statements of Comprehensive Income	138
Statements of Financial Position	139
Statements of Changes in Equity	141
Statements of Cash Flows	143
Notes to the Financial Statements	144



## 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 activity of the Company is investment holding.

The principal activities of the subsidiaries are property development, turnkey development and construction, land trading, property investment, project procurement and management and investment holding.

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

### RESULTS

	Group RM'000	Company RM'000
Profit net of tax	195,687	45,878
Attributable to:		
Owners of the parent	194,537	45,878
Minority interests	1,150	—
	195,687	45,878

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.

### DIVIDENDS

No dividend has been paid since the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

### DIRECTORS

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

Tan Sri Dr Ahmad Tajuddin Ali  
Dato' Wan Abdullah Wan Ibrahim  
Dato' Mohd Izzaddin Idris  
Abdul Kadir Md. Kassim  
Md. Ali Md. Dewal

Oh Kim Sun

Dato' Ikmal Hijaz Hashim  
Sheranjiv s/o Sammanthan

Datuk Tong Kooi Ong

Omar Siddiq Amin Noer Rashid

(appointed on 27 October 2010)

(appointed on 25 February 2011)

(resigned on 28 February 2010)

## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

### DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	At 1.1.2010	During the year		At 31.12.2010
		Bought	Sold	
<b>The Company</b>				
<b>Direct interest</b>				
Dato' Wan Abdullah Wan Ibrahim	50,000	25,000	(75,000)	—

	Number of ordinary shares of RM0.25 each			
	At 1.1.2010	During the year		At 31.12.2010
		Bought	Sold	
<b>Related company</b>				
– PLUS Expressways Berhad				
<b>Direct interest</b>				
Abdul Kadir Md. Kassim	40,000	—	—	40,000
Dato' Ikmal Hijaz Hashim	20,000	—	—	20,000

	Number of ordinary shares of RM1.00 each			
	At 1.1.2010	During the year		At 31.12.2010
		Bought	Sold	
<b>Related company</b>				
– Pharmaniaga Berhad				
<b>Indirect interest</b>				
Oh Kim Sun	177,000	—	(80,000)	97,000

## DIRECTORS' REPORT

### ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1.2 billion to RM1.8 billion by way of a rights issue of 1,214,088,456 new ordinary shares of RM0.50 each at an issue price of RM0.80 per ordinary share to repay outstanding borrowings.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements, 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 values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the 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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent 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.



## DIRECTORS' REPORT

### SIGNIFICANT AND SUBSEQUENT EVENTS

Significant events and subsequent events are disclosed in Note 41 to the financial statements.

### AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 February 2011.

**Tan Sri Dr Ahmad Tajuddin Ali**  
Chairman

**Dato' Wan Abdullah Wan Ibrahim**  
Managing Director/Chief Executive Officer

## **STATEMENT BY DIRECTORS**

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dr Ahmad Tajuddin Ali and Dato' Wan Abdullah Wan Ibrahim, being two of the directors of UEM Land Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 137 to 206 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 the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 47 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 February 2011.

**Tan Sri Dr Ahmad Tajuddin Ali**  
Chairman

**Dato' Wan Abdullah Wan Ibrahim**  
Managing Director/Chief Executive Officer

## **STATUTORY DECLARATION**

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

I, Mohd Zakir Omar, being the officer primarily responsible for the financial management of UEM Land Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 137 to 206 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 Mohd Zakir Omar  
at Kuala Lumpur in the Federal Territory  
on 25 February 2011.

**Mohd Zakir Omar**

Before me,

**Tengku Fariddudin bin Tengku Sulaiman** (No. W533)  
Commissioner for Oaths

Kuala Lumpur

**INDEPENDENT AUDITORS' REPORT**

to the members of UEM Land Holdings Berhad  
(Incorporated in Malaysia)

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of UEM Land Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements and statements of comprehensive income, statements of changes in equity and statements of cash flow 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 137 to 206.

**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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows of the Group and of the Company 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 44 to the financial statements being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the accounts 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 accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.



## **INDEPENDENT AUDITORS' REPORT**

to the members of UEM Land Holdings Berhad (cont'd.)  
(Incorporated in Malaysia)

### **OTHER MATTERS**

The supplementary information set out in Note 47 on page 206 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

#### **Ernst & Young**

AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
25 February 2011

#### **Abdul Rauf Rashid**

No. 2305/05/12(J)  
Chartered Accountant

**INCOME STATEMENTS**

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	2009 RM'000 (restated)	Company 2010 RM'000	2009 RM'000
Revenue	3	<b>469,713</b>	407,913	<b>64,352</b>	—
Cost of sales	4	<b>(259,457)</b>	(254,321)	—	—
Gross profit		<b>210,256</b>	153,592	<b>64,352</b>	—
Gain on disposal of an associate	15(ii)	<b>25,559</b>	—	—	—
Other income		<b>34,232</b>	17,689	<b>700</b>	—
Selling and distribution expenses		<b>(24,835)</b>	(15,559)	—	—
Other expenses		<b>(65,739)</b>	(47,253)	<b>(3,086)</b>	(1,525)
Operating profit/(loss)	5	<b>179,473</b>	108,469	<b>61,966</b>	(1,525)
Finance costs	6	<b>(8,289)</b>	(7,520)	—	—
Share of results of associates		<b>22,455</b>	19,304	—	—
Share of results of joint ventures		<b>11,868</b>	9,254	—	—
Profit/(loss) before income tax		<b>205,507</b>	129,507	<b>61,966</b>	(1,525)
Income tax expense	7	<b>(9,820)</b>	(13,959)	<b>(16,088)</b>	—
<b>Profit/(loss) net of tax</b>		<b>195,687</b>	115,548	<b>45,878</b>	(1,525)
Attributable to:					
Owners of the parent		<b>194,537</b>	114,622	<b>45,878</b>	(1,525)
Minority interests		<b>1,150</b>	926	—	—
		<b>195,687</b>	115,548	<b>45,878</b>	(1,525)

Earnings per share attributable to owners of the parent (sen):

Basic, for profit for the year	8	<b>6.0</b>	4.0
Diluted, for profit for the year	8	<b>5.1</b>	3.3

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME**

For the financial year ended 31 December 2010

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) net of tax	<b>195,687</b>	115,548	<b>45,878</b>	(1,525)
Other comprehensive income for the year, net of tax				
– Foreign currency translation differences for foreign operations	<b>(1,425)</b>	6,510	—	—
– Share of other comprehensive income of associates	<b>38</b>	(295)	—	—
Total comprehensive income for the year	<b>194,300</b>	121,763	<b>45,878</b>	(1,525)
Total comprehensive income attributable to:				
Owners of the parent	<b>193,150</b>	120,837	<b>45,878</b>	(1,525)
Minority interests	<b>1,150</b>	926	—	—
	<b>194,300</b>	121,763	<b>45,878</b>	(1,525)

The accompanying notes form an integral part of the financial statements.



**STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2010

	Note	2010 RM'000	Group 2009 RM'000 (restated)	1.1.2009 RM'000 (restated)	Company 2010 RM'000	2009 RM'000
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	10	<b>62,037</b>	56,968	12,359	—	—
Investment properties	11	<b>30,615</b>	28,848	—	—	—
Land use rights	12	<b>324</b>	372	334	—	—
Land held for property development	13	<b>1,797,695</b>	1,840,256	1,544,300	—	—
Investment in subsidiaries	14	—	—	—	<b>1,254,153</b>	1,254,153
Investment in associates	15	<b>87,063</b>	43,997	15,081	—	—
Investment in joint ventures	16	<b>101,383</b>	55,339	25,211	<b>35,564</b>	—
Available for sale	17	—	—	158	—	—
Long term receivables	18	<b>68,766</b>	64,223	64,223	—	—
Goodwill	19	<b>39,223</b>	39,223	39,223	—	—
Deposits	21	<b>1,418</b>	1,418	1,418	—	—
Amount due from a subsidiary	22	—	—	—	—	146,562
		<b>2,188,524</b>	2,130,644	1,702,307	<b>1,289,717</b>	1,400,715
<b>Current assets</b>						
Property development costs	23	<b>769,146</b>	594,867	711,644	—	—
Inventories	24	<b>42,252</b>	53,205	35,905	—	—
Receivables	25	<b>456,933</b>	499,494	447,472	<b>48,290</b>	—
Amount due from subsidiaries	22	—	—	—	<b>1,225,356</b>	—
Amount due from joint ventures	16	<b>75,484</b>	75,292	74,272	—	—
Amount due from associates	15	<b>898</b>	535	27,022	—	—
Available for sale	27	<b>7</b>	7	7	—	—
Short term deposits	21	<b>341,240</b>	27,444	6,595	—	—
Cash and bank balances	21	<b>96,649</b>	115,546	26,810	<b>49</b>	—
		<b>1,782,609</b>	1,366,390	1,329,727	<b>1,273,695</b>	—
Assets of disposal group classified as held for sale	9	—	35,978	28,518	—	—
<b>Total assets</b>		<b>3,971,133</b>	3,533,012	3,060,552	<b>2,563,412</b>	1,400,715

**STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2010 (cont'd.)

	Note	2010 RM'000	Group 2009 RM'000 (restated)	1.1.2009 RM'000 (restated)	Company 2010 RM'000	2009 RM'000
<b>Equity and liabilities</b>						
<b>Equity attributable to owners of the parent</b>						
Share capital	28	<b>1,822,681</b>	1,215,637	1,214,088	<b>1,822,681</b>	1,215,637
Share premium	28	<b>513,124</b>	153,365	—	<b>513,124</b>	153,365
Merger relief reserve	28	<b>34,330</b>	34,330	34,330	<b>34,330</b>	34,330
Other reserves	29	<b>29,275</b>	30,662	24,447	—	—
Retained profits/(accumulated losses)	29	<b>288,084</b>	91,912	(22,710)	<b>42,850</b>	(3,028)
		<b>2,687,494</b>	1,525,906	1,250,155	<b>2,412,985</b>	1,400,304
Minority interests	34	<b>454,456</b>	453,306	452,380	—	—
<b>Total equity</b>		<b>3,141,950</b>	1,979,212	1,702,535	<b>2,412,985</b>	1,400,304
<b>Non-current liabilities</b>						
Borrowings	30	<b>408,185</b>	690,979	590,661	<b>150,000</b>	—
Long term payable	33	<b>24,407</b>	24,960	—	—	—
Deferred tax liabilities	20	<b>136,727</b>	150,312	144,997	—	—
		<b>569,319</b>	866,251	735,658	<b>150,000</b>	—
<b>Current liabilities</b>						
Provisions	31	<b>22,903</b>	24,315	35,370	—	—
Payables	32	<b>155,669</b>	332,620	389,546	<b>427</b>	411
Borrowings	30	—	9,141	8,633	—	—
Amount due to immediate holding company	26	<b>69,402</b>	319,361	187,872	—	—
Tax payable		<b>11,890</b>	1,195	938	—	—
		<b>259,864</b>	686,632	622,359	<b>427</b>	411
Liabilities of disposal group classified as held for sale	9	—	917	—	—	—
<b>Total liabilities</b>		<b>829,183</b>	1,553,800	1,358,017	<b>150,427</b>	411
<b>Total equity and liabilities</b>		<b>3,971,133</b>	3,533,012	3,060,552	<b>2,563,412</b>	1,400,715

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF CHANGES IN EQUITY**

For the financial year ended 31 December 2010

Group	Note	Attributable to owners of the parent					Minority interests (Note 34) RM'000	Total equity RM'000	
		Share capital RM'000	Share premium RM'000	Merger relief reserve RM'000	Other reserves RM'000	Retained profits RM'000			
		Share capital RM'000	Share premium RM'000	Merger relief reserve RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000		
<b>At 1 January 2010 (as previously stated)</b>									
		1,215,637	153,365	34,330	53,242	69,332	1,525,906	453,306	1,979,212
Prior year adjustments	43(b)	—	—	—	(22,580)	22,580	—	—	—
<b>At 1 January 2010 (as restated)</b>									
		1,215,637	153,365	34,330	30,662	91,912	1,525,906	453,306	1,979,212
Effect of adopting FRS 139		—	—	—	—	1,635	1,635	—	1,635
<b>At 1 January 2010 (restated)</b>									
		1,215,637	153,365	34,330	30,662	93,547	1,527,541	453,306	1,980,847
Total comprehensive income for the year		—	—	—	(1,387)	194,537	193,150	1,150	194,300
Rights issue of ordinary shares	28	607,044	359,759	—	—	—	966,803	—	966,803
<b>At 31 December 2010</b>									
		1,822,681	513,124	34,330	29,275	288,084	2,687,494	454,456	3,141,950
<b>At 1 January 2009 (as previously stated)</b>									
		1,214,088	—	34,330	47,027	(45,290)	1,250,155	452,380	1,702,535
Prior year adjustments	43(b)	—	—	—	(22,580)	22,580	—	—	—
<b>At 1 January 2009 (restated)</b>									
		1,214,088	—	34,330	24,447	(22,710)	1,250,155	452,380	1,702,535
Total comprehensive income for the year		—	—	—	6,215	114,622	120,837	926	121,763
Issuance of Mandatory Convertible Redeemable Preference Shares ("MCRPS")	28	1,549	153,365	—	—	—	154,914	—	154,914
<b>At 31 December 2009</b>									
		1,215,637	153,365	34,330	30,662	91,912	1,525,906	453,306	1,979,212



**STATEMENTS OF CHANGES IN EQUITY**

For the financial year ended 31 December 2010 (cont'd.)

		Non-distributable			Distributable (Accumulated losses)/ retained profits	Total equity
	Note	Share capital RM'000	Share premium RM'000	Merger relief reserves RM'000	RM'000	RM'000
<b>Company</b>						
<b>At 1 January 2010</b>		1,215,637	153,365	34,330	(3,028)	1,400,304
Total comprehensive income for the year		—	—	—	45,878	45,878
Rights issue of ordinary shares	28	607,044	359,759	—	—	966,803
<b>At 31 December 2010</b>		1,822,681	513,124	34,330	42,850	2,412,985
<b>At 1 January 2009</b>						
		1,214,088	—	34,330	(1,503)	1,246,915
Total comprehensive expense for the year		—	—	—	(1,525)	(1,525)
Issuance of MCRPS	28	1,549	153,365	—	—	154,914
<b>At 31 December 2009</b>		1,215,637	153,365	34,330	(3,028)	1,400,304

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS**

For the financial year ended 31 December 2010

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Cash receipts from customers	454,101	311,833	—	—
Receipts from other related parties	420	8,737	—	—
Receipts from joint ventures	14,878	20,145	—	—
Cash payments to suppliers	(76,803)	(41,937)	—	—
Cash payments to contractors	(266,338)	(172,412)	—	—
Cash payments for land and development related costs	(38,034)	(34,943)	—	—
Cash payments to other related parties	(109,575)	(24,263)	—	—
Cash payment to joint venture	(1,000)	—	—	—
Cash payment to immediate holding company	(5,024)	—	—	—
Cash payments to associate	(363)	—	—	—
Cash payments to employees and for expenses	(90,339)	(53,939)	(7,726)	—
Cash (used in)/generated from operations	(118,077)	13,221	(7,726)	—
Net income tax paid	(7,509)	(35,153)	—	—
Interest received	6,084	367	700	—
Net cash generated from discontinued operations	—	12	—	—
Net cash used in operating activities	(119,502)	(21,553)	(7,026)	—
<b>Cash flows from investing activities</b>				
Dividend received from associates	3,700	2,950	—	—
Proceeds from disposals of:				
– property, plant and equipment	—	9	—	—
– long term investments	—	391	—	—
– associate	33,407	—	—	—
Cash receipts from liquidator for liquidation of an associate	2,407	—	—	—
Purchase of property, plant and equipment	(7,595)	(11,245)	—	—
Advance to joint venture	(9,426)	—	—	—
Investment in land held for property development	(22,695)	(11,621)	—	—
Investment in joint venture entities	(13)	(20,000)	—	—
Net cash used in investing activities	(215)	(39,516)	—	—
<b>Cash flows from financing activities</b>				
Drawdown of term and bridging loans	—	66,159	—	—
Drawdown of islamic term financing	150,000	—	150,000	—
Right issue of ordinary shares	338,292	—	971,271	—
Advance from immediate holding company	—	114,000	—	—
Advances to a subsidiary	—	—	(1,114,196)	—
Repayment of term and bridging loan	(59,062)	(8,938)	—	—
Repayment to immediate holding company	(6,647)	—	—	—
Cash payment of bond issuance expenses	(865)	—	—	—
Net cash generated from financing activities	421,718	171,221	7,075	—
<b>Net increase in cash and cash equivalents</b>	<b>302,001</b>	<b>110,152</b>	<b>49</b>	<b>—</b>
Effects of foreign exchange rate changes	4	913	—	—
Cash and cash equivalents at beginning of year	135,884	24,819	—	—
<b>Cash and cash equivalents at end of year (Note 21)</b>	<b>437,889</b>	<b>135,884</b>	<b>49</b>	<b>—</b>

The accompanying notes form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at 19-2 Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur and the principal place of business is at 16-1 Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development, turnkey development and construction, land trading, property investment, project procurement and management and investment holding. There have been no significant changes in the nature of the principal activities during the financial year.

The immediate and ultimate holding companies are UEM Group Berhad ("UEM") and Khazanah Nasional Berhad ("Khazanah") respectively, both of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2011.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise disclosed in the summary of significant accounting policies below, and comply with applicable Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

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

#### 2.2 Summary of significant accounting policies

##### (a) Basis of consolidation

##### (i) Subsidiaries

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

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

##### (ii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiaries as indicated in Note 44 to the financial statements. Pursuant to the Restructuring Scheme in the previous financial year, the Company was introduced as a new parent company. The introduction of the Company constitutes a Group reconstruction and has been accounted for using merger accounting principles as the combination of the companies meet the relevant criteria for merger, thus depicting the combination of those entities as if they have been in the combination for the current and previous financial years.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(a) Basis of consolidation (cont'd.)****(ii) Basis of consolidation (cont'd.)**

Business combinations involving entities under common control are accounted for by applying the merger accounting method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

For other subsidiaries, they 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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition 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 acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

**(iii) Associates**

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Summary of significant accounting policies (cont'd.)

##### (a) Basis of consolidation (cont'd.)

##### (iii) Associates (cont'd.)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the year in which the investment is acquired.

The financial statements of the associates are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of 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 impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (iv) Joint ventures

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(a)(iii).

In the Company's separate financial statements, investments in joint ventures are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (b) Goodwill

Goodwill acquired in a business combination is capitalised as an asset and is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(n). Any impairment losses recognised for goodwill shall not be reversed in a subsequent year.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(c) Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

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

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

Freehold building	2%
Renovation	5% – 10%
Floating pontoons	10%
Motor vehicles	25%
Others	10% – 50%

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 arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

**(d) Investment properties**

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

The Group had in prior year early adopted the Amendments to FRSs 'Improvements to FRSs (2010)' in relation to FRS 140: Investment Property such that investments properties under construction are classified as investment properties and are measured at costs. When the properties under construction is completed, it will become completed investment properties.

Depreciation of the completed investment properties is provided for at 2% per annum on a straight line basis to write off the building cost of each asset to its residual value over the estimated useful life. Investment properties under construction are not depreciated.

Investment properties are derecognised when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. Any gains or losses on the retirement or disposal of investment properties are recognised in the income statement in the year in which they arise.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(e) Statements of cash flows**

The statement of cash flows classify movements in cash and cash equivalents according to operating, investing and financing activities. The Group and the Company do not consider any of its assets other than fixed deposits with licensed financial institutions, cash and bank balances reduced by bank overdrafts as meeting the definition of cash and cash equivalents.

**(f) Land held for property development and property development costs**

Land held for property development consists of land where no development activity has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is classified within non-current assets and is stated at cost less impairment losses. Cost consists of land and development expenditure which include borrowing costs relating to the financing of the land and development. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(n).

Profit on sale of land held for property development is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group.

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

Property development costs are stated at cost. Cost consists of land and development expenditure. Development expenditure includes borrowing costs relating to the financing of the land and development.

Profit on sale of property development costs is recognised when the outcome of the contract can be reasonably estimated using the percentage of completion method to the extent of total sales value of units sold. The percentage of completion is based on total cost incurred to date over total estimated cost of the project. Provision is made for all foreseeable losses on property development costs.

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

**(g) Construction and turnkey development contracts**

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

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

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

When the total of costs incurred on construction and turnkey development contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(h) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(i) Inventories**

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

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.

**(j) Income tax****(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
- 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.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(j) Income tax (cont'd.)****(ii) Deferred tax (cont'd.)**

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 the same taxation authority.

**(k) 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 plan**

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

**(l) Foreign currencies**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(l) Foreign currencies (cont'd.)**

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

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

**(m) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

**(i) Property development****(a) Sale of developed land**

Sale of developed land is recognised only when it is probable that the economic benefits associated with the transactions will flow to the Group.

**(b) Construction and turnkey development contracts**

Revenue from construction and turnkey development contracts are accounted for using the percentage of completion method as described in Note 2.2(g) above.

**(c) Sale of development properties**

Revenue from sale of development properties classified as property development costs is accounted for by the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date bear to the total estimated costs where the outcome of the projects can be reliably estimated.

**(d) Sale of completed development properties**

Sale of completed development properties is recognised only when it is probable that the economic benefits associated with the transactions will flow to the Group.

**(ii) Strategic land sale**

Contracts for strategic land sale are recognised only when it is probable that the economic benefits associated with the transactions will flow to the Group.

**(iii) Interest**

Interest income is recognised using the effective interest method.

**(iv) Dividends**

Dividends from subsidiaries, associates and other investments are included in the income statement when the shareholders' right to receive payment has been established.

**(v) Rendering of services**

Revenue from upkeep, maintenance and the management of the Johor State New Administrative Center is recognised as and when services are rendered.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Summary of significant accounting policies (cont'd.)

##### (m) Revenue recognition (cont'd.)

###### (vi) Leasing income

Lease rental income are accounted for on a straight-line basis over the lease term.

###### (vii) Harvesting income

Harvesting income is recognised on an accrual basis. Where recoverability is uncertain, harvesting income will be recognised on a receipt basis.

##### (n) Impairment of non-financial assets

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

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

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

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

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

##### (o) Financial assets

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(o) Financial assets (cont'd.)**

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include available for sale investments and loans and receivables.

**(i) Loans and receivables**

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

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

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

**(ii) Available for sale**

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the two 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 asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

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

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(p) 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 costs**

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

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

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

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

**(ii) Unquoted equity securities at cost**

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

**(q) 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 and loss or other financial liabilities. The Group and the Company classify all its financial liabilities as other financial liabilities.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (cont'd.)****(q) Financial liabilities (cont'd.)**

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.

**(r) Financial guarantee contracts**

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

**(s) 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 and MCRPS are equity instruments.

Ordinary shares and MCRPS are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares and MCRPS are classified as equity. Terms of the MCRPS are as disclosed in Note 28. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(t) Contingencies**

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

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

**(u) Disposal group held for sale**

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

Immediately before classification as held for sale, the measurement of all the assets and liabilities in a disposal group is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, disposal group are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in income statement.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Summary of significant accounting policies (cont'd.)

##### (v) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

##### (w) Borrowing costs

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

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

#### 2.3 Changes in accounting policies

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

FRS 7: *Financial Instruments: Disclosures*

FRS 8: *Operating Segments*

FRS 101 (Revised): *Presentation of Financial Statements*

FRS 123 (Revised): *Borrowing Costs*

FRS 139: *Financial Instruments: Recognition and Measurement*

Amendments to FRS 1: *First-time Adoption of Financial Reporting Standards* and FRS 127: *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amendments to FRS 2: *Share-based Payment – Vesting Conditions and Cancellations*

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*

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: *Reassessment of Embedded Derivatives*

IC Interpretation 10: *Interim Financial Reporting and Impairment*

IC Interpretation 11: *FRS 2 – Group and Treasury Share Transactions*

IC Interpretation 13: *Customer Loyalty Programmes*

IC Interpretation 14: *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRS 4: *Insurance Contracts* and TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

The adoption of the above standards and interpretations does not have any significant impact on the financial performance or position of the Group and the Company, except as discussed below:

##### (a) FRS 7: *Financial Instruments: Disclosures*

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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.3 Changes in accounting policies (cont'd.)****(a) FRS 7: *Financial Instruments: Disclosures* (cont'd.)**

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

**(b) FRS 101(Revised): *Presentation of Financial Statements***

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 in two statements.

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 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.

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

**(c) 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 has been accounted for by adjusting the opening balance of retained profits 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:

**– Impairment of trade receivables**

Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised for trade receivables and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses in accordance with FRS 139. There are no adjustments required to the opening balance of retained profits.

**– Long term payables**

Prior to the adoption of FRS 139, long term payables were recognised at contract dates based on the nominal value. With the adoption of FRS 139, financial liabilities are measured at their fair value which is computed based on estimated future cash flows discounted at the Group's cost of borrowing. Long term payables, which are classified as other financial liabilities are to be carried at amortised cost. The difference between the nominal value and the net present value of the long term payables of RM1,635,000 has been adjusted against the opening retained profits as at 1 January 2011.

**– Short term investments**

Prior to 1 January 2010, the Group classified its investment in marketable securities as short term investments. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as available for sale and accordingly are stated at their fair values as at that date. There are no adjustments required to the opening balance of retained profits as the carrying value is already reflective of the market value.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.3 Changes in accounting policies (cont'd.)****(c) FRS 139: *Financial Instruments: Recognition and Measurement* (cont'd.)****– Long term investments**

Prior to 1 January 2010, the Group classified its investment in equity instruments as long term investments. Such investments were carried at costs less impairment loss. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as available for sale. There are no adjustments required to the opening balance of retained profits.

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

	<b>Increase/(decrease)</b>	
	<b>31.12.2010</b>	<b>1.1.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<u>Statement of financial position</u>		
Long term payables	<b>1,082</b>	(1,635)
Retained profits	<b>—</b>	1,635
 <u>Income statement</u>		
Finance costs	<b>1,082</b>	<b>—</b>
Profit net of tax	<b>(1,082)</b>	<b>—</b>

**2.4 Standards issued but not yet effective**

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

FRS 1: <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3: <i>Business Combinations (revised)</i>	1 July 2010
Amendments to FRS 2: <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5: <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 127: <i>Consolidated and Separate Financial Statements</i>	1 July 2010
Amendments to FRS 138: <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9: <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12: <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16: <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17: <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 132: <i>Classification of Rights Issues</i>	1 March 2010
Amendments to FRS 1: <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 Jan 2011
Amendments to FRS 7: <i>Improving Disclosures about Financial Instruments</i>	1 Jan 2011
Amendments to FRS 2: <i>Share based Payment – Group Cash settled Share based Payment Transactions</i>	1 Jan 2011
IC Interpretation 4: <i>Determining Whether An Arrangement contains a Lease</i>	1 Jan 2011
IC Interpretation 18: <i>Transfers of Assets from Customers</i>	1 Jan 2011
Amendments to FRSs 'Improvements to FRSs (2009)'	1 Jan 2011
IC Interpretation 15: <i>Agreements for the Construction of Real Estate</i>	1 Jan 2012
FRS 124: <i>Related Party Transactions (Revised)</i>	1 Jan 2012

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.4 Standards issued but not yet effective (cont'd.)**

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, 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 and IC Interpretation 15 are described below.

**(a) Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements**

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations 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 Effects of Changes in Foreign Exchange Rates, FRS 128 Investments 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.

**(b) 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 revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

**2.5 Critical judgements and accounting estimates**

Judgements, estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Key sources of estimation uncertainty****(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 to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2010 was RM39,223,000 (2009: RM39,223,000). Further details on goodwill are disclosed in Note 19.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.5 Critical judgements and accounting estimates (cont'd.)****(a) Key sources of estimation uncertainty (cont'd.)****(ii) Property development costs, construction and turnkey development contracts**

The Group recognises property development, construction and turnkey development contracts revenue and expenses in the income statement using the stage of completion method. The stage of completion is determined by reference to the proportion of costs incurred for the work performed to date bear to the estimated total costs where the outcome of the projects can be reliably estimated.

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

Details of the property development costs and construction and turnkey development contracts are disclosed in Note 23 and Note 25 (iii) respectively. A 3% difference in the estimated profit margin would result in approximately 6.3% (2009: 6.9%) variance to the profit net of tax of the Group.

**(iii) Income taxes**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. As disclosed in Note 25 (iv) (a), in the prior year, UEM Land Berhad ("UEMLB") received an additional assessment from the Inland Revenue Board ("IRB") for additional tax payable and tax penalties in respect of financial years of assessment 2003 and 2004 amounting to RM37.6 million.

**3. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property development:				
– Sale of developed land	171,474	80,574	—	—
– Turnkey development contracts [Note 25 (iii)]	3,634	57,456	—	—
– Sale of development properties	162,392	135,369	—	—
	337,500	273,399	—	—
Rendering of services	9,906	7,296	—	—
Strategic land sales	39,111	118,147	—	—
Revenue from compulsory acquisition of land #	77,612	4,828	—	—
Harvesting and leasing income	5,309	4,243	—	—
Food and beverage	275	—	—	—
Dividend income from a subsidiary	—	—	64,352	—
	469,713	407,913	64,352	—

# Revenue from compulsory acquisition of land represents additional amount receivable from State Government for compulsory acquisition of land in prior years (2009: RM Nil) and revenue from compulsory acquisition of land by Tenaga Nasional Berhad for the building of transmission towers (2009: RM4,828,000). The related cost in connection with the land acquisition by Tenaga Nasional Berhad is disclosed in Note 4 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**4. COST OF SALES**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Property development costs:		
– Sale of developed land	<b>103,174</b>	32,728
– Turnkey development contracts [Note 25 (iii)]	<b>2,006</b>	50,117
– Sale of development properties	<b>119,936</b>	94,373
	<b>225,116</b>	177,218
Cost in relation to rendering of services	<b>5,769</b>	5,637
Strategic land sale costs	<b>17,919</b>	70,203
Cost in relation to compulsory acquisition of land	<b>8,915</b>	—
Harvesting and leasing costs	<b>1,603</b>	1,263
Food and beverage	<b>135</b>	—
	<b>259,457</b>	254,321

**5. OPERATING PROFIT/(LOSS)**

(a) The following amounts have been included in arriving at operating profit/(loss):

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impairment loss on receivables [Note 25(vii)]	<b>2,956</b>	—	—	—
Bad debts written off				
– due from joint ventures	<b>27</b>	17	—	—
– due from associates	—	2	—	—
– others	<b>5</b>	171	—	—
Rental expenses of				
– land and building	<b>1,713</b>	1,660	—	—
– equipment	<b>354</b>	212	—	—
Auditors' remuneration				
– Statutory audit	<b>259</b>	273	<b>50</b>	50
– Others	<b>232</b>	480	<b>113</b>	4
Depreciation of property, plant and equipment (Note 10)	<b>4,860</b>	3,054	—	—
Amortisation of land use rights (Note 12)	<b>24</b>	24	—	—
Directors' remuneration (Note i)	<b>1,902</b>	1,555	<b>471</b>	482
Staff costs (Note ii)	<b>24,152</b>	16,222	—	—
Write back of allowance for doubtful debts	<b>(11,777)</b>	(162)	—	—
Lease rental received from a subsidiary of Khazanah:				
– Menara Burj Sdn. Bhd.	<b>(420)</b>	(420)	—	—
Rental income	<b>(148)</b>	—	—	—
Recovery of bad debts written off	—	(242)	—	—
Write back of provision for impairment loss of:				
– investment in associates	—	(12,855)	—	—
– long term investment	—	(2,900)	—	—
Interest income				
– deposits with licensed banks	<b>(6,084)</b>	(359)	<b>(700)</b>	—
– trade receivables	<b>(3,763)</b>	—	—	—



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**5. OPERATING PROFIT/(LOSS) (CONT'D.)**

(a) The following amounts have been included in arriving at operating profit/(loss): (cont'd.)

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gain on disposal of:				
– property, plant and equipment	—	(9)	—	—
– subsidiaries	(3)	(4)	—	—
– investments	—	(35)	—	—
(i) Directors' remuneration				
Executive:				
Salary and other emoluments	<b>861</b>	964	—	—
Benefits-in-kind	<b>104</b>	131	—	—
	<b>965</b>	1,095	—	—
Non-executive:				
Fees	<b>945</b>	488	<b>377</b>	380
Other emoluments	<b>96</b>	103	<b>94</b>	102
	<b>1,041</b>	591	<b>471</b>	482
	<b>2,006</b>	1,686	<b>471</b>	482
Analysis of total directors' remuneration excluding benefits-in-kind:				
– executive	<b>861</b>	964	—	—
– non-executive	<b>1,041</b>	591	<b>471</b>	482
Total directors' remuneration excluding benefits-in-kind	<b>1,902</b>	1,555	<b>471</b>	482

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

	<b>Number of directors</b>	
	<b>2010</b>	<b>2009</b>
Executive director:		
RM800,001 – RM900,000	<b>1</b>	—
RM900,001 – RM1,000,000	—	<b>1</b>
Non-executive directors:		
RM150,000 and below	<b>8</b>	<b>8</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**5. OPERATING PROFIT/(LOSS) (CONT'D.)**

(a) The following amounts have been included in arriving at operating profit/(loss): (cont'd.)

(ii) Staff costs

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Wages and salaries	<b>20,318</b>	15,705
Statutory contribution to EPF and social security costs	<b>3,409</b>	2,965
Staff benefits and welfare	<b>4,990</b>	4,399
Training and others	<b>1,688</b>	2,126
	<b>30,405</b>	25,195
Capitalised to:		
Land held for property development (Note 13)	<b>(2,067)</b>	(1,448)
Property development costs (Note 23)	<b>(4,186)</b>	(7,525)
	<b>24,152</b>	16,222

**6. FINANCE COSTS**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Finance costs incurred and accrued during the year on:		
– term loan	<b>1,768</b>	44,947
– bridging loan	<b>—</b>	333
– bank overdraft	<b>265</b>	545
– loan from immediate holding company	<b>19,897</b>	10,592
– interest expense arising from fair value adjustment on long term payable (Note 33)	<b>1,082</b>	—
	<b>23,012</b>	56,417
Capitalised in:		
– land held for property development (Note 13)	<b>—</b>	(37,269)
– property development costs (Note 23)	<b>(14,723)</b>	(11,628)
	<b>(14,723)</b>	(48,897)
	<b>8,289</b>	7,520

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**7. INCOME TAX EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continuing operations</b>				
Malaysian income tax:				
Current year	<b>23,803</b>	8,762	<b>16,088</b>	—
Over provision in prior years	<b>(398)</b>	(118)	—	—
	<b>23,405</b>	8,644	<b>16,088</b>	—
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	<b>(8,925)</b>	5,068	—	—
(Over)/under provision of deferred tax in prior year	<b>(4,660)</b>	247	—	—
	<b>(13,585)</b>	5,315	—	—
Total income tax expense	<b>9,820</b>	13,959	<b>16,088</b>	—

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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

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

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) before tax	<b>205,507</b>	129,507	<b>61,966</b>	(1,525)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	<b>51,377</b>	32,377	<b>15,492</b>	(381)
Income not subject to tax	<b>(11,847)</b>	(11,114)	—	—
Expenses not deductible for tax purposes	<b>5,429</b>	2,396	<b>596</b>	381
Utilisation of previously unrecognised tax losses	<b>(22,498)</b>	(3,055)	—	—
Deferred tax assets not recognised during the year	<b>998</b>	366	—	—
Tax effect on share of associates' and joint ventures' results	<b>(8,581)</b>	(7,140)	—	—
Over provision of tax expense in prior years	<b>(398)</b>	(118)	—	—
(Over)/under provision of deferred tax in prior years	<b>(4,660)</b>	247	—	—
Tax expense for the year	<b>9,820</b>	13,959	<b>16,088</b>	—

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**8. EARNINGS PER SHARE****(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares.

	<b>Group 2010</b>	<b>2009</b>
Profit for the year attributable to owners of the parent (RM'000)	<b>194,537</b>	114,622
Weighted average number of ordinary shares in issue ('000)	<b>3,249,766</b>	2,846,142
Basic earnings per share (sen)	<b>6.0</b>	4.0

**(b) Diluted**

For the purpose of calculating diluted earnings per share, the profit for the year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares.

	<b>Note</b>	<b>Group 2010</b>	<b>2009</b>
Profit for the year attributable to owners of the parent (RM'000)		<b>194,537</b>	114,622
Profit for the year of subsidiaries attributable to minority interests arising from dilutive impact of unconverted RCPS (RM'000)	(i)	<b>(25,297)</b>	(17,181)
Profit for the year attributable to owners of the parent including assumed conversion (RM'000)		<b>169,240</b>	97,441
Weighted average number of ordinary shares in issue ('000)	(ii)	<b>3,319,862</b>	2,916,239
Diluted earnings per share (sen)		<b>5.1</b>	3.3

**Note**

- (i) Incorporate effects arising from full conversion of the RM450 million Redeemable Convertible Preference Shares ("RCPS") in Bandar Nusajaya Development Sdn. Bhd. ("BND") (as disclosed in Note 34) which are convertible into 21.76% (2009: 21.76%) of BND's enlarge share capital as at 31 December 2010.
- (ii) Incorporate effects arising from the full conversion of RM154.9 million MCRPS (as disclosed in Note 28) which are convertible into 70,096,835 ordinary shares in the Company.

**9. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

Renong Overseas Corporation Sdn Bhd ("ROC"), a wholly-owned subsidiary of UEMLB, entered into an agreement to dispose of its entire interests in Renong Overseas Corporation S.A. (Proprietary) Limited ("ROCSA") on 8 January 2007 with Bonatla Property Holdings Ltd ("Bonatla") for a cash consideration of Rand 150,000,000 (equivalent to approximately RM69.5 million (2009: RM66.8 million)).

The agreement was terminated on 16 November 2010 and accordingly, the investment in ROCSA has been reclassified back to investment in subsidiaries.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**10. PROPERTY, PLANT AND EQUIPMENT****Group**

	Freehold land RM'000	Freehold building RM'000	Building under construction RM'000	Floating pontoon RM'000	Motor vehicles RM'000	Others RM'000	Total RM'000
<b>At 31 December 2010</b>							
Net carrying amount at 1 January 2010	2,974	19,022	15,810	9,911	1,788	7,463	56,968
Currency translation differences	—	—	—	—	—	(10)	(10)
Additions	—	3,801	—	—	360	3,434	7,595
Reclassification	—	15,810	(15,810)	—	—	—	—
Transfer from receivables	—	2,344	—	—	—	—	2,344
Depreciation charge (Note 5(a))	—	(856)	—	(1,000)	(500)	(2,504)	(4,860)
Net carrying amount at 31 December 2010	2,974	40,121	—	8,911	1,648	8,383	62,037
Cost	2,974	41,371	—	9,994	4,394	20,874	79,607
Accumulated depreciation	—	(1,250)	—	(1,083)	(2,746)	(12,491)	(17,570)
Net carrying amount	2,974	40,121	—	8,911	1,648	8,383	62,037
<b>At 31 December 2009</b>							
Net carrying amount at 1 January 2009	300	4,392	—	—	1,200	6,467	12,359
Currency translation differences	—	—	—	—	1	25	26
Additions	2,674	14,749	—	9,994	1,134	3,276	31,827
Transfer from receivables	—	—	15,810	—	—	—	15,810
Depreciation charge (Note 5(a))	—	(119)	—	(83)	(547)	(2,305)	(3,054)
Net carrying amount at 31 December 2009	2,974	19,022	15,810	9,911	1,788	7,463	56,968
Cost	2,974	19,416	15,810	9,994	4,034	17,450	69,678
Accumulated depreciation	—	(394)	—	(83)	(2,246)	(9,987)	(12,710)
Net carrying amount	2,974	19,022	15,810	9,911	1,788	7,463	56,968

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**11. INVESTMENT PROPERTIES**

	Group 2010 RM'000	2009 RM'000
<b>Cost</b>		
At 1 January	28,848	—
Addition	1,767	28,848
At 31 December	30,615	28,848
Represented by:		
– completed land and building	30,615	10,517
– under construction	—	18,331
	30,615	28,848
Fair value of investment properties	48,000	48,000

On 3 August 2007, UEMLB, as the developer and Nusajaya Rise Sdn. Bhd. as the lessor, signed a lease agreement with Menara Burj Sdn. Bhd. ("MBSB") to lease a commercial property to MBSB for a period of four years, commencing on 1 November 2008. Under the lease agreement, MBSB is granted the option to purchase the commercial property at a price amounting to RM12,500,000. The carrying amount of investment property which is leased to MBSB amounted to as follows:

	Group 2010 RM'000	2009 RM'000
Freehold land	1,344	1,344
Building	9,173	9,173
	10,517	10,517

**12. LAND USE RIGHTS**

	Group 2010 RM'000	2009 RM'000
<b>Long term leasehold land</b>		
At 1 January	372	334
Foreign exchange adjustment	(24)	62
Amortisation for the year (Note 5(a))	(24)	(24)
At 31 December	324	372

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**13. LAND HELD FOR PROPERTY DEVELOPMENT**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Freehold land</b>		
<b>Cost</b>		
At 1 January	<b>1,840,256</b>	1,544,300
Addition	<b>24,762</b>	49,652
Settlement of long term receivables	<b>76,000</b>	—
Transfer (to)/from property development costs (Note 23)	<b>(143,323)</b>	246,304
At 31 December	<b>1,797,695</b>	1,840,256

This development originally comprised 23,875 acres of freehold land zoned for residential, commercial and industrial development known as Nusajaya that is spearheaded by a subsidiary, UEMLB. Nusajaya is located in the southern tip of Johor adjacent to the Malaysia-Singapore Second Crossing and is accessible to major expressways, airports and ports. As a master township developer, its development activities include, inter-alia, reviewing the development masterplan to maximise land usage and securing strategic development partners to develop various land parcels for specific catalyst development and residential development and provision of primary infrastructure for the township. Currently, certain subsidiaries are actively pursuing these activities to accelerate the township development.

In addition to its own property development where the related land costs and development expenditure are classified in Note 23, as property development costs, UEMLB also disposed of parcels of land to established developers to further accelerate the development of the township. The balance of unsold freehold land after reduction of public areas, electricity distribution substations and others and after current year addition is approximately 10,403 acres (2009: 8,477 acres) of which approximately 794 acres (2009: 532 acres) are classified under property development costs which comprises parcels of land where active development activities have commenced as at the end of financial year.

The land titles for approximately 1,950 acres (2009: 1,950 acres) of the above freehold land which had been deposited with the immediate holding company as security for a term loan has been discharged following the settlement arrangement upon completion of rights issue of ordinary shares of the Company. Further details on the borrowing are disclosed in Note 30 (a).

Land titles of the above freehold land of approximately:

- (a) 474 acres (2009: 528 acres) are subject to a third party charge as security for borrowings taken by a joint venture company.
- (b) 691 acres have been charged as security for the islamic term financing taken by the Company, as detailed in Note 30(d).
- (c) 1,584 acres (2009: nil) have been deposited with the immediate holding company as security for a shareholder loan taken by a subsidiary, as detailed in Note 30(e).

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**13. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D.)**

Included in the addition to the land held for property development of the Group during the financial year are as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest capitalised (Note 6)	—	37,269
Staff costs (Note 5(a)(ii))	<b>2,067</b>	1,448

Included in land held for property development of the Group are parcels of land committed through various agreements as follows:

**(i) Development Agreement between Horizon Hills Development Sdn. Bhd. ("Horizon Hills") and Nusajaya Greens Sdn. Bhd. ("Greens")**

On 16 June 2005, Greens entered into a Development Agreement with Horizon Hills, a 50:50 joint venture company between the UEMLB and Gamuda Berhad, for a proposed mixed development of 1,027 acres ("Mixed Development Land") and an integrated golf course development of 200 acres ("Golf Course Land") of land in Mukim Pulau, Daerah Johor Bahru, Negeri Johor Darul Takzim for a total purchase consideration of RM391.39 million to be completed over a period of 15 years based on an agreed series of "Put and Call Option" arrangements between both parties.

The Development Agreement became unconditional on 5 September 2005 upon completion of all conditions precedent.

As at the reporting date, Horizon Hills has exercised option to purchase the following:

<b>Financial Year</b>	<b>Mixed Development Land Acres</b>	<b>Golf Course Land Acres</b>	<b>Total Acres</b>
2005	200.00	40.00	240.00
2006	106.00	20.00	126.00
2007	67.22	140.00	207.22
2008	64.39	—	64.39
2009	61.66	—	61.66
2010	59.55	(5.34)	54.21
	<b>558.82</b>	<b>194.66</b>	<b>753.48</b>

**(ii) Option To Purchase Agreement between UEMLB, BND and Nusajaya Consolidated Sdn. Bhd. ("NCSB") ("NCSB Option Agreement")**

On 14 October 2009, the NCSB Option Agreement was signed between UEMLB, BND and NCSB, a 50:50 joint venture company of United Malayan Land Bhd ("UM Land") and UEMLB, for the option to purchase two (2) pieces of land in Puteri Harbour, Nusajaya, Johor with a total area measuring approximately 8.8 acres at the exercise price of RM67.2 million for the purpose of developing the land into mixed residential and retail development.

NCSB had, on 10 November 2009, exercised the option to purchase Parcel A-3 of the Puteri Harbour land measuring approximately 2.2 acres at an exercise price of RM16.3 million.

During the financial year, NCSB had exercised its option to purchase the remaining land under the Option Agreement.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**14. INVESTMENT IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	<b>1,254,153</b>	1,254,153

Details of the subsidiaries are disclosed in Note 44.

**Struck-off of subsidiaries**

The following inactive subsidiaries of the Company, which are held through the Company's wholly-owned subsidiary and sub-subsidiary, UEMLB and Renong Ventures Sdn Bhd ("RVSB") respectively, have been struck off from the Schedule of the Registrar pursuant to Section 308 (4) of the Companies Act, 1965 as follows:

- On 14 May 2010, Mangrove Riviera Sdn. Bhd., a subsidiary of UEMLB and Merak Indera Sdn. Bhd., a subsidiary of RVSB.
- On 20 September 2010, Renong Debt Management Sdn. Bhd., a subsidiary of UEMLB.

**Members' voluntary liquidation**

On 15 September 2010, the following inactive subsidiaries held through UEMLB and BND have been placed under members' voluntary liquidation after their extraordinary general meetings held on the said date.

Subsidiaries of UEMLB:

- (i) Amra Resources Sdn. Bhd.
- (ii) Cantuman Bahagia Sdn. Bhd.
- (iii) Fleet Group Sdn. Bhd.
- (iv) Jaguh Mutiara Sdn. Bhd.

Subsidiary of BND:

- (i) Nusajaya Group Sdn. Bhd.

The above do not have a material impact to the financial statements of the Group.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**15. INVESTMENT IN ASSOCIATES**

	Group 2010 RM'000	2009 RM'000
In Malaysia:		
Unquoted shares at cost	44,321	52,169
Outside Malaysia:		
Unquoted shares at cost (Note (i))	45,614	—
Share of post-acquisition reserves	12,123	(4,265)
Exchange differences (Note (i))	(11,088)	—
	90,970	47,904
Accumulated impairment losses	(3,907)	(3,907)
	87,063	43,997

The amount due from associates comprise the following:

Trade	898	535
-------	-----	-----

(i) Reclassification from non-current asset held for sale

	Group 2010 RM'000	2009 RM'000
Investment at cost		
Outside Malaysia:		
Unquoted shares at cost	45,614	—
Exchange differences	(11,088)	—
	34,526	—

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**15. INVESTMENT IN ASSOCIATES (CONT'D.)**

## (ii) Disposal of an investment in associate

On 28 April 2010, the Company entered into a conditional sale and purchase agreement with PLUS Expressway Berhad ("PEB") for the disposal by UEMLB of its entire 20% equity interest in Touch 'n Go Sdn Bhd ("TnG"), to PEB for a cash consideration of RM33.4 million. The disposal was completed on 11 June 2010 and TnG ceased as an associate of the Company as at that date.

The group's carrying value of associate disposed is as follows:

	RM'000
Investment at cost	3,586
Share of post-acquisition reserves	4,262
	7,848
Less: Total disposal proceeds	(33,407)
Gain on disposal of associate to the Group	(25,559)
Disposal proceeds settled by:	
Cash consideration	33,407

Details of associates are disclosed in Note 45.

## (iii) The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group 2010 RM'000	2009 RM'000
<b>Results</b>		
Revenue	839,797	464,315
Profit for the year	89,769	78,123
<b>Assets and liabilities</b>		
Current assets	1,614,038	1,418,067
Non-current assets	1,936,456	2,434,116
Current liabilities	(366,505)	(787,093)
Non-current liabilities	(2,944,536)	(2,892,339)
Net assets	239,453	172,751

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**16. INVESTMENT IN JOINT VENTURES**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	<b>123,940</b>	78,403	<b>35,564</b>	—
Share of post-acquisition reserves	<b>(22,557)</b>	(23,064)	—	—
	<b>101,383</b>	55,339	<b>35,564</b>	—

The amount due from joint ventures of RM75,484,000 (2009: RM75,292,000) is unsecured, interest free and repayable on demand.

- (i) The Group's aggregate share of the revenue, expenses, assets and liabilities of the joint ventures are as follows:

	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>86,486</b>	64,365
Other income	<b>2,527</b>	1,399
Expenses, including finance costs	<b>(77,145)</b>	(56,510)
	<b>11,868</b>	9,254
Current assets	<b>214,017</b>	139,887
Non-current assets	<b>178,700</b>	200,737
Current liabilities	<b>(192,258)</b>	(185,161)
Non-current liabilities	<b>(99,076)</b>	(100,124)
Net assets	<b>101,383</b>	55,339

During the financial year, there were additional investment in joint ventures as detailed below:

- (i) Included in the Company's investment in joint venture is RM40,000 investment in Malaysian Bio-XCell Sdn. Bhd. transferred from its subsidiary during the year. The Group and the Company then subscribed to additional 35,164,508 and 360,000 redeemable convertible non-cumulative preference shares and ordinary shares respectively of RM1.00 each in this joint venture through capitalisation of amount due to the Company of RM35,524,508, as further disclosed in Note 41(a).
- (ii) UEMLB subscribed to additional 70,000 and 2,999,998 redeemable preference shares and ordinary shares respectively in Nusajaya Consolidated Sdn. Bhd. at an issue price of RM100.00 and RM1.00 respectively per share through capitalisation of amount due to the Company of RM9,999,998.
- (iii) UEMLB subscribed 12,500 ordinary shares of RM1.00 per share in Ekuiti Mahir Sdn. Bhd ("EMSB") satisfied by cash of RM12,500 representing 25% equity interest held in EMSB.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**16. INVESTMENT IN JOINT VENTURES (CONT'D.)**

Pursuant to the Subscription and Shareholders Agreement dated 19 December 2007 between UEMLB, Limitless Holdings Pte. Ltd. ("LIMIT") and Haute Property Sdn. Bhd. ("HPSB"), HPSB had issued and allotted to UEMLB 400,000 ordinary shares of RM1.00 each and the balance 600,000 ordinary shares to LIMIT.

On 4 November 2010, UEMLB, LIMIT, Ardent Heights Sdn Bhd ("AHSB"), a wholly owned subsidiary of Bandar Raya Developments Berhad, and HPSB have entered into a Deed of Novation. With the said novation, the entire equity holding and all rights, title, interests, benefits and liabilities of LIMIT arising from the above Shareholders Agreement shall be transferred to and vested in AHSB and AHSB shall assume all the obligations of LIMIT in, under and arising from the Shareholders Agreement.

Details of the joint venture entities are disclosed in Note 46.

**17. AVAILABLE FOR SALE**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Unquoted shares in Malaysia	<b>22,525</b>	22,525
Less: Accumulated impairment losses	<b>(22,525)</b>	(22,525)
	<b>—</b>	<b>—</b>

**18. LONG TERM RECEIVABLES**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from a State Government #	—	87,893
Less: Allowance for impairment	—	(23,670)
	—	64,223
Trade debtors *	<b>68,766</b>	—
	<b>68,766</b>	64,223

# This represent the amount due from Perbadanan Kemajuan Negeri Perak which has been settled by way of transfer of 2,404 acres of land to the Company during the financial year.

\* Included in the amount above are trade debtors amounting to approximately RM48 million (2009: RM Nil) reclassified from current to long term arising from a supplemental agreement signed to vary the terms of repayment.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**19. GOODWILL**

	Group 2010 RM'000	2009 RM'000
At 1 January/31 December	<b>39,223</b>	39,223

Goodwill is evaluated for impairment on an annual basis by comparing the carrying amount with the recoverable amount, which is based on market prices. This is attributable to one Cash Generating Unit ("CGU"). The recoverable amount of the CGU is determined based on fair value less costs to sell of the CGU. To calculate these values, the realisable value of the lands held by the CGU was used.

There remains a risk that, due to unforeseen changes in the economy in which the CGU operate and/or global economic conditions, the realisable value of the land may be adversely affected.

**20. DEFERRED TAX LIABILITIES**

	Group 2010 RM'000	2009 RM'000
At 1 January	<b>150,312</b>	144,997
Recognised in income statement (Note 7)	<b>(13,585)</b>	5,315
At 31 December	<b>136,727</b>	150,312

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

**Deferred tax liabilities of the Group:**

	Revaluation of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2010	<b>62,172</b>	<b>192,601</b>	<b>2,165</b>	<b>256,938</b>
Recognised in the income statement	<b>(12,130)</b>	<b>(9,892)</b>	<b>—</b>	<b>(22,022)</b>
At 31 December 2010	<b>50,042</b>	<b>182,709</b>	<b>2,165</b>	<b>234,916</b>
At 1 January 2009	71,971	204,064	2,280	278,315
Recognised in the income statement	(9,799)	(11,463)	(115)	(21,377)
At 31 December 2009	62,172	192,601	2,165	256,938

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**20. DEFERRED TAX LIABILITIES (CONT'D.)****Deferred tax assets of the Group:**

	<b>Provisions RM'000</b>	<b>Tax losses and capital allowances RM'000</b>	<b>Total RM'000</b>
At 1 January 2010	(3,118)	(103,508)	(106,626)
Recognised in the income statement	1,112	7,325	8,437
At 31 December 2010	(2,006)	(96,183)	(98,189)
At 1 January 2009	(2,925)	(130,393)	(133,318)
Recognised in the income statement	(193)	26,885	26,692
At 31 December 2009	(3,118)	(103,508)	(106,626)

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

	<b>Group</b>	
	<b>2010 RM'000</b>	<b>2009 RM'000</b>
Unused tax losses	348,051	434,162
Others	3,081	2,966
	<b>351,132</b>	437,128

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings of the respective companies under the Income Tax Act, 1967, and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in these subsidiaries against which the Group can utilise the benefits.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**21. CASH, BANK BALANCES AND DEPOSITS**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks (excluding deposits pledged as security)		<b>341,240</b>	27,444	—	—
Cash and bank balances	(i)	<b>96,649</b>	115,546	<b>49</b>	—
		<b>437,889</b>	142,990	<b>49</b>	—
Bank overdraft	30	—	(8,079)	—	—
Cash and bank balances included in assets of disposal group		—	973	—	—
Cash and cash equivalents		<b>437,889</b>	135,884	<b>49</b>	—
Deposits with licensed banks:					
Short term deposits		<b>341,240</b>	27,444	—	—
Non-current deposits	(ii)	<b>1,418</b>	1,418	—	—
		<b>342,658</b>	28,862	—	—

**(i) Cash and bank balances**

Included in cash and bank balances of the Group is an amount of RM43,525,000 (2009: RM31,733,000) held in a Housing Development Account as required by Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

**(ii) Deposits pledged as security**

The non-current deposits represent deposits pledged as security for bank guarantee facilities and bank facilities granted to subsidiaries.

The average interest rates and maturity of deposits of the Group were 2.42% (2009: 2.39%) and 91 days (2009: 22 days) respectively.

**22. AMOUNT DUE FROM SUBSIDIARIES**

Amount due from subsidiaries in the current year are unsecured, interest-free and repayable on demand.

The amount due from subsidiary in prior year is unsecured, interest-free and is not expected to be repaid within the next 12 months.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**23. PROPERTY DEVELOPMENT COSTS**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January</b>		
Freehold land	<b>197,723</b>	312,037
Development costs	<b>698,302</b>	627,408
	<b>896,025</b>	939,445
Costs incurred during the year:		
– Freehold land	<b>7</b>	106,584
– Development costs	<b>276,504</b>	193,216
Transfer from/(to):		
– land held for property development (Note 13)	<b>143,323</b>	(246,304)
– other debtors	<b>—</b>	8,372
Reversal of cost arising from completed projects	<b>(85,597)</b>	(105,288)
	<b>334,237</b>	(43,420)
<b>At 31 December</b>	<b>1,230,262</b>	896,025
<b>Costs recognised in income statement</b>		
<b>At 1 January</b>	<b>(301,158)</b>	(227,801)
Recognised in income statement during the year	<b>(245,555)</b>	(178,645)
Reversal of cost arising from completed projects	<b>85,597</b>	105,288
<b>At 31 December</b>	<b>(461,116)</b>	(301,158)
<b>Property development costs as at 31 December</b>	<b>769,146</b>	594,867
Included in costs incurred during the year are:		
Interest expense (Note 6)	<b>14,723</b>	11,628
Staff costs (Note 5(a)(ii))	<b>4,186</b>	7,525

Property development costs mainly relate to development activities for Nusa Idaman, Nusajaya Industrial Park, Ledang Heights, East Ledang, Nusa Bayu and Symphony Hills development projects carried out by the subsidiaries. Included in property development costs is freehold land measuring approximately 794 acres (2009: 532 acres).

Included in cost incurred for freehold land of the Group in the previous financial year is an amount of RM102.5 million arising from the acquisition of 98.037 acres in the Cyberjaya Flagship Zone (Phase 2).

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**24. INVENTORIES**

	2010 RM'000	Group 2009 RM'000 (restated)	1.1.2009 RM'000 (restated)
<b>At cost</b>			
Completed properties	9,411	19,569	35,905
Consumables	480	—	—
	<b>9,891</b>	19,569	35,905
<b>At net realisable value</b>			
Golf memberships *	32,361	33,636	—
	<b>42,252</b>	53,205	35,905

The cost of inventories recognised as an expense during the year amounted to RM6,395,000 (2009: RM16,829,000).

\* Under the terms of the Development Agreement dated 16 June 2005 between Horizon Hills Development Sdn Bhd ("HHDSB") and Nusajaya Greens Sdn Bhd ("NGSB"), HHDSB shall settle part of the purchase consideration in the form of rights to club membership (golf and non-golf) which is to be issued by the Horizon Hills Resort Bhd. ("HHRB"), a wholly-owned subsidiary of HHDSB. The adjustment to the amount in current year arises from adjustments of land acreage.

**25. RECEIVABLES**

	Note	Group 2010 RM'000	2009 RM'000	Company 2010 RM'000	2009 RM'000
Trade receivables	(i)	332,215	382,373	—	—
Accrued billings in respect of property development costs		22,507	33,800	—	—
Amount due from related parties	(ii)	598	3,120	—	—
Amount due from customers on construction and turnkey development contracts	(iii)	20,431	17,870	—	—
Other receivables	(iv)	95,317	73,510	48,290	—
		<b>471,068</b>	510,673	<b>48,290</b>	—
Less: Allowance for impairment	(v)	(14,135)	(11,179)	—	—
		<b>456,933</b>	499,494	<b>48,290</b>	—

(i) The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors, except for amounts due from two debtors (2009: one debtor) which accounted for 17% (2009: 22%) of the total gross receivables as at year end.

(ii) Related parties refer to those as specified in Note 36.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**25. RECEIVABLES (CONT'D.)**

(iii) Amount due from customers on construction and turnkey development contracts

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Costs incurred to date	<b>577,478</b>	572,517
Add: Attributable profit	<b>28,396</b>	22,630
Less: Provision for foreseeable losses	<b>(1,558)</b>	(1,558)
	<b>604,316</b>	593,589
Less: Progress billings	<b>(588,664)</b>	(581,279)
Net amount due from customers	<b>15,652</b>	12,310
Presented as follows:		
Amount due from customers	<b>20,431</b>	17,870
Amount due to customers (Note 32)	<b>(4,779)</b>	(5,560)
	<b>15,652</b>	12,310
Contract revenue recognised as revenue in the year (Note 3)	<b>3,634</b>	57,456
Contract costs recognised as an expense in the year (Note 4)	<b>2,006</b>	50,117
Retention sum receivable on construction and turnkey development contracts	<b>897</b>	—

(iv) Other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Projects debtors	<b>4,725</b>	1,980	—	—
Sundry debtors and prepayments	<b>11,479</b>	11,278	<b>48,264</b>	—
Tax recoverable (Note a)	<b>45,443</b>	50,645	<b>26</b>	—
Interest receivable	<b>2,653</b>	2,653	—	—
Deposits (Note b)	<b>31,017</b>	6,954	—	—
	<b>95,317</b>	73,510	<b>48,290</b>	—

- (a) Included in the tax recoverable amount is an amount paid to the Inland Revenue Board ("IRB") for additional tax payable and tax penalties in respect of years of assessment 2003 and 2004 of UEMLB amounting to RM37.6 million. UEMLB has started the appeal process against the additional assessment.

On 29 May 2009, the Director of Technical Department of IRB informed UEMLB that the said appeal had been forwarded to the Special Commissioners of Income Tax. The Special Commissioners of Income Tax had adjourned the hearing date to 3 March 2011.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**25. RECEIVABLES (CONT'D.)**

(iv) Other receivables (cont'd.)

(b) Included in deposits is an amount of RM26 million being deposit paid in respect of proposed freehold land acquisition as disclosed in Note 41(c).

(v) Allowance for impairment

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	<b>23</b>	23
Projects debtors	<b>3,076</b>	295
Amount due from related parties	<b>581</b>	581
Sundry debtors	<b>10,455</b>	10,280
	<b>14,135</b>	11,179

(vi) The Group's normal trade credit terms range from 30 to 90 days (2009: 30 to 90 days). For strategic land sales and sale of developed land, credit terms are negotiated and approved on a case by case basis.

(vii) Ageing analysis

Ageing analysis of trade receivables

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

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	<b>253,830</b>	251,449
1 to 30 days past due not impaired	<b>2,458</b>	24,527
31 to 60 days past due not impaired	<b>2,251</b>	2,107
61 to 90 days past due not impaired	<b>3,260</b>	1,570
More than 90 days past due not impaired	<b>70,393</b>	102,697
	<b>332,192</b>	382,350

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired relate to customers with good track record with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM78,385,000 (2009: RM130,924,000) that are past due at the reporting date but not impaired. Included therein are:

- (i) amounts of approximately RM20 million with lawyer as stakeholder deposit and will be released upon transfer of land title.
- (ii) amounts of approximately RM20 million (2009: RM42 million) of which terms have been renegotiated as disclosed below.
- (iii) amount of approximately RM48 million in prior year in which terms have been renegotiated as below.

All the receivables are unsecured.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**25. RECEIVABLES (CONT'D.)**

(vii) Ageing analysis (cont'd.)

Receivables whose terms have been renegotiated

The Group's trade receivables that are past due whose terms have been renegotiated during the year amounted to approximately RM68 million. Arising from the negotiated terms, approximately RM48 million had been reclassified as long term receivables as disclosed in Note 18. The remaining RM20 million would have been past due or impaired as at the reporting date if the terms had not been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables are individually impaired at the reporting date. There has been no movement of allowance for the financial year ended 31 December 2010.

The movement in allowance account for receivables are as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>11,179</b>	11,341
Charge for the year (Note 5(a))	<b>2,956</b>	—
Reversal of impairment loss	<b>—</b>	(162)
At 31 December	<b>14,135</b>	11,179

**26. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY**

The amount due to immediate holding company is unsecured, interest-free and repayable on demand except for an amount of RM67,000,000 (2009: RM313,466,000) which is subject to interest at the rate of 6.5% (2009: 6.5%) per annum. Further details on the borrowing are disclosed in Note 30(e).

**27. AVAILABLE FOR SALE**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Quoted shares	<b>7</b>	7

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**28. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVE****(a) Share capital****Authorised:**

	Number of ordinary shares of RM0.50 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
<b>Ordinary shares</b>				
At 1 January/31 December	5,000,000	5,000,000	2,500,000	2,500,000

	Number of preference shares of RM0.01 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
<b>MCRPS</b>				
At 1 January/31 December	200,000	200,000	2,000	2,000

**Issued and fully paid:**

	Number of ordinary shares of RM0.50 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
<b>Ordinary shares</b>				
At 1 January	2,428,177	2,428,177	1,214,088	1,214,088
Ordinary shares issued during the year:				
– Rights issue	1,214,088	—	607,044	—
At 31 December	3,642,265	2,428,177	1,821,132	1,214,088

	Number of preference shares of RM0.01 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
<b>MCRPS</b>				
At 1 January/At 31 December	154,914	154,914	1,549	1,549
<b>Total share capital (issued and fully paid)</b>			<b>1,822,681</b>	<b>1,215,637</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**28. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVE (CONT'D.)****(b) Share premium:**

	Number of ordinary shares of RM0.30 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Ordinary shares issued during the year:				
– Rights issue	1,214,088	—	364,227	—
– Rights issue expenses	—	—	(4,468)	—
At 31 December	1,214,088	—	359,759	—
	Number of preference shares of RM0.99 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
At 1 January	154,914	—	153,365	—
MCRPS issued during the year:				
– Acquisition of land and subsidiary	—	154,914	—	153,365
At 31 December	154,914	154,914	153,365	153,365
<b>Total share premium</b>			<b>513,124</b>	<b>153,365</b>

**(i) Share Capital and Rights Issue**

On 29 April 2010, the Company undertook a renounceable rights issue of 1,214,088,456 new ordinary shares of RM0.50 each at an issue price of RM0.80 per rights share. The new ordinary shares rank pari passu with the existing ordinary shares.

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

**(ii) Mandatory Convertible Redeemable Preference Shares ("MCRPS")**

In the previous year, the Company ("the Issuer") issued 28,971,840 MCRPS and 125,942,162 MCRPS to Hartanah Lintasan Kedua Sdn. Bhd. and UEM Group Berhad (as nominee of UEM Construction Sdn. Bhd.) respectively, at an issue price of RM1.00 per MCRPS with a par value of RM0.01 per MCRPS, as full satisfaction of the purchase consideration for various land parcels and 100% equity interest in Finwares Sdn. Bhd. ("the Acquisitions").

The salient terms of the MCRPS are as follows:

(a) The conversion rates of the MCRPS are as follows:

- (i) RM2.21 per ordinary share of the Company; or
- (ii) one MCRPS with cash subscription of RM1.21 per ordinary share of the Company;

(b) The MCRPS matures on 7 January 2014 ("Maturity Date").

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**28. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVE (CONT'D.)****(b) Share premium: (cont'd.)****(ii) Mandatory Convertible Redeemable Preference Shares ("MCRPS") (cont'd.)**

- (c) The MCRPS will not be convertible from the Issue Date until the end of the third year from the Issue Date. Commencing after the end of the third year from the Issue Date until the Maturity Date, the MCRPS shall be convertible into ordinary shares of the Issuer at the Conversion Price. All outstanding MCRPS held by MCRPS holders are mandatorily convertible by the Issuer at the Maturity Date.
- (d) The MCRPS shall be redeemable at the option of the Issuer in whole but not in part after the end of year 3 from the Issue Date until the Maturity Date, by serving a 1 month prior written notice to the MCRPS holders. The redemption value shall be equivalent to 8% yield to maturity at redemption date, after taking into account any dividend paid, compounded on a yearly basis, on the MCRPS up to the redemption date.
- (e) The MCRPS shall carry no right to vote at any general meeting of the Company except with regard to:
- any proposal to wind-up the Company;
  - during the winding-up of the Company;
  - any proposal that effects the rights of the MCRPS holders;
  - any proposal to reduce the Company's share capital;
  - any proposal for the disposal of the whole of the Company's property, business and undertaking; or
  - when dividend or part of the dividend on the MCRPS is in arrears for more than 6 months.
- (collectively referred to as the "Voting Rights")
- (f) Save for the Voting Rights, the MCRPS shall rank equal in all respects amongst all MCRPS and the ordinary shares in the Company.
- (g) Any dividends to be paid to the holders of the MCRPS must be decided at the discretion of the directors of the Company, save that dividends on the MCRPS must be paid if dividends are paid on the ordinary shares of the Company.

Dividend per MCRPS payable to MCRPS holders shall be computed as follows:

$$\frac{\text{Dividend per ordinary share payable}}{\text{Conversion price}} \times \text{Issue price}$$

- (h) The MCRPS shall be convertible into ordinary shares during the conversion period from 8 January 2012 to 7 January 2014 (both dates inclusive) with the following modes of conversion:
- (i) by tendering 1 MCRPS with cash subscription of RM1.21 per MCRPS for every 1 new ordinary share; or
- (ii) by tendering such amount of MCRPS that are equal to the Conversion Price for every new ordinary share ("Non-Cash Conversion") computed as follows:

$$\frac{\text{Issue price} \times \text{No. of MCRPS}}{\text{Conversion price}}$$

**(c) Merger relief reserve**

In accordance with Section 60(4) of the Companies Act, 1965, the difference between the fair value and nominal value of shares issued as consideration for the acquisition of the UEM Land Berhad group, pursuant to the Restructuring Scheme during the previous financial year, was not required to be recorded as share premium, but instead is recognised together with the effects of the merger as merger relief reserves.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**29. OTHER RESERVES AND RETAINED PROFITS****(a) Other reserves**

	2010 RM'000	Group 2009 RM'000	1.1.2009 RM'000
(i) Revaluation reserves			
At 1 January	3,269	3,269	3,269
Prior year adjustment (Note 43(b))	(3,269)	(3,269)	(3,269)
At 1 January (restated)/31 December	—	—	—
(ii) Exchange fluctuation reserves			
At 1 January (as previously stated)	17,861	11,646	20,759
Prior year adjustments (Note 43(b))	(19,311)	(19,311)	(19,311)
At 1 January (as restated)	(1,450)	(7,665)	1,448
Foreign currency translation	(1,387)	6,215	(9,113)
At 31 December	(2,837)	(1,450)	(7,665)
(iii) Merger reserve			
At 1 January/31 December	32,112	32,112	32,112
Total	29,275	30,662	24,447

**(b) Retained profits**

The Company may distribute dividends out of its entire retained profits as at 31 December 2010 under the single tier system.

**30. BORROWINGS**

	Note	Group 2010 RM'000	2009 RM'000	Company 2010 RM'000	2009 RM'000
<b>Long term borrowings</b>					
<b>Secured</b>					
UEM term loan	(a)	—	632,979	—	—
Term loan	(b)	—	58,000	—	—
Islamic term financing	(d)	150,000	—	150,000	—
Loan from immediate holding company	(e)	258,185	—	—	—
		408,185	690,979	150,000	—
<b>Short term borrowings</b>					
<b>Secured</b>					
Bridging loan	(c)	—	1,062	—	—
Bank overdraft	21	—	8,079	—	—
		—	9,141	—	—

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**30. BORROWINGS (CONT'D.)**

- (a) On 24 June 2005, Khazanah transferred the loan agreement dated 27 June 2003 with BND ("Loan Agreement") inclusive of the amount owing by BND to Khazanah of approximately RM891.7 million as at 31 May 2005 ("Transferred Amount") to UEM Group Berhad ("UEM") ("Transfer"), in consideration of UEM disposing of 297,239,694 ordinary shares of RM0.25 each in PLUS Expressways Berhad ("PEB") representing 5.94% equity interest in PEB to Khazanah.

The Transferred Amount together with interest thereon at the rate of 6.5% per annum from 1 June 2005 until the date of final settlement calculated in accordance with the Loan Agreement ("Outstanding Amount") was due and repayable by BND to UEM on or before 30 June 2005. UEM had vide letter dated 28 June 2005 extended the date for repayment to on or before 31 December 2005.

Following the Transfer, BND and UEM had on 9 August 2005, entered into the following agreements to refinance the Outstanding Amount:

- Subscription Agreement for the proposed issuance of 450 million Redeemable Convertible Preference Shares ("RCPS") of RM1.00 each by BND to UEM, the salient terms of which are disclosed in Note 34; and
- a seven-year term loan ("UEM Term Loan") agreement ("Term Loan Agreement") at an interest rate of 7.5% per annum compounded annually.

The Subscription Agreement and the Term Loan Agreement became unconditional on 15 September 2005. On 28 November 2005, the RCPS and Term Loan were issued and became effective respectively.

The principal amount of the UEM Term Loan was RM470.7 million, being the Outstanding Amount less RM450.0 million RCPS. The land titles to approximately 1,950 acres of freehold land are deposited with UEM as security for the Term Loan and any transfer or disposal of the land are restricted as disclosed in Note 13.

The Company undertook a renounceable rights issue as disclosed in Note 28 to raise a gross proceeds of RM971.3 million, of which RM633.0 million was set-off against the UEM term loan.

Following the settlement, the land titles to approximately 1,950 acres of freehold land as security deposited with UEM for the Term Loan were discharged.

- (b) The term loan facility taken by Cahaya Jauhar Sdn Bhd ("CJSB") bears an average interest rate of 6.11% (2009: 5.91%) per annum.

The term loan is secured by the following:

- Third party first legal charge over 3 plots of land owned by Perbadanan Setiausaha Kerajaan Johor ("Third Party Chargor");
- Deed of Assignment of the balance of payment proceeds under "Existing Annuity", in respect of the Joint Venture Agreement dated 30 June 2004 between the Johor State Government, State Secretary of Johor Incorporated and UEMLB; and
- Charge over the Designated Project Account favouring the borrowing bank to capture and secure the payment proceeds and payment for additional works.

State Secretary Johore (Incorporation) ("JSSI"), a joint venture partner of CJSB for Johor State New Administration Centre Project, entered into a Deed of Annuity dated 12 January 2010, to repay the contract sum of RM111 million via annuity payments of RM15 million per annum for a period of ten years payable by JSSI to CJSB.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**30. BORROWINGS (CONT'D.)**

(b) (cont'd.)

CJSB made use of the annual annuity payments to be receivable from JSSI as commodity to undertake a Sukuk Murabahah issue via a special purpose vehicle, namely CJ Capital Sdn Bhd ("CJC"), a wholly owned subsidiary of CJSB. The Sukuk involve, among others, the transfer and assignment by CJSB rights and interest to the annuity from JSSI to CJC and raising of finance by CJC from the Sukuk proceeds will then be available by way of gift to CJSB.

With the proceeds raised, the term loan facility of RM58 million was settled.

The Sukuk raised (financial liability) and the annuity amount receivable (financial asset) from JSSI meets the criteria of offsetting. The financial liability and assets before offsetting are as disclosed below:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Annuity receivables, at amortised cost	<b>105,815</b>	—
Long term borrowing, at amortised cost	<b>(105,815)</b>	—
	<b>—</b>	<b>—</b>

(c) The bridging loan taken by Nusajaya Development Sdn. Bhd. ("NDSB"), a wholly-owned subsidiary of the Company, bears an average interest rate of 6.55% per annum. This bridging loan, together with the bank overdraft taken by NDSB as disclosed in Note 21, are secured by:

- Third party charge over 835 individual titles measuring approximately 78 acres (subject security);
- Limited debentures over the subject security;
- Assignment of all sales proceeds and monies available in the respective Housing Developer Accounts;
- Corporate Guarantee by UEMLB; and
- Letter of Undertaking from UEMLB to provide sufficient funds to meet all costs overruns and shortfall in the cashflow and working capital of the Nusa Idaman Project.

The bridging loan and bank overdraft were fully settled during the financial year.

(d) During the financial year, Kumpulan Wang Persaraan ("KWAP") granted an Islamic Term Financing Facility based on the Syariah Principle of Al-Bai Bithaman Ajil of RM300 million to the Company bearing a profit margin rate between 7.50% to 8.0% per annum.

The Company had the first drawdown of RM150 million in September 2010, and the remaining RM150 million will be disbursed in six month after the 1st drawdown date.

The facility is secured by land titles of approximately 691 acres of freehold land in its subsidiaries and 10,576,416 shares in a subsidiary, Bandar Nusajaya Development Sdn Bhd.

(e) The loan from the immediate holding company bears interest of 6.50% per annum and is secured by land titles of approximately 1,584 acres of freehold land which are deposited with the immediate holding company.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**31. PROVISIONS****Group**

	Resettlement costs RM'000 (Note a)	Provision for construction costs RM'000 (Note b)	Total RM'000
<b>2010</b>			
At 1 January	16,184	8,131	24,315
Utilised	—	(4,064)	(4,064)
Addition	100	2,552	2,652
At 31 December	16,284	6,619	22,903
<b>2009</b>			
At 1 January	20,884	14,486	35,370
Utilised	(4,700)	(9,266)	(13,966)
Addition	—	2,911	2,911
At 31 December	16,184	8,131	24,315

**(a) Resettlement costs**

BND undertook to relocate certain settlers in Nusajaya. The provision is recognised based on the estimate derived from past experience.

**(b) Provision for construction costs**

Provision for construction costs relates to estimated final claims by sub-contractors which have not been finalised.

Provision for resettlement costs have been capitalised in the land held for property development and property development costs and recognised as part of cost of sales based on land area sold.

**32. PAYABLES**

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade payables		70,369	91,455	—	—
Amount due to customers on turnkey development contracts	25(iii)	4,779	5,560	—	—
Excess billings in respect of property development costs		2,519	—	—	—
Amount due to related parties	(i)	32,266	152,566	—	—
Accruals for contract claims		15,874	44,037	—	—
Other payables and accruals	(ii)	29,862	39,002	427	411
		155,669	332,620	427	411



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**32. PAYABLES (CONT'D.)**

- (i) Related parties refer to those specified in Note 36. Included in the amount due to related parties in 2009 was the current portion of purchase consideration payable for the acquisition of 98.037 acres in the Cyberjaya Flagship Zone (Phase 2).

- (ii) Other payables and accruals

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sundry creditors	<b>15,989</b>	25,270	<b>427</b>	411
Deposits received	<b>4,220</b>	2,443	—	—
Accruals	<b>4,599</b>	5,985	—	—
Employee benefits	<b>5,054</b>	5,304	—	—
	<b>29,862</b>	39,002	<b>427</b>	411

- (iii) The normal trade credit terms granted to the Group range from 30 to 60 days (2009: 30 to 60 days).

**33. LONG TERM PAYABLE**

Long term payable is in relation to the balance of purchase consideration payable for the acquisition of 98.037 acres in the Cyberjaya Flagship Zone (Phase 2).

Pursuant to the measurement and recognition requirement of FRS 139, the amount due to a related party is measured at fair value which is computed based on estimated future cash flows discounted at the Group's cost of borrowing as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>24,960</b>	—
Addition	—	24,960
Fair value adjustment arising from adoption of FRS 139	<b>(1,635)</b>	—
Accretion of interest arising from fair value adjustment (Note 6)	<b>1,082</b>	—
At 31 December	<b>24,407</b>	24,960

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**34. MINORITY INTERESTS**

Included in minority interests is the Redeemable Convertible Preference Shares ("RCPS") held by UEM amounting to RM450 million issued by BND ("the Issuer"). On 28 November 2005, BND issued 450,000,000 new RCPS of RM1.00 each at an issue price of RM1.00 per RCPS to UEM pursuant to the Subscription Agreement signed between BND and UEM on 9 August 2005. The issuance of the 450,000,000 RCPS were treated as part settlement of the outstanding loan of RM800,000,000 previously granted by Khazanah which was transferred to UEM via the Substitution Certificate.

The salient features of the RCPS issued by BND are as follows:

- (a) BND shall have the discretion to decide whether to declare any annual non-cumulative dividend as well as the quantum of such dividend. The dividend declared shall not be more than 4% per annum per RCPS on the Issue Price of the said RCPS.
- (b) The RCPS may be converted at RM16.18 per one ordinary share in BND, at any time after the date of issuance at the option of the holder.
- (c) Any RCPS not converted or redeemed by the expiry of the tenure of 10 years of the RCPS shall be automatically converted to new ordinary shares in BND.
- (d) The RCPS is redeemable at the option of the Issuer at any time after the issue date and during the tenure of the RCPS. On redemption, it will result in an effective yield, on the Issue Price of the RCPS to be redeemed, of 7.5% per annum compounded yearly for the period from the Issuance Date to the Redemption Date.
- (e) After full redemption of the Redemption Price on each RCPS and full payment of dividends if any, the RCPS holder shall not be entitled to participate in the distribution of any surplus assets.

**35. 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 business whilst managing its credit, liquidity, interest rate, foreign currency and market price risk. The Group's overall risk management strategy seeks to minimise the adverse effects from the unpredictability of economy on the Group's financial performance.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation and trading. The Group only undertakes hedging instruments where appropriate and cost efficient. The Group does not have any hedging instruments during the financial year.

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group.

The risk management framework of the Group encompasses effective policies, objectives and clear lines of responsibilities and accountabilities. The framework provides clear guidelines on the following:

- The overall Risk Management policy of the Group
- The key objectives of Risk Management
- The Risk Management Guiding Principles
- The Group's Risk Appetite and how different magnitudes of risk exposures are to be managed and monitored
- The risks which are unacceptable to the Group and to be avoided; and
- The roles of the Board, the Management, the Risk Management Committee (RMC), the Risk Owners and Risk Management Secretariat

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

In implementing this framework, a RMC comprising of the senior management from various functional responsibilities was set up to assist the Board of Directors in carrying out its responsibilities. The Group Managing Director/Chief Executive Officer is the Chairman of RMC. The RMC will deliberate on significant risks faced by the Group and reports the results of these to Audit Committee which assist the Board of Directors in deliberating on the identified risks and ensuring the implementation of appropriate systems and controls to manage these risks.

The policies for controlling these risks when applicable are set out below:

**(a) Credit risk**

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

Generally, the Group does not require collateral in respect of its financial assets. The Group is not duly exposed to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instrument, except as disclosed in Note 25(i).

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statement of financial position. The Group's main financial assets are its receivables. Ageing analysis is disclosed in Note 25.

**(b) Foreign currency risk**

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

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level and short-term imbalances are addressed by buying or selling foreign currencies at spot rates.

The table below shows the Group's currency exposures, i.e. those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating currency of the operating units involved.

	<b>Functional currency of Group</b>	
	<b>2010 RM'000</b>	<b>2009 RM'000</b>
South Africa Rand ("ZAR")	<b>39,275</b>	37,766
United States Dollar ("USD")	<b>12,262</b>	13,866
	<b>51,537</b>	51,632

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(b) Foreign currency risk (cont'd.)**

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

	<b>Group</b> <b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
USD/RM (strengthened 5%)	<b>628</b>	694
ZAR/RM (strengthened 5%)	<b>2,215</b>	2,021

**(c) Liquidity and cash flow risk**

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 endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The analysis of financial liabilities maturity profile of the Group and the Company, based on undiscounted amounts are disclosed as follows:

	<b>Within</b> <b>1 year</b> <b>RM'000</b>	<b>2010</b> <b>2 to</b> <b>5 years</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Group</b>			
Trade and other payables	<b>220,851</b>	<b>24,960</b>	<b>245,811</b>
Loans and borrowings	<b>—</b>	<b>408,185</b>	<b>408,185</b>
	<b>220,851</b>	<b>433,145</b>	<b>653,996</b>
<b>Company</b>			
Trade and other payables	<b>427</b>	<b>—</b>	<b>427</b>
Loans and borrowings	<b>—</b>	<b>150,000</b>	<b>150,000</b>
	<b>427</b>	<b>150,000</b>	<b>150,427</b>



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(c) Liquidity and cash flow risk (cont'd.)**

	Within 1 year RM'000	2009 2 to 5 years RM'000	Total RM'000
<b>Group</b>			
Trade and other payables	649,538	24,960	674,498
Loans and borrowings	9,141	690,979	700,120
	658,679	715,939	1,374,618
<b>Company</b>			
Trade and other payables	411	—	411

**(d) Interest rate risk**

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. 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.

The average interest rates per annum on the financial assets and liabilities as at balance sheet date were as follows:

	Group 2010 %	2009 %
<b>Financial assets</b>		
Floating rate	2.42	2.39
<b>Financial liabilities</b>		
Fixed rate	7.00	6.60

The average interest rates per annum on the financial liabilities can be further analysed as follows:

	Group 2010 %	2009 %
<b>Financial liabilities</b>		
Islamic term financing	7.50	—
Loan from immediate holding company	6.50	6.50
UEM term loan	—	7.50
Bridging loan	—	6.55
Bank overdraft	—	6.55
Term loan	—	5.91

At the reporting date, if the interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit after tax will be higher/lower by approximately RM299,000 as a result of lower/higher interest expense on borrowings.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****(e) Market risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate as a result of changes in market prices (other than interest or exchange rates). The Group's exposure to market price risk are minimal as the Group's investment in quoted equity instruments are small compare to its total assets.

**36. SIGNIFICANT RELATED PARTY TRANSACTIONS**

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest payable to UEM:		
– Term loan	—	44,947
– Loan from UEM	<b>19,897</b>	10,592
Training fees paid/payable to subsidiaries of UEM:		
– UEM Group Management Sdn. Bhd.	<b>385</b>	125
– UEM Leadership Centre Sdn. Bhd.	<b>30</b>	761
– UEM Academy Sdn Bhd	<b>10</b>	362
– UEM	<b>79</b>	—
Management fees payable to subsidiary of UEM:		
– UEM Group Management Sdn. Bhd.	<b>238</b>	192
Sale of land to joint ventures:		
– Horizon Hills Development Sdn. Bhd.	<b>16,487</b>	19,617
– Nusajaya Consolidated Sdn. Bhd.	<b>24,800</b>	8,159
Sale of land to a subsidiary of Khazanah:		
– Themed Attractions and Resorts Sdn. Bhd.	—	26,661
Purchase of land from an associate:		
– Setia Haruman Sdn. Bhd.	—	102,492
Provision of construction and engineering services payable to subsidiary of UEM:		
– UEM Construction Sdn. Bhd.	<b>14,090</b>	40,584
Facilities maintenance and management payable to associate of UEM:		
– Faber Facilities Sdn. Bhd.	<b>3,065</b>	6,909
Management fees received and receivable from a subsidiary of Khazanah:		
– Themed Attractions and Resorts Sdn. Bhd.	<b>1,275</b>	319
Lease rental received from a subsidiary of Khazanah:		
– Menara Burj Sdn. Bhd.	<b>420</b>	420
Sale of land to a subsidiary of Khazanah:		
– Medini Iskandar Malaysia Sdn. Bhd.	<b>6,530</b>	—
Professional services rendered by a firm related to a director:		
– Kadir Andri & Partners	<b>293</b>	313
	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividend receivable from a subsidiary	<b>64,352</b>	—

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)**

(a) (Cont'd.)

Related parties refer to:

- Khazanah Nasional Berhad, the ultimate holding company, its subsidiaries and associates excluding subsidiaries of the Company;
- Directors and key management personnel having authority and representation for planning, directing and controlling the activities of the Company and their close family members;
- enterprises owned by directors and key management personnel; and
- enterprises that have a member of key management in common with the Company.

(b) Compensation of key management personnel

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

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries and other emoluments	<b>5,387</b>	4,992	<b>490</b>	482
Bonus	<b>581</b>	663	—	—
Defined contribution plan	<b>856</b>	853	—	—
Benefits-in-kind	<b>1,047</b>	866	—	—
	<b>7,871</b>	7,374	<b>490</b>	482
Included in compensation of key management personnel are directors' remuneration (Note 5)	<b>861</b>	964	<b>490</b>	482

**37. CONTINGENT LIABILITIES**

	<b>Note</b>	<b>Group</b>	
		<b>2010</b>	<b>2009</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured</b>			
Litigation, claims and legal suits			
– potential compensation payable to Felcra	(a)	—	—
– potential compensation payable to the previous land owners	(b)	<b>201,318</b>	201,318
		<b>201,318</b>	201,318

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**37. CONTINGENT LIABILITIES (CONT'D.)****(a) Potential compensation payable to Felcra settlers**

A group of thirty eight (38) Felcra settlers ("the Plaintiffs") had collectively served an originating summons against Felcra Berhad ("Felcra"), District Land Administrator ("DLA") and the Johor State Government ("State Government") (collectively the "Defendants"). The Summons pertain to 198 acres of land previously owned by the State Government, developed by Felcra and subsequently alienated to BND, for the development of Bandar Nusajaya.

The Plaintiffs sought, inter-alia, for the Defendants to pay an additional total sum of RM54.0 million for the 198 acres and an acre of land to each Plaintiff.

On 12 January 2010, the High Court of Malaya made a decision against Felcra for breach of contract and dismissed the Plaintiffs' action against the DLA and State Government. However, the Plaintiffs on 8 February 2010 filed a notice of appeal to the Court of Appeal to appeal against the decision of the High Court on the quantum against Felcra and the dismissal of the action against the DLA and the State Government.

BND is not directly involved in these litigations, but by virtue of the Novation Agreement, is responsible for the additional land cost of land alienated to it, which includes the amounts claimed by the Plaintiffs.

**(b) Potential compensation payable to the previous land owners**

There are a total of fifty (50) cases referred to High Court involving claims against the State Government for additional compensation by the previous landowners of lands acquired for the Second Malaysian Crossing Project.

After hearing the 50 cases, the High Court maintained the amount of compensation awarded by the DLA in 15 cases, and increased the amount of compensation in the remaining 35 cases. The parties involved however, made further appeals to the Court of Appeal for higher compensation. However, the Court of Appeal ordered that all land acquisition appeals to be transferred to the Federal Court.

Of these 50 cases:

- (i) 1 has been heard and dismissed by the Court of Appeal;
- (ii) 4 have been heard and dismissed by the Federal Court;
- (iii) 2 have accepted out-of-court settlements proposed by the Johor State Legal Advisor;
- (iv) 4 have withdrawn the case against DLA; and
- (v) 2 have been heard and granted additional compensation amounting to RM19.5 million by the Federal Court.

The remaining thirty seven (37) cases, which the plaintiffs are seeking compensation with a total amount of RM201.3 million, are pending hearing at the Federal Court.

BND is not directly involved in these litigations but by virtue of the Novation Agreement, is responsible for the additional land cost of land alienated to it, which includes the amounts claimed by the previous landowners.

To date, the hearing for the remaining 37 cases have not been fixed.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**37. CONTINGENT LIABILITIES (CONT'D.)**

## (c) Third party charge

On 18 May 2007, Horizon Hills entered into the following:

- (i) The issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Islamic Securities of up to RM270 million nominal value by Horizon Hills, comprising:
  - up to 12-year Islamic Bank Guarantee Medium-Term Notes Programme of up to RM200 million nominal value under the principles of Murabahah ("IMTN Programme"); and
  - up to 7-year Islamic Commercial Papers Programme of up to RM70 million nominal value under the principles of Murabahah.
- (ii) A Kafalah (bank guarantee) facility of up to RM205 million to guarantee the nominal value of the IMTN Programme of up to RM200 million and one profit payment in respect of the IMTN Programme of up to RM5 million.

Collectively referred to "the Facilities"

In this respect, Nusajaya Greens Sdn. Bhd. had provided a third party charge over approximately 1,227 acres of land in favour of the security trustee for the Facilities ("Charge"). 754 acres out of the total of 1,227 acres had been purchased and paid by Horizon Hills. Save and except in the event of a default on the Facilities, the Charge is not expected to have a financial impact on the Group.

**38. CAPITAL COMMITMENTS**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of purchase of property, plant and machinery, investment property and land held for property development:		
Approved and contracted for	<b>241,156</b>	7,295
Approved but not contracted for	<b>4,708</b>	9,887
	<b>245,864</b>	17,182

**39. FAIR VALUES**

The following are fair value of financial instruments by classes which are not carried at fair value on the face of statement of financial position:

	<b>Carrying</b>	<b>Fair Value</b>
	<b>Amount</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>2010</b>		
Long term receivables	<b>68,766</b>	<b>68,766</b>
Long term payables	<b>24,407</b>	<b>24,407</b>
Borrowings (non current portion)	<b>408,185</b>	<b>408,185</b>
<b>2009</b>		
Long term receivables	64,223	76,000
Long term payables	24,960	24,407
Borrowings (non current portion)	690,979	645,775

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**39. FAIR VALUES (CONT'D.)**

	Carrying Amount RM'000	Fair Value RM'000
<b>Company</b>		
<b>2010</b>		
Borrowings (non current portion)	150,000	150,000
<b>2009</b>		
Amount due from subsidiaries	146,562	137,617

**Determination of fair value**

- (a) Amounts due from/(to) subsidiaries and borrowings  
The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.
- (b) Unquoted debt securities and corporate bonds  
Fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.
- (c) Long term receivables/payables  
Fair value of long term receivables/payables are based on discounting expected future cash flows at market incremental lending rate for the receivable/payable.

**40. CAPITAL MANAGEMENT**

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

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

There are no externally imposed capital requirements.

**41. SIGNIFICANT AND SUBSEQUENT EVENTS****(a) Joint Venture and Shareholders Agreement between the Company and Malaysian Biotechnology Corporation Sdn. Bhd.**

On 17 September 2009, the Company entered into a joint venture and shareholders' agreement ("JVSA") with Malaysian Biotechnology Corporation Sdn. Bhd. ("BiotechCorp") for the setting up of a joint venture company identified as Malaysian Bio-XCell Sdn. Bhd. ("JVCo") to participate in the Bio-XCell Project (the "Project"), to subscribe for securities and to regulate the relationship between them as shareholders in the JVCo ("Proposed JV"). The ownership ratio between the Company and BiotechCorp would be 40:60 respectively.

The purpose of the joint venture is to acquire certain identified land for the purpose of the Project, to carry out the Project and to procure the design and construction of the required buildings, structure and facilities for the Project, and leasing out the completed units including necessary plant and equipment comprised in the Project to suitable parties.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)****(a) Joint Venture and Shareholders Agreement between the Company and Malaysian Biotechnology Corporation Sdn. Bhd. (cont'd.)**

Under the terms of the JVSA, upon incorporation of JVCo, JVCo entered into a Land Purchase Agreement ("LPA") with UEMLB and Nusajaya Heights Sdn Bhd ("Nusajaya Heights") on 16 November 2009 for:

- (i) the sale and purchase of land measuring approximately 27.74 acres and located at the Southern Industrial and Logistics Clusters ("SiLC") ("Parcel A");
- (ii) the call option ("Call Option") to JVCo to purchase land measuring approximately 33.24 acres and located at the SiLC ("Parcel B"); and
- (iii) the put option ("Put Option") to UEMLB to sell Parcel B to JVCo.

The Call Option was exercised by JVCo on 12 November 2010.

**(b) Conditional take-over of Sunrise Berhad**

On 4 November 2010, CIMB Investment Bank Berhad ("CIMB"), on behalf of the Company, had served a notice of conditional take-over offer ("Notice") on the Board of Sunrise Berhad ("Sunrise") to notify of the Company's intention to acquire all the ordinary shares of RM1.00 each in Sunrise (excluding treasury shares) not already owned by the Company ("Offer Shares"), at an offer price of RM2.80 per Offer Share ("Offer Price") ("Offer").

The Offer will be satisfied in either of the following manner at the election of the holder of Offer Shares ("Holder"):

- (i) through the issuance of ordinary shares of RM0.50 each in the Company ("ULHB Shares") at an issue price of RM2.10 ("Consideration Shares"), where the Holder will receive approximately 1.33 Consideration Shares for every 1 Offer Share surrendered ("Share Alternative"); or
- (ii) through the issuance of redeemable convertible preference shares of RM0.01 each in the Company ("RCPS") at an issue price of RM1.00 ("Consideration RCPS"), where the Holders will receive 2.80 Consideration RCPS for every 1 Offer Share surrendered ("RCPS Alternative").

To facilitate the issuance of the Consideration Shares, Consideration RCPS and new Company Shares to be issued upon conversion of the Consideration RCPS ("Conversion Shares"), the Company proposes to increase its authorised share capital to RM3,517,000,000 comprising 7,000,000,000 ordinary shares (par value of RM0.50 each), 200,000,000 mandatory convertible redeemable preference shares (par value of RM0.01 each) and 1,500,000,000 RCPS (par value of RM0.01 each), and to amend its Memorandum and Article of Association accordingly ("Proposed IASC").

The Offer is conditional upon the following:-

- (i) The Company having received, before the closing of the Offer, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn), in respect of the Offer Shares, which would result in the Company holding, in aggregate with any such Sunrise Shares that are already acquired, held or entitled to be acquired or held by the Company and its PACs, if any, more than 50% of the voting shares of Sunrise ("50% Acceptance Condition");
- (ii) the approval of the Securities Commission ("SC") under the Equity Requirement of a public company;
- (iii) the approval of Bank Negara Malaysia for the issuance of the Consideration RCPS to accepting non-resident Holders;
- (iv) the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Consideration Shares and Conversion Shares on the Main Market of Bursa Securities;
- (v) the approval of the shareholders of the Company for the Offer and Proposed IASC at an extraordinary general meeting ("EGM") to be convened; and
- (vi) consent or approval of any other relevant authorities or parties, if required.

On 22 December 2010, the offer had become unconditional. On 6 January 2011, Sunrise Berhad became a subsidiary of the Company. It is impractical to disclose the effects of the acquisition of Sunrise Berhad.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)****(c) Proposed freehold Bangi land acquisition**

UEMLB had on 30 December 2010 entered into a sale and purchase agreement with Inch Kenneth Kajang Rubber Public Limited Company ("InckKen") to acquire a piece of land of 448.61 acres for a cash consideration of RM13.30 per sq ft or approximately RM259.9 million.

The acquisition is subject to approvals to be obtained from the following parties:

- (i) approval of InckKen's shareholders for the Proposed Acquisition at InckKen's EGM to be convened; and
- (ii) approval of the Estate Land Board for the Proposed Acquisition in accordance with Section 214A of the National Land Code, 1965.

**42. SEGMENTAL REPORTING**

There was no disclosure and presentation of segment information as the Group's activities are principally carried out within Malaysia and the Group is involved in property development and related activities.

**43. RESTATEMENT OF COMPARATIVES AND PRIOR YEAR ADJUSTMENTS****(a) Restatement of comparatives**

The following reclassifications was made to the income statement of prior year to be consistent with current year presentation.

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
Revenue	403,085	4,828	407,913
Other income	22,517	(4,828)	17,689

The following reclassifications was made to the statement of financial position of prior year to be consistent with current year presentation.

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
Long term investment	33,636	(33,636)	—
Inventories	19,569	33,636	53,205

**(b) Prior year adjustments**

During the current financial year, the Group reassessed the originating entries of the following reserves which arose as a result of previous restructuring exercise undertaken by the Group and concluded that these reserves should have been transferred to accumulated losses of the Group in prior years due to the effects of subsequent transactions that had taken place.

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
Other reserves			
– Exchange fluctuation reserves	11,646	(19,311)	(7,665)
– Revaluation reserves	3,269	(3,269)	—
Accumulated losses	(45,290)	22,580	(22,710)



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**44. SUBSIDIARIES**

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2010 %	2009 %
Nusajaya Resort Sdn. Bhd.	Proprietor and management of a clubhouse	Malaysia	100	100
UEM Land Berhad	Project procurement and management, property development and strategic investment holding	Malaysia	100	100
<b>Subsidiaries of UEM Land Berhad</b>				
Amra Resources Sdn. Bhd.	In members' voluntary liquidation	Malaysia	100	100
Cahaya Jauhar Sdn. Bhd.	Undertake the turnkey design and build contract for the development of the Johor State New Administrative Centre	Malaysia	60	60
Finwares Sdn. Bhd.	Investment holding	Malaysia	100	100
Fleet Group Sdn. Bhd.	In members' voluntary liquidation	Malaysia	100	100
Grand Influx Sdn. Bhd.	General trading	Malaysia	100	100
Hatibudi Nominees (Tempatan) Sdn. Bhd.	Investment holding	Malaysia	100	100
Mahisa Sdn. Bhd.	Property development and undertaking construction and turnkey development contracts	Malaysia	100	100
Mangrove Riviera Sdn. Bhd.	Dissolved	Malaysia	—	100
Marak Unggul Sdn. Bhd.	Dormant	Malaysia	50.01	50.01
* Marina Management Sdn. Bhd.	Marina management	Malaysia	100	100
Nusajaya Development Sdn. Bhd.	Property development	Malaysia	100	100
Nusajaya Hotels Sdn. Bhd.	Dormant	Malaysia	100	100
* Nusajaya Medical Park Sdn. Bhd.	Construct, manage and/or operate specialised buildings for long term lease	Malaysia	100	100
Nusajaya Business Park Sdn. Bhd.	Dormant	Malaysia	100	100
++ Projek Usahasama Transit Ringan Automatik Sdn. Bhd.	In liquidation	Malaysia	100	100
** Renong Debt Management Sdn. Bhd.	Dissolved	Malaysia	—	99.99

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**44. SUBSIDIARIES (CONT'D.)**

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2010 %	2009 %
Subsidiaries of UEM Land Berhad (cont'd.)				
Renong Nusantara Sdn. Bhd.	Investment holding	Malaysia	100	100
Renong Overseas Corporation Sdn. Bhd.	Provision of reimbursable support services to the Group	Malaysia	100	100
Renong Pacific Sdn. Bhd.	Investment holding	Malaysia	100	100
Renong Ventures Sdn. Bhd.	Investment holding	Malaysia	100	100
UEML-ZRE Reit Managers Sdn. Bhd.	Promoter and manager for diversified real estate investment trust	Malaysia	72	72
Bandar Nusajaya Development Sdn. Bhd.	Investment holding, property development, land trading and an agent for its subsidiaries	Malaysia	100	100
Subsidiaries of Bandar Nusajaya Development Sdn. Bhd.				
Nusajaya Gardens Sdn. Bhd.	Land trading and investment holding	Malaysia	100	100
Nusajaya Greens Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Group Sdn. Bhd.	In members' voluntary liquidation	Malaysia	100	100
Nusajaya Heights Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Industrial Park Sdn. Bhd.	Property development	Malaysia	100	100
Symphony Hills Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Management Services Sdn. Bhd.	Dormant	Malaysia	100	100
Nusajaya Rise Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Seaview Sdn. Bhd.	Land trading and investment holding	Malaysia	100	100
Preferred Resources Sdn. Bhd.	Dormant	Malaysia	70	70
Nusajaya Land Sdn. Bhd.	Property development	Malaysia	100	100

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**44. SUBSIDIARIES (CONT'D.)**

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2010 %	2009 %
<b>Subsidiary of Cahaya Jauhar Sdn. Bhd.</b>				
CJ Capital Sdn. Bhd.	Specific purposes of a fund raising exercise through issuance of private debt securities and/or sukuk	Malaysia	100	100
<b>Subsidiaries of Fleet Group Sdn. Bhd.</b>				
Cantuman Bahagia Sdn. Bhd.	In members' voluntary liquidation	Malaysia	100	100
Fibroceil Manufacturing (Malaysia) Sdn. Bhd.	Investment holding	Malaysia	100	100
Jaguh Mutiara Sdn. Bhd.	In members' voluntary liquidation	Malaysia	100	100
<b>Subsidiary of Renong Nusantara Sdn. Bhd.</b>				
P.T. Bias Permata	Investment holding	Indonesia	100	100
<b>Subsidiary of P.T. Bias Permata</b>				
P.T. Hardja Setia	Agriculture, plantation, trading, mining and construction	Indonesia	100	100
<b>Subsidiary of Renong Ventures Sdn. Bhd.</b>				
* Merak Indera Sdn. Bhd.	Dissolved	Malaysia	—	100
<b>Subsidiary of Renong Overseas Corporation Sdn. Bhd.</b>				
* Renong Overseas Corporation (S.A.) (Proprietary) Ltd.	Investment holding	South Africa	100	100
<b>Subsidiaries of Renong Overseas Corporation (S.A.) (Proprietary) Ltd</b>				
* R.O.C Management Services (Proprietary) Ltd.	Representation of holding company in South Africa	South Africa	100	100
* Roc-Union (Proprietary) Ltd.	Investment holding	South Africa	80.4	80.4
<b>Subsidiary of Roc-Union (Proprietary) Ltd</b>				
* Rocpoint (Proprietary) Ltd.	Acquisition and development of land	South Africa	80.4	80.4

**Note:**

\* Subsidiaries not audited by Ernst &amp; Young

\*\* One special ordinary share is held by UEM

++ Under liquidation

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**45. ASSOCIATES**

Name of associates	Principal activities	Country of incorporation	Effective interest	
			2010 %	2009 %
OptixLab Sdn. Bhd.	Ceased operations	Malaysia	<b>50</b>	50
Probalance Sdn. Bhd.	Under members' liquidation	Malaysia	<b>47.2</b>	47.2
#Setia Haruman Sdn. Bhd.	Property development and sale of land	Malaysia	<b>25</b>	25
Touch 'N Go Sdn. Bhd.	Operation of a central clearing house for contactless smartcard and related services	Malaysia	—	20
<b>Associate of Hatibudi Nominees (Tempatan) Sdn. Bhd.</b>				
#BIB Insurance Brokers Sdn. Bhd.	Insurance brokers, insurance consultants, commission agents and investment holding	Malaysia	<b>30</b>	30
<b>Associate of Rocpoint (Proprietary) Ltd.</b>				
#Durban Point Development Company (Proprietary) Ltd.	Property development	South Africa	<b>50</b>	50
#Associates not audited by Ernst & Young				

**46. JOINT VENTURES**

Name of joint ventures	Principal activities	Country of incorporation	Effective interest	
			2010 %	2009 %
Haute Property Sdn. Bhd.	Property development	Malaysia	<b>40</b>	40
Horizon Hills Development Sdn. Bhd.	Property development	Malaysia	<b>50</b>	50
@ Nusajaya Consolidated Sdn. Bhd.	Property development	Malaysia	<b>50</b>	50
@ Malaysian Bio-XCell Sdn. Bhd.	Development and operation of a biotechnology park	Malaysia	<b>40</b>	40
@ Ekuiti Mahir Sdn. Bhd.	Development and marketing of real estate	Malaysia	<b>25</b>	—



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2010

**46. JOINT VENTURES (CONT'D.)**

Name of joint ventures	Principal activities	Country of incorporation	Effective interest	
			2010 %	2009 %
Subsidiaries of Horizon Hills Development Sdn. Bhd.				
Horizon Hills Property Services Sdn Bhd	Management and maintenance services	Malaysia	100	100
Horizon Hills Resort Bhd.	Proprietor of a club and management of a golf course	Malaysia	100	100

@ Joint ventures not audited by Ernst &amp; Young

**47. SUPPLEMENTARY INFORMATION**

The breakdown of the retained profits of the Group and of 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'000	Company 2010 RM'000
Total (accumulated losses)/retained profits		
– realised	(928,111)	42,850
– unrealised	68,614	—
Total share of retained profits from associates		
– realised	11,837	—
– unrealised	—	—
Total share of retained profits from joint ventures		
– realised	21,836	—
– unrealised	13	—
Less: Consolidation adjustments	(825,811) 1,113,895	42,850 —
Total retained profits	288,084	42,850

## INVESTOR INFORMATION

### STOCK MARKET PERFORMANCE IN 2010

The Malaysian stock market has recovered from the 2008 global economic recession. The FTSE Bursa Malaysia KLCI ("FBM KLCI") index, which hit a bottom in March 2009, has rebounded and surged to 1,528 points in November 2010, its highest since February 2008. Most of the gains were recorded in the second half of last year, with a 26% advance from June to December 2010.

In May 2010 however, fears of the adverse global contagion effect triggered by the European Union debt crisis created uncertainty and added downside risks to the stock market. From the May 2010 high of 1,347 points, the FBM KLCI retreated by almost 100 points to close at 1,249 points on 26 May 2010. But strong liquidity and corporate earnings momentum boosted market sentiment and led to further strong inflows of funds into the domestic market towards the second half of 2010.

The Malaysian economy registering a growth of 4.8% in 4Q2010 as well as higher private and public sector spending contributed to the expansion in domestic demand hence enhancing the performance of the stock market. Domestic factors that stoked the market include the government's transformation efforts such as the Economic Transformation Programme, the New Economic Model and the 10th Malaysia Plan. The slower growth in the global economy, however, had led to weaker growth in external demand. On the supply side, all economic sectors, with the exception of the primary sectors, continued to expand further during the quarter. For the year as a whole, the Malaysian economy registered a growth of 7.2% (2009: -1.7%).

Foreign investors have been making a beeline for Malaysia, visiting companies and touring Iskandar Malaysia. The renewed interest is the result of myriad factors including Bursa Malaysia's perceived defensive qualities, the government's transformation programmes and severe underownership of the local stock market due to the massive sell-down after the 2008 general elections. Foreign funds remain extremely underweighted in Malaysia and a return to neutral weightings will have a very significant impact on the market.

2011 is likely to turn out to be a good trading year for the market. Although risks remain relatively high, returns should be high and quick. Volatility is expected to continue but with an upward bias as liquidity fuels the market.

*Source:*

1. *CIMB Research Report – The S.E.A Navigator dated 17 December 2010*
2. *Latest Strategy Report by Nomura dated 11 April 2011*
3. *BNM's press release dated 18 February 2011*

## INVESTOR INFORMATION

### UEM LAND HOLDINGS BERHAD SHARE PRICE PERFORMANCE IN 2010

2010 has been an exciting year for UEM Land Holdings Berhad (UEM Land Holdings or the Company). The announcement to undertake a renounceable rights issue of new shares to raise gross proceeds of approximately RM971.3 million on 11 January 2010 was one of the major corporate proposals undertaken in the financial year. The rights issue proceeds were largely utilised towards the repayment of a term loan of RM633.0 million owing by Bandar Nusajaya Development Sdn Bhd to UEM Group Berhad as well as part-payment for the acquisition of 98 acres of land in Cyberjaya. The closing share price at the time of the announcement was RM1.59.

The fixing of the issue price at RM0.80 per rights share with an entitlement basis of 1 rights share for every 2 existing shares, represented a discount of 44.1% to the Company's 5-day volume weighted average market price (VWAMP) up to 19 March 2010 of RM1.43, helped improve the Company's stock performance. The share price continued to soar reaching as high as RM1.67 by end March 2010 due to the investors' confidence and the potential future of the Company. The overwhelming response from the market resulted in the rights issue being oversubscribed by 40%. The rights issue exercise was completed on 29 April 2010 enlarging the capital base from 2,428.2 million shares to 3,642.3 million shares.

In May 2010, the share price dropped to an average of RM1.31 in tandem with the decline in prices of other stocks in Bursa Malaysia. This was contributed by the adverse global equity market reactions to concerns over the sovereign debt of some countries in the European Union leading to a sell down in major equity and bond markets. The Company's share price however took on a recovery route in line with the upturn of the FBM KLCI which saw the share price increasing to an average of RM1.46 in June 2010.

The Company's share price continued to increase in the second half of 2010 mainly driven by positive news flow revolving around the Malaysia-Singapore relationship, events taking place in Iskandar Malaysia as well as the various encouraging economic, social and fiscal reforms announced by the Malaysian government.

On 4 November 2010, the Company embarked on another major sunrise corporate proposal and announced a conditional take-over offer to acquire Sunrise Berhad (Sunrise) at an offer price of RM2.80 per share. The RM1.39 billion acquisition was satisfied through the issuance of ordinary shares of RM0.50 each in the Company at an issue price of RM2.10 each where Sunrise's shareholders receive approximately 1.33 share for every 1 Sunrise share or through the issuance of Redeemable Convertible Preference Shares (RCPS) at an issue price of RM1.00 each where Sunrise's shareholders receive 2.80 RCPS for every 1 Sunrise share. The Company's 5-day VWAMP was RM2.25.

The take-over was a synergistic arrangement with both companies complementing each other in terms of expertise, landbank and track record. UEM Land Holdings is now able to broaden its geographical spread in its landbank to include Mont'Kiara, KLCC and Vancouver; diversify its product offerings to include high-rise residential and integrated commercial development; capitalise on Sunrise's expertise, track record and brand equity which is recognisable and trusted by the market as well as benefit from Sunrise's earnings visibility. Sunrise on the other hand will have direct access to a bigger landbank and leverage on UEM Land Holdings' status as the property investment arm for Khazanah Nasional Berhad.

The announcement was well received by the market as evidenced by the Company's share price which increased by 8% from RM2.26 when the announcement was made on 4 November 2010, to RM2.44 on 31 December 2010.

UEM Land Holdings' market capitalisation at the end of December 2010 was RM8.9 billion which made it the largest listed property company in Malaysia without the inclusion of Sunrise. Upon consolidation with Sunrise, the Company's market capitalisation is expected to be lifted to over RM11 billion making it a potential candidate in the FBM KLCI 30 Index which is due to be reviewed in June 2011. Should this inclusion materialise, it will justify for UEM Land Holdings to trade at premium valuations as the FBM KLCI top 30 stocks are typically used as benchmark portfolio. UEM Land Holdings will then be the only pure property stock in the index.

The share price of the Company is expected to rise further following the completion of the Sunrise take-over in February 2011. The percentage of foreign shareholders is also on the rise from 7.2% in January 2010 to 11.5% in December 2010.

UEM Land Holdings has been quite successful in aiming to increase its shareholders' value in 2010. Apart from undertaking the major corporate exercises as well as leveraging on the various reforms announced by the government, the Company will continue to focus on its property development activities both in and outside of Nusajaya in order to further improve its shareholders' value.

## ANALYSIS OF SHAREHOLDINGS

As at 29 April 2011

### SHARE CAPITAL OF ORDINARY SHARES

Authorised capital	:	RM3,000,000,000.00
Issued and Paid-up Capital	:	RM2,033,052,900.00
Class of securities	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share held

### DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

Size of Holdings	No. of shareholders	%	Total shareholdings	%
Less than 100	2,756	7.41	104,300	0.00
100 to 1,000	12,499	33.61	6,622,549	0.16
1,001 to 10,000	17,039	45.82	66,053,350	1.62
10,001 to 100,000	4,139	11.13	118,615,911	2.92
100,001 to less than 5% of issued capital	753	2.03	1,065,129,122	26.20
5% and above of issued shares	1	0.00	2,809,580,568	69.10
Total	37,187	100.00	4,066,105,800	100.00

### 30 LARGEST SHAREHOLDERS AS PER THE REGISTER OF DEPOSITORS

No.	Name of Shareholder	No. of Shares held	% of Issued shares
1.	UEM Group Berhad	2,809,580,568	69.10
2.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	147,279,394	3.62
3.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for The Bank of New York Mellon (Mellon Acct)</i>	100,540,068	2.47
4.	Citigroup Nominees (Asing) Sdn Bhd <i>Citibank International PLC as trustee for Standard Life Pacific Basin Trust (CBLDN)</i>	21,121,600	0.52
5.	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG Singapore for Great Challenge Limited</i>	20,339,000	0.50
6.	Amanahraya Trustees Berhad <i>Public Savings Fund</i>	16,526,000	0.41
7.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Phoenixflex Sdn Bhd</i>	16,469,630	0.41
8.	Citigroup Nominees (Asing) Sdn Bhd <i>CBLDN for Standard Life Investment Funds</i>	14,457,000	0.36
9.	AMSEC Nominees (Tempatan) Sdn Bhd <i>AMTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)</i>	14,187,633	0.35
10.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Phoenixflex Sdn Bhd (41405751840C)</i>	13,800,866	0.34
11.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for JPMorgan Chase Bank, National Association (Norges Bk Nlend)</i>	13,668,800	0.34
12.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (CIMB Prin)</i>	13,219,933	0.33

## ANALYSIS OF SHAREHOLDINGS

As at 29 April 2011

### 30 LARGEST SHAREHOLDERS AS PER THE REGISTER OF DEPOSITORS (CONT'D.)

No.	Name of Shareholder	No. of Shares held	% of Issued shares
13.	Phoenixflex Sdn Bhd	12,948,000	0.32
14.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged securities account – AMBank (M) Bhd for Phoenixflex Sdn Bhd (CIB039)</i>	12,666,666	0.32
15.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for American International Assurance Berhad</i>	12,003,756	0.30
16.	Mayban Nominees (Tempatan) Sdn Bhd <i>Avenue Invest Berhad for Kumpulan Wang Persaraan (Diperbadankan) (E00170-220136)</i>	11,000,000	0.27
17.	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	10,857,311	0.27
18.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Ivy Asset Strategy New Opportunities Fund</i>	10,224,900	0.25
19.	Citigroup Nominees (Asing) Sdn Bhd <i>Nomura International PLC</i>	10,218,300	0.25
20.	Amanahraya Trustees Berhad <i>Public Islamic Equity Fund</i>	9,531,400	0.23
21.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for Driehaus Emerging Markets Growth Fund</i>	8,902,659	0.22
22.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Berhad (ETP)</i>	8,887,700	0.22
23.	Amanahraya Trustees Berhad <i>Public Islamic Optimal Growth Fund</i>	8,673,500	0.21
24.	SBB Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan)</i>	8,340,632	0.21
25.	Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund D26J for Emerging Markets Global Small Capitalization Fund (TEMMUF)</i>	8,200,778	0.20
26.	Citigroup Nominees (Asing) Sdn Bhd <i>CB GW Spore for American International Assurance Co.Ltd (AIA Reg Eqty Fd)</i>	8,000,000	0.20
27.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for BNP Paribas Securities Services</i>	7,930,200	0.20
28.	Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund MGGF for the Malaysia Fund, Inc.</i>	7,928,650	0.20
29.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for Prudential Fund Management Berhad</i>	7,850,962	0.19
30.	HSBC Nominees (Asing) Sdn Bhd <i>HSBC-FS for Legg Mason Western Asset SouthEast Asia Special Situations Trust (201061)</i>	7,590,300	0.19
<b>TOTAL</b>		<b>3,372,946,206</b>	<b>82.95</b>



## ANALYSIS OF SHAREHOLDINGS

As at 29 April 2011

### SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders, excluding bare trustees, as at 29 April 2011

Name	Direct	No. of shares		Indirect	%
		%			
UEM Group Berhad	2,809,580,568	69.10	-		
Khazanah Nasional Berhad*	-	-	2,809,580,568		69.10

Note:

\* Deemed interested by virtue of being the holding company of UEM Group Berhad

### ANALYSIS OF MANDATORY CONVERTIBLE REDEEMABLE PREFERENCE SHAREHOLDINGS

(As at 29 April 2011)

#### SHARE CAPITAL OF MANDATORY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("MCRPS")

Authorised capital	:	RM2,000,000.00
Issued and Paid-up capital	:	RM1,549,140.02
Class of Securities	:	MCRPS of RM0.01 each
Voting Rights	:	None

#### MCRPS HOLDERS

Name of Holder		No. of MCRPS held	%
1.	UEM Group Berhad	125,942,162	81.30
2.	Hartanah Lintasan Kedua Sdn Bhd	28,971,840	18.70
<b>Total</b>		<b>154,914,002</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS

As at 29 April 2011

## ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHAREHOLDINGS

(As at 29 April 2011)

### SHARE CAPITAL OF REDEEMABLE CONVERTIBLE PREFERENCE SHAREHOLDERS ("RCPS")

Authorised capital	:	RM15,000,000.00
Issued and Paid-Up	:	RM6,749,460.92
Class of Securities	:	RCPS of RM0.01 each
Voting Rights	:	None

### DISTRIBUTION SCHEDULE FOR RCPS

Size of Holdings	No. of RCPS holders	%	Total RCPS holdings	%
Less than 100	1	0.55	11	0.00
100 to 1,000	3	1.65	1,002	0.00
1,001 to 10,000	34	18.68	231,835	0.03
10,001 to 100,000	73	40.11	2,844,385	0.42
100,001 to less than 5% of issued capital	64	35.16	55,272,896	8.19
5% and above of issued capital	7	3.85	616,595,963	91.36
<b>Total</b>	<b>182</b>	<b>100.00</b>	<b>674,946,092</b>	<b>100.00</b>

### RCPS HOLDERS

Name of Holder	No. of RCPS held	%
1. Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Casa Unggul Sdn Bhd (Dua)</i>	250,470,276	37.11
2. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Kim Huat</i>	93,000,000	13.78
3. ECML Nominees (Tempatan) Sdn Bhd <i>Avenue Invest Berhad for Casa Unggul Sdn Bhd (E00350)</i>	88,072,527	13.05
4. ECM Libra Investment Bank Berhad <i>IVT-001 for ECM Libra Investment Bank Berhad (Account 1)</i>	63,945,440	9.47
5. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for Credit Suisse Securities (Europe) Limited</i>	41,538,280	6.15
6. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt An for Deutsche Bank AG London (Prime Brokerage)</i>	40,286,080	5.97
7. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for Raffles Nominees (P) Ltd (CIBC SG FR CLNT)</i>	39,283,360	5.82
8. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Alya Chew Binti Abdullah (CEB)</i>	5,880,000	0.87
9. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt An for EFG Bank AG (Hongkong)</i>	4,284,000	0.63
10. KAF Trustee Berhad <i>KAF Fund Management Sdn Bhd for Abu Talib bin Othman</i>	4,200,000	0.62
11. A.A.Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Daniel Lim Hwa Yew</i>	3,592,400	0.53
12. Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tong Kooi Ong (Dua)</i>	3,037,798	0.45

## ANALYSIS OF SHAREHOLDINGS

As at 29 April 2011

### RCPS HOLDERS (CONT'D.)

Name of Holder	No. of RCPS held	%
13. Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG for TLM Asia Opportunities Master Fund Ltd</i>	2,366,000	0.35
14. KAF Trustee Berhad <i>KAF Fund Management Sdn Bhd for KAF Seagroatt &amp; Campbell Berhad</i>	2,268,000	0.34
15. Citigroup Nominees (Asing) Sdn Bhd <i>Nomura International PLC</i>	2,000,000	0.30
16. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for Credit Suisse (SG BR-TST-TEMP)</i>	1,999,200	0.30
17. Yam Kong Choy	1,820,000	0.27
18. Mayban Nominees (Tempatan) Sdn Bhd <i>Avenue Invest Berhad for Lim Kian Onn (EP0506-210332)</i>	1,467,760	0.22
19. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Citibank NA, Singapore (Julius Baer)</i>	1,400,000	0.21
20. Kwong Moei Jie	1,120,000	0.17
21. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Yii Hung Due @ Bill Yii (8042139)</i>	1,000,000	0.15
22. Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Ang Kim Jhew (E-BWK/STP)</i>	995,600	0.15
23. Lum Wykit	980,000	0.15
24. Koh Be Be	891,654	0.13
25. Kendrick Tong Kim Xian	821,184	0.12
26. Low Chee Yong @ Shoong Chee Yong	800,000	0.12
27. Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Ho Whye Choon (PB)</i>	663,600	0.10
28. ECML Nominees (Tempatan) Sdn Bhd <i>ECM Libra Foundation</i>	641,200	0.10
29. Rossana Annizah binti Ahmad Rashid @ Mohd Rashidi	616,000	0.09
30. Gan Seng Chong	560,000	0.08
<b>Total</b>	<b>660,000,359</b>	<b>97.79</b>

## ANALYSIS OF SHAREHOLDINGS

As at 29 April 2011

### STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As at 29 April 2011

#### THE COMPANY – UEM LAND HOLDINGS BERHAD

Name	Direct	%	Indirect	%
Tan Sri Dr Ahmad Tajuddin Ali	—	—	—	—
Dato' Wan Abdullah Wan Ibrahim	—	—	—	—
Dato' Izzaddin Idris	—	—	—	—
Abdul Kadir Md Kassim	—	—	—	—
Md Ali Md Dewal	—	—	—	—
Oh Kim Sun	—	—	—	—
Dato' Ikmal Hijaz Hashim	—	—	—	—
Sheranjiv Sammanthan	—	—	—	—
Datuk Tong Kooi Ong	—	—	—	—

#### SUBSIDIARY OF HOLDING COMPANY – PLUS EXPRESSWAYS BERHAD

Name	No. of ordinary shares of RM0.25 each			
	Direct	%	Indirect	%
Tan Sri Dr Ahmad Tajuddin Ali	—	—	—	—
Dato' Wan Abdullah Wan Ibrahim	—	—	—	—
Dato' Izzaddin Idris	—	—	—	—
Abdul Kadir Md Kassim	40,000	*	—	—
Md Ali Md Dewal	—	—	—	—
Oh Kim Sun	—	—	—	—
Dato' Ikmal Hijaz Hashim	20,000	*	—	—
Sheranjiv Sammanthan	—	—	—	—
Datuk Tong Kooi Ong	—	—	—	—

\* Less than 0.01%

## PROPERTIES OF UEM LAND HOLDINGS GROUP

As at 31 December 2010

Location and address of property	Brief description and existing use	Area (sq metres)	Tenure and year of expiry	Age of building (years)	Net book value as at 31/12/2010 RM'000	Date of revaluation/ acquisition
Bandar Nusajaya Iskandar Development Region Johor Darul Ta'zim	Land held for property development and development-in-progress	30,670,860	Freehold	—	1,879,942	1995
PTD 2987 Taman Industri Perintis Mukim Tanjung Kupang, Nusajaya Johor Darul Ta'zim	Agriculture land	1,443,424	Freehold	—	108,768	17.11.2008
PTD 2994, 2995, 2999, 3001-4, 3006-15, 3050, 3053 Taman Industri Perintis Mukim Tanjung Kupang, Nusajaya Johor Darul Ta'zim	Industrial and agriculture land	231,446	Freehold	—	46,146	17.11.2008
PTD 4936 - 4955 and 7905 Mukim Batang Padang Daerah Batang Padang Perak Darul Ridzuan	Agriculture land	9,729,923	Leasehold 18.08.2109	—	76,000	19.08.2010
GM 224 Lot 690 Kampung Tebing Runtuh Mukim of Pulai Johor Bahru Johor Darul Ta'zim	Agriculture land	19,878	Freehold	—	5,300	22.12.2010
Lot no. 247 Mukim of Pulai, Nusajaya Johor Darul Ta'zim	Agriculture land Title no : GM 237	8,182	Freehold	—	300	01.09.2004
Part of PTD 72263 Mukim of Pulai, Nusajaya Johor Darul Ta'zim	Single storey office building	12,224	Freehold	5	4,322	31.12.2005
PTD 166948 Mukim of Pulai, Nusajaya Johor Darul Ta'zim	Double storey clubhouse	5,912	Freehold	2	19,545	01.01.2009
PTD 166968 Mukim of Pulai, Nusajaya Johor Darul Ta'zim	Double storey commercial building with lower ground floor	18,209	Freehold	2	10,904	01.01.2009
PTD 166969 Mukim of Pulai, Nusajaya Johor Darul Ta'zim	Single storey commercial building	38,482	Freehold	1	19,711	25.03.2010
PTD 166975 Mukim of Pulai, Nusajaya Johor Darul Ta'zim	Double storey clubhouse	27,759	Freehold	1	20,178	07.05.2010



## RECURRENT RELATED PARTY TRANSACTIONS

During UEM Land Holdings Berhad's ("UEM Land Holdings or the Company") Annual General Meeting ("AGM") which was held on 10 June 2010, UEM Land Holdings obtained the approval of its shareholders for the mandates for UEM Land Holdings and/or its subsidiaries ("UEM Land Holdings Group") to enter into recurrent related party transactions ("Recurrent Transactions") in their ordinary course of business, with certain related parties in order to comply with paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Shareholders Mandates").

The Shareholders Mandates are for the period from 10 June 2010 until the date of the forthcoming AGM, which is scheduled to be held before 30 June 2011 ("Mandate Period").

The following is the disclosure of the aggregate value of transactions conducted based on the nature of the Recurrent Transactions made, name of related parties involved in each type of transaction made and their relation with UEM Land Holdings Group pursuant to the Shareholders Mandates during the Mandate Period up to 29 April 2011:

### A) UEM Land Holdings Group receiving services and/or renting and/or acquiring land and/or land-based property from related parties.

Item	Company in UEM Land Holdings Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at the LPD	Nature of Transaction	Value (RM)
1.	UEM Land Holdings Group	UEM Group Berhad ("UEMG") and/or its subsidiaries ("UEMG Group")	Khazanah Nasional Berhad ("Khazanah"), UEMG, Tan Sri Dr Ahmad Tajuddin Ali, Dato' Izzaddin Idris, Abdul Kadir Md Kassim and Sheranjiv Sammanthan	UEM Land Holdings is a 69.1% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Receipt of group wide ICT shared services, security and access system and other related ICT services Receipt of internal audit, training and administrative support services Renting of office space at Level 16 and 13A, Mercu UEM, KL Sentral Renting of parking space at Mercu UEM, KL Sentral Receipt of electricity and air-conditioning facilities at Level 16 and 13A, Mercu UEM, KL Sentral Receipt of construction and engineering services for projects in Nusajaya and Klang Valley Receipt of construction and engineering services for Kota Iskandar and related projects Receipt of assets and facilities management services Receipt of office cleaning and tea lady services Receipt of project management and engineering consulting services Receipt of environmental monitoring services and consulting services on sewerage management Receipt of logistics services	212,394 1,086,049 1,229,936 28,311 118,352 8,104,773 2,039,127 0 40,388 1,391,799 0 0
<b>Total</b>						<b>14,251,128</b>

## RECURRENT RELATED PARTY TRANSACTIONS

### A) UEM Land Holdings Berhad Group receiving services and/or renting and/or acquiring land and/or land-based property from related parties. (cont'd.)

Item	Company in UEM Land Holdings Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at the LPD	Nature of Transaction	Value (RM)
2.	UEM Land Holdings Group	Faber Group Berhad and/or its subsidiaries ( <b>"Faber Group"</b> )	Khazanah, UEMG, Tan Sri Dr Ahmad Tajuddin Ali, Dato' Izzaddin Idris, Abdul Kadir Md Kassim, Dato' Ikmal Hijaz Hashim, Oh Kim Sun and Sheranjiv Sammanthan	Faber Group is a 34.3% associate of UEMG. UEM Land Holdings is a 69.1% subsidiary of UEMG	Receipt of consultation and facilities maintenance services for Nusajaya	5,404,739
<b>Total</b>						<b>5,404,739</b>
3.	UEM Land Holdings Group	PLUS Expressway Berhad ( <b>"PEB"</b> ) and/or its subsidiaries ( <b>"PEB Group"</b> )	Khazanah, UEMG, Tan Sri Dr Ahmad Tajuddin Ali, Dato' Izzaddin Idris, Abdul Kadir Md Kassim and Sheranjiv Sammanthan	UEMG and Khazanah are the major shareholders of PEB by virtue of their 38.5% and 16.5% direct interest in PEB respectively  UEM Land Holdings is a 69.1% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Contribution for maintenance of interchanges, rental of helicopter and other facilities	1,000,000
<b>Total</b>						<b>1,000,000</b>
4.	UEM Land Holdings Group	Kadir Andri & Partners ( <b>"KAAP"</b> )	UEMG and Abdul Kadir Md Kassim	Abdul Kadir Md Kassim is the Managing Partner of KAAP and also the Director for UEM Land Holdings and UEMG	Receipt of legal advisory services	303,528
<b>Total</b>						<b>303,528</b>

## RECURRENT RELATED PARTY TRANSACTIONS

### B) UEM Land Holdings Group providing services and/or renting and/or disposing land and/or land-based property to related parties.

Item	Company in UEM Land Holdings Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at the LPD	Nature of Transaction	Value (RM)
1.	UEM Land Holdings Group	UEMG Group	Khazanah, UEMG, Tan Sri Dr Ahmad Tajuddin Ali, Dato' Izzaddin Idris, Abdul Kadir Md Kassim and Sheranjiv Sammanthan	UEM Land Holdings is a 69.1% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Provision for tenancy of land for batching plant/casting yard	44,000
					<b>Total</b>	<b>44,000</b>
2.	UEM Land Holdings Group	Khazanah and/or its subsidiaries ( <b>"Khazanah Group"</b> )	UEMG Group, Tan Sri Dr Ahmad Tajuddin Ali, Dato' Izzaddin Idris, Abdul Kadir Md Kassim and Sheranjiv Sammanthan	UEM Land Holdings is a 69.1% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Provision for lease of office building	385,000
					Provision of development management services	1,933,670
					Provision for lease of land for workers' quarter	0
					<b>Total</b>	<b>2,318,670</b>
3.	UEM Land Holdings Group	PEB Group	Khazanah, UEMG, Tan Sri Dr Ahmad Tajuddin Ali, Dato' Izzaddin Idris, Abdul Kadir Md Kassim and Sheranjiv Sammanthan	UEMG and Khazanah are the major shareholders of PEB by virtue of their 38.5% and 16.5% direct interest in PEB respectively  UEM Land Holdings is a 69.1% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Provision of development management services in relation to the mixed residential development on PLUS' land in R&R Ayer Keroh	0
					<b>Total</b>	<b>0</b>

## FORM OF PROXY



No. of shares	
CDS Account No.	
Telephone No.	

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of UEM Land Holdings Berhad ("the Company") hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held at Banquet Hall, Menara Korporat Persada PLUS, Persimpangan Bertingkat Subang, KM 15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 June 2011 at 10.00 a.m., or at any adjournment.

(Please indicate with a "X" or "✓" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

	Resolution	For	Against
To re-elect the following Directors retiring in accordance with Article 85 of the Company's Articles of Association:			
(i) Tan Sri Dr Ahmad Tajuddin Ali	1		
(ii) Oh Kim Sun	2		
(iii) Dato' Wan Abdullah Wan Ibrahim	3		
To re-elect the following Directors retiring in accordance with Article 92 of the Company's Articles of Association:			
(i) Sheranjiv Sammanthan	4		
(ii) Datuk Tong Kooi Ong	5		
To re-appoint Abdul Kadir Md Kassim retiring in accordance with Section 129(6) of the Companies Act, 1965.	6		
To re-appoint Md Ali Md Dewal retiring in accordance with Section 129(6) of the Companies Act, 1965.	7		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2010.	8		
To re-appoint Messrs Ernst & Young as Auditors and to authorise Directors to fix their remuneration.	9		
To empower Directors pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares.	10		
To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	11		
To approve the Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.	12		

\_\_\_\_\_

Signature

(If the shareholder is a corporation, this part should be executed under seal)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

### NOTES

- Every member is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
- To be valid, the **original** Form of Proxy duly completed must be deposited at the Share Registrar's office, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time of holding the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its attorney.
- If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
- If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
- A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one thousand (1,000) ordinary shares may appoint up to ten (10) proxies to attend and vote at the same meeting and each proxy appointed, shall represent a minimum of one thousand (1,000) ordinary shares. Where a member appoints one (1) or more proxies to attend and vote at the same meeting, such appointments shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

Fold here

Stamp

**The Share Registrar's Office**

Symphony Share Registrars Sdn Bhd (378993-P)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Fold here



## **CORPORATE DIRECTORY**

### **CORPORATE HEADQUARTERS**

16-1 Mercu UEM  
Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

Tel No. : 603 – 2727 6000  
Fax No. : 603 – 2727 2000  
Website : [www.uemland.com](http://www.uemland.com)

### **BUSINESS OFFICE, SALES AND MARKETING OPERATIONS**

#### **Nusajaya Centre**

No. 8, Ledang Heights  
79250 Nusajaya  
Johor Darul Ta'zim  
Malaysia

Tel No. : 607 – 277 3700  
Fax No. : 607 – 277 3701  
Website : [www.nusajacity.com](http://www.nusajacity.com)

#### **Puteri Harbour**

Satelite Clubhouse  
79000 Nusajaya  
Johor Darul Ta'zim  
Malaysia

Tel No. : 607 – 530 2122  
Fax No. : 607 – 530 2126  
Website : [www.nusajacity.com](http://www.nusajacity.com)

#### **Horizon Hills Golf & Country Club**

No.1, Jalan Eka  
Horizon Hills  
79100 Nusajaya  
Johor Darul Ta'zim  
Malaysia

Tel No. : 607 – 232 3166  
Fax No. : 607 – 232 3919

#### **Cahaya Jauhar Sdn Bhd**

27 & 29, Jalan Indah 15/3  
Bukit Indah  
79100 Nusajaya  
Johor Darul Ta'zim  
Malaysia

Tel No. : 607 – 235 0800  
Fax No. : 607 – 235 0890

#### **Symphony Hills Sdn Bhd**

Clubhouse Symphony Hills  
Persiaran Simfoni  
Cyber 9, Cyberjaya  
63000 Sepang  
Selangor Darul Ehsan

Tel No. : 603 – 8312 7800  
Fax No. : 603 – 8312 3445

#### **Sunrise Berhad**

Penthouse, Wisma Sunrise  
Plaza Mont'Kiara  
No. 2, Jalan Kiara  
Mont'Kiara  
50480 Kuala Lumpur

Tel No. : 603 – 2718 7788  
Fax No. : 603 – 6201 5000  
Website : [www.sunrisebhd.com](http://www.sunrisebhd.com)