LOH & LOH CORPORATION BERHAD ANNUAL REPORT 2010 go with the flow


our path to sustainable value creation

A Company geared for success and profitable growth needs a foundation of value, expertise and experience that encompasses both its history and the people who make it what it is: the company's employees, shareholders, business associates and customers.

LOH & LOH
CORPORATION BERHAD


Bellmouth Spillway, Betotan Dam

contents

The world is changing. And so are the societies in which we do business. Climate change and globalization, a dramatic increase in urbanization, demographic change and its consequences, all these trends are having a direct impact on humanity and the economic environment.

We saw the changes. We geared our portfolio accordingly. Having moved quickly to focus on company strategy and the megatrends of our time, we're now well positioned to continue generating sustainable, profitable growth in the years ahead.

LOH & LOH has rigorously oriented the portfolio towards the megatrends.

corporate structure

as at 31 March 2011

LOH & LOH
CORPORATION BERHAD

CIVIL & STRUCTURAL

LOH & LOH CONSTRUCTIONS SDN BHD
100%

Jutakim Sdn Bhd
100%

Loh & Loh Sato Kogyo JV Sdn Bhd
100%

Loh & Loh Ikhmas Sdn Bhd
70%

Quality Quarry Sdn Bhd
68%

MECHANICAL & ENGINEERING

WATER ENGINEERING TECHNOLOGY SDN BHD
100%

Wet O&M Sdn Bhd
100%

Wet Sales & Services Sdn Bhd
100%

PROPERTY DEVELOPMENT

LOH & LOH DEVELOPMENT SDN BHD
100%

Turf-Turf Sdn Bhd
100%

Green Heights Developments Sdn Bhd
100%

SUPERMARKET & FOOD COURT

CENTRAL ICON SDN BHD
90%

Ladang Impian Sdn Bhd
100%

Ladang Impian 1 Sdn Bhd
100%

Ladang Impian 2 Sdn Bhd
100%

Pasarakyat Sdn Bhd
100%

Raw Water Transfer, Jus Dam

board of directors

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud
Non-Independent Non-Executive Chairman

Loh Kim Kah
Managing Director & Chief Executive Officer

Yong Weng Fai
Independent Non-Executive Director

Tan Vern Tact
Non-Independent Non-Executive Director

Low Taek Howe
Independent Non-Executive Director

Geh Choh Hun
Non-Independent Non-Executive Director

corporate information

BOARD OF DIRECTORS

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud [2,3]
Chairman

Loh Kim Kah
Managing Director & Chief Executive Officer

Yong Weng Fai [1,3]

Tan Vern Tact [2]

Low Taek Howe [1]

Geh Choh Hun [2]

AUDIT COMMITTEE

Yong Weng Fai [1,3]
Chairman

Geh Choh Hun [2]

Low Taek Howe [1]

COMPANY SECRETARIES

Chua Siew Chuan
MAICSA 0777689

Chin Mun Yee
MAICSA 7019243

AUDITORS

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

SOLICITORS

Zaid Ibrahim & Co.

PRINCIPAL BANKERS

EON Bank Berhad
RHB Bank Berhad
United Overseas Bank (M) Bhd
Affin Bank Berhad
AmInvestment Bank Berhad

REGISTERED OFFICE

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Malaysia
TEL +603-2084 9000
FAX +603-2094 9940 / 2095 0292

SHARE REGISTRAR

Shareworks Sdn Bhd
10-1, Jalan Sri Hartamas 8, Sri Hartamas,
50480 Kuala Lumpur, Malaysia
TEL +603-6201 1120
FAX +603-6201 3121
EML shworks@streamyx.com

1 Independent Non-Executive Director
2 Non-Independent Non-Executive Director
3 Chartered Accountant of the Malaysian Institute of Accountants

board of directors' profile

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud
Non-Independent Non-Executive Chairman

Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud, a Malaysian aged 45, was appointed as Chairman and Director of LLCB on 19 September 2008.

She holds a BSc Economics and Accountancy from the City of London University, England and she is a member of the Malaysian Institute of Accountants ("MIA").

Upon completing her degree course, she started her career with the Hongkong Bank in London, England, then joined Esso Malaysia Berhad in Kuala Lumpur before moving on to own and run a few private limited companies.

Y.A.M. Tengku Dato' Rahimah currently sits on board of Puncak Niaga Holdings Berhad and is also a Director of Cosway (M) Sdn Bhd, a direct selling company dealing in consumer goods and services and a wholly-owned subsidiary of Cosway Corporation Berhad.

Loh Kim Kah
Managing Director & Chief Executive Officer

Mr. Loh Kim Kah, a Malaysian aged 51, was appointed as a Director of LLCB on 9 January 1997 and subsequently appointed as Managing Director of LLCB on 10 January 1997.

Mr. Loh obtained a Bachelor of Economics (Honours) degree in Accounting and Business Finance from University of Manchester in 1985. He has been with the Group for over 20 years.

He does not hold any directorship in other public companies. He is a Director of several private limited companies.

Yong Weng Fai
Independent Non-Executive Director

Mr. Yong Weng Fai, a Malaysian aged 50, was appointed to the Board of LLCB on 12 June 2001 as an Independent Non-Executive Director. He is a member of the Audit Committee.

Mr. Yong is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Chartered Tax Institute of Malaysia and a fellow member of the Association of Chartered Certified Accountants. He was actively involved in the audit field for more than 28 years.

Mr. Yong currently sits on the Board of UBG Berhad. He holds directorship in a private limited company.

Tan Vern Tact

Non-Independent Non-Executive Director

Mr Tan Vern Tact, a Malaysian aged 34, was appointed to the Board of LLCB on 2 February 2011 as a Non-Independent Non-Executive Director.

Mr Tan graduated from Trinity College, University of Cambridge, United Kingdom with a Bachelor of Arts (B.A.) and a Master of Engineering (M.Eng.) in Electrical and Information Sciences.

He is currently the Executive Director of UBG Berhad, involving primarily in investment activities in areas such as real-estate, constructions, hospitality, resources and energy.

He is a representative of UBG Berhad and an Alternate Non-Independent Non-Executive Director in Putrajaya Perdana Berhad. He also holds directorships in several private limited companies.

Low Taek Howe

Independent Non-Executive Director

Mr. Low Taek Howe, a Malaysian aged 32, was appointed to the Board of LLCB on 2 February 2011 as an Independent Non-Executive Director.

Mr. Low graduated with a Bachelor of Business Administration (BBA) Degree in Marketing and Management in 2006. He holds directorships in several private limited companies dealing with investment holding, real estate and plantations. He is currently involved in high-end property development projects and timber logging activities in Malaysia, where his experience has been gained through his personal hands-on approach in all of his other business projects in various fields and industries.

He currently sits on the Boards of UBG Berhad and Putrajaya Perdana Berhad as an Independent Non-executive Director.

Geh Choh Hun

Non-Independent Non-Executive Director

Mr Geh Choh Hun, a Malaysian aged 31, was appointed to the Board of LLCB on 11 November 2010 as a Non-Independent Non-Executive Director and was simultaneously appointed as a member of its Audit Committee.

Mr Geh is a graduate from the University of Melbourne, Australia, with a Bachelor of Laws and Bachelor of Commerce. He has over 8 years of experience in real estate and commercial business.

He is the Non-Independent Non-Executive Chairman of UBG Berhad. He currently sits on the Board of Putrajaya Perdana Berhad as a Non-Independent Non-Executive Director. He is a Board representative of UBG Berhad. He is also a representative of Javace Sdn Bhd and PetroSaudi International Ltd., Seychelles, the major shareholders of UBG Berhad.

a letter to our shareholders

" It is my pleasure to present the Annual Report and Audited Financial Statements for the financial year 2010.
I am pleased to announce that Loh & Loh Corporation Berhad ("LLCB" or "the Group") improved profitability for the year 2010 despite the challenging economic environment. The construction and property development businesses were the main contributors to the strong financial performance as a result of the diligent efforts and innovative approach of the management and staff.

Y.A.M. Tengku Dato' Rahimah Binti
Almarhum Sultan Mahmud
Non-Independent Non-Executive Chairman

27 April 2011

The Group continued to consolidate and strengthen our core businesses of construction and property development. In the area of construction works, the Group has established a reputation among industry players in the water and water-related sectors. Subsequently, the Group performed quite commendably in railway infrastructure works. With these achievements, the Group is well positioned to move forward in the construction and infrastructure sectors respectively.

Our recent foray into boutique property development in strategic locations received tremendous response from the public and contributed positively to the bottom line. With the experience gained, the Group will build on the momentum for further growth.

In view of the uncertainty in the global economic environment, the Group took prudent steps to mitigate potential risks by minimising the Group's entry into overseas markets. Instead, we focused our attention on local tenders and establishing a valuable foothold in the East Malaysian market. When the world economy stabilises, the Group will be well placed to take hold of opportunities presented to us.

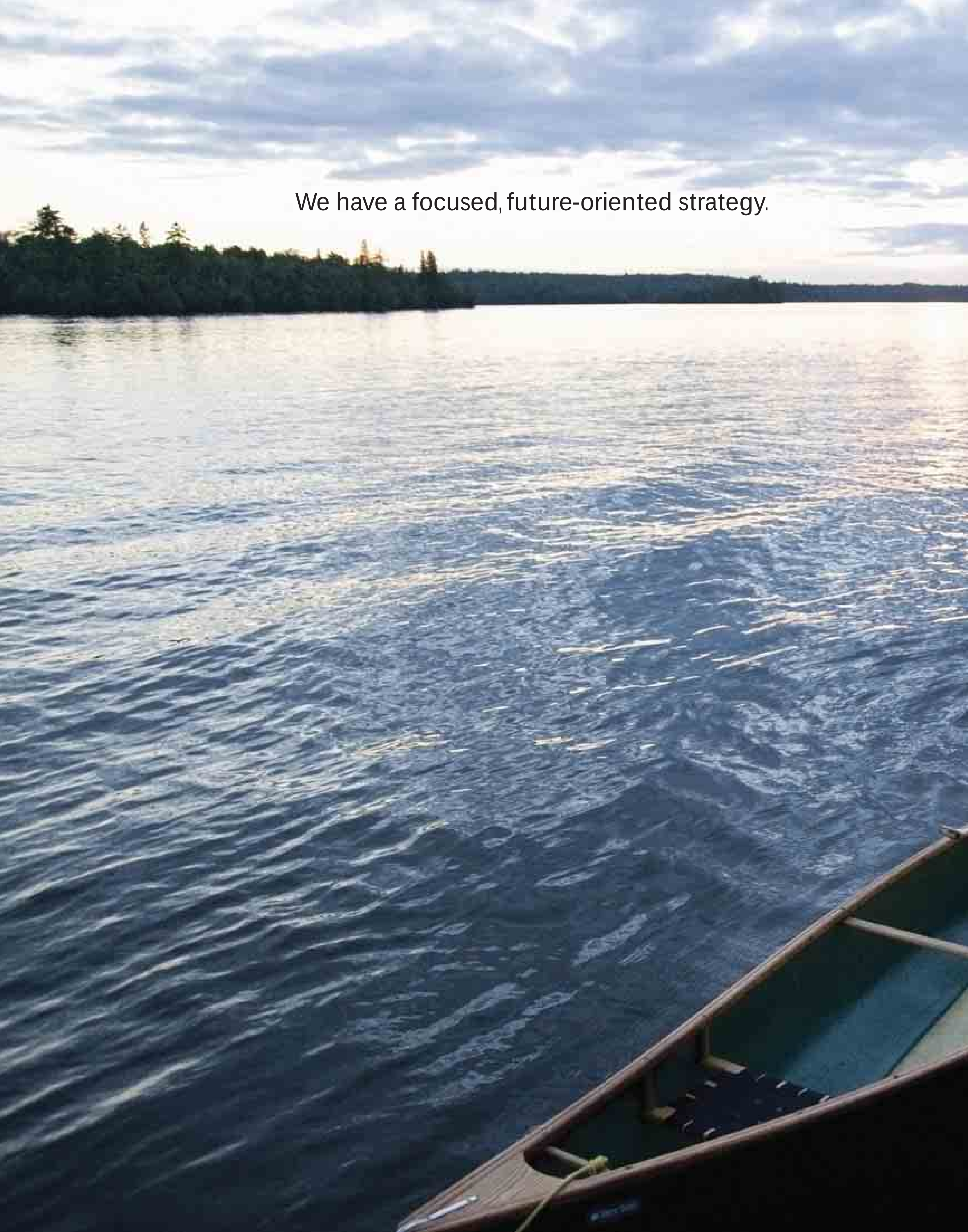
During the year, PetroSaudi International Limited ("PSI") through its wholly owned subsidiary, Javace Sdn Bhd ("JSB") made a mandatory unconditional offer to acquire all the remaining LLCB shares which are not already held directly or via UBG Berhad, the immediate holding company of LLCB. As PSI intended to take LLCB private, LLCB 's listing status was withdrawn from the Official List of Bursa Malaysia Securities Berhad on 21 December 2010. JSB completed the takeover of all the remaining shares in 27 January 2011.

On behalf of the Group, I would like to express our sincere appreciation to all our shareholders – your confidence in us has allowed us to go further every time. To all our staff, Management and Board of Directors, your unyielding loyalty, valuable contribution and team spirit will continue spur us on in our future endeavours.

I welcome Mr Geh Choh Hun and Mr Low Taek Howe to our Board and wish to thank Datuk Syed Ahmad Alwee Alsree, Datuk Michael Ting Kuok Ngie and Mr Kuah Hun Liang for their services as past directors.

Thank you.

We have a focused, future-oriented strategy.



Continuously tapping new markets with innovative ideas and solution requires the kind of spirit that has make our company strong.

It also requires clear strategic priorities – ones that provide orientation and are vital for sustainable growth.

group corporate calendar

MARCH 2010

In-house Badminton Competition in Taman Pusat Kepong (21 Mar)

APRIL 2010

Make-up Class at HQ Loh & Loh (3 Apr)

Asia Water 2010 Exhibition in KLCC (6, 7 & 8 Apr)

Awarded contract of Projek Jalan Akses Ke Empangan Murum, Bahagian Kapit, Sarawak (Seksyen B Pakej 1)

Team Building, The Legend Hotel Resort, Cherating (30 Apr, 1, 2 May)

MAY 2010

Career Fair @ PWTC (15 May)

JUNE 2010

Loh & Loh Corporation Berhad's 14th Annual General Meeting at Sime Darby Convention Centre, Kuala Lumpur (2 Jun)

Blood Donation at National Blood Bank (26 Jun)

Awarded contract of Projek Pahang-Selangor Raw Water Transfer Project Lot 1-3A, Semantan Intake, Pumping Station And Related Works

1. Blood donation at National Blood Bank
2. Asia Water 2010 Exhibition
3. Annual General Meeting

4

5

6

JULY 2010

LLCB participated and contributed to the construction of houses for the hardcore poor in Mukim Pulau Manis, Pekan (16 Jul)

Bowling Competition at Bukit Kiara Club (31 Jul)

SEPTEMBER 2010

Staff Assessment Review Familiarisation, Sime Darby Convention Center (10 Sep)

Awarded contract of Projek Hulu Terengganu Hydroelectric Project Lot CW2 - Main Civil And Associates Works

NOVEMBER 2010

Annual Dinner at The Westin Hotel, KL (13 Nov)

AUGUST 2010

Buka Puasa Gathering at Restaurant Subak, Sg. Penchala (26 Aug)

OCTOBER 2010

Badminton - Friendly Competition with UMW (8 Oct)

Stepping Stone Orphanage Home at Seputeh, KL (30 Oct)

DECEMBER 2010

Christmas Party @ HQ Loh & Loh (23 Dec)

4. Team Building exercise
5. Stepping Stone Orphanage
6. Staff dressed up for Annual Dinner

ceo's review of operations

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Loh & Loh Corporation Berhad ("LLCB" or "the Group) for the financial year ended 31 December 2010.

Loh Kim Kah
Managing Director & Chief Executive Officer

“The Group persevere, despite the uncertainties and challenging economic environment, to weather the volatile operating environment.“

1. Roller Compacted Concrete Dam, Kinta Ipoh
2. Our Fleet at work in Utility 2 Project, Johor

REVIEW OF FINANCIAL YEAR ENDED 31 DECEMBER 2010

The Group has performed remarkably well despite the uncertainty in the global economy that has affected all parties, from industry players to consumers. The Group broke the record in terms of contracts secured and our order book for the year 2010. This achievement is attributed to the management and staff. The order book will take the Group through the next two to three years. Nevertheless, the Group will continue to bid for jobs to replenish and further increase the order book.

IMPROVED FINANCIAL PERFORMANCE

The Group's diligence and strong management leadership enabled the Group to register an improved financial result for the year. I am pleased to report that the Group recorded a Revenue of RM299.5 million, compared to RM250.7 in 2009 and a Profit Before Tax of RM44.1 million, compared to RM39.6 million in 2009. We also recorded net earnings per share of 51 sen, compared to 41 sen in 2009.

The Group declared an interim single tier dividend of 44.11 sen per ordinary share of RM1.00 for the financial year ended 31 December 2010.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2

OPERATIONAL HIGHLIGHTS

The main contributions to the Group's financial performance came mainly from construction and property development divisions. Construction activities are undertaken by Loh & Loh Constructions Sdn Bhd and Water Engineering Technology Sdn Bhd, while property development activities are conducted by Loh & Loh Development Sdn Bhd.

Loh & Loh Constructions Sdn Bhd ('LLCSB')

LLCSB undertakes the civil and structural engineering activities for the Group.

For the financial year under review, projects that were major contributors to the financial performance are:

- Electrified Double Tracking Project between Seremban and Gemas;
- Construction and Completion of Infrastructure Works for Medini Development , Iskandar Johor – Package Utility 2.

During the year, LLCSB secured the following projects:

- Projek Jalan Akses Ke Empangan Murum, Bahagian Kapit, Sarawak (Seksyen B Pakej 1);
- Pahang-Selangor Raw Water Transfer Project Lot 1-3A, Semantan Intake, Pumping Station And Related Works;
- Hulu Terengganu Hydroelectric Project Lot CW2 - Main Civil And Associated Works.

The value of the above contracts amounted to RM1.24billion which is a historical achievement by LLCSB. LLCSB's success in securing these contracts through competitive tenders has also reinforced LLCSB's reputation as a major player in the water and water-related infrastructure sector.

LLCSB will continue to participate in tender exercises and is optimistic that we will succeed in further enhancing the order book in the near future.

1. Water Treatment Plant Sand Filters, Sandakan
2. Show units, Idaman Hills selayang
3. Artist impression, The Airie sri damansara

Water Engineering Technology Sdn Bhd (“WETSB”)

WETSB Group undertakes mechanical and electrical engineering and related activities for the Group.

WETSB Group also reported improved performance and continued to contribute to the Group’s profitability in Year 2010.

It was a busy year for WETSB Group with seven projects running concurrently in the states of Johor, Sabah and Sarawak.

The Kudat Water Supply Project and Kunak Water Supply Project were physically completed while waiting for the power supply to energise the plants for testing and commissioning.

The Beaufort Water Supply was the main contributor for the Group in the year 2010 and is in the advanced stage of completion.

During the year, Bakun Hydro Power Plant, Lambir Water Supply Treatment Plant in Miri and Infrastructure Works in Medini continued to progress and are expected to be completed in the following year.

The operations and maintenance works of the Sungai Segaliud Water Treatment Plant ensure that the plant continues to supply quality potable water to Sandakan town since the last quarter of 2009.

WETSB will continue to review and enhance our existing operations and business to fulfil our potential for growth and opportunities. WETSB is optimistic that the continued close cooperation and collaboration with LLCSB, will enable the Group to tap the synergy that will sustain the Group’s competitiveness and performance in 2011.

1

Loh & Loh Development Sdn Bhd ("LLDSB")

LLDSB, the property development subsidiary of the Group, also continued to contribute significantly to the Group's revenue and profit in 2010.

2010 was a significant and exciting year for LLDSB with the launching of two new developments (Idaman Hills, Selayang, and The Airie, Sri Damansara) with a combined Gross Development Value of RM370 million. Both developments received overwhelming response with 100% sales within a month of their respective launches.

2

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Idaman Hills, Selayang

Idaman Hills, a freehold, low-density, gated and guarded development in Selayang, consists of 38 Tropical Modern Semi-detached and 142 Tropical Bungalow homes, all on high ground. The development will boast a natural clear river surrounded by lush and lavish landscaping using natural elements to create an enchanting idyllic paradise. Phase 1 of Idaman Hills was launched in July 2010 and received overwhelming demand with all units sold within a month.

The Airie, Sri Damansara

The Airie, Sri Damansara comprising of 79 units of stratified modern contemporary Semi-detached and Bungalow homes, was launched in November 2010 to overwhelming response with all units sold within a period of three weeks. The development will have a unique landscaped deck, which will allow all residents access to a vehicle-free area where they can play and relax as well as enjoy the well-equipped clubhouse and swimming pools.

The Group is constantly sourcing for suitable land to increase its landbank based on a strategy of developing unique concepts that will add significant value to the land. Discussions are ongoing with several landowners on outright purchase as well as Joint Venture basis.

2011 should prove to be another busy year for the property development subsidiary with the ongoing construction of the two development projects, and the continuing search for land for new and exciting development concepts.

1. Presentation of plaque, Asia Water 2010
2. Best Booth Design at Asia Water 2010
3. Sewage Treatment Plant, Kuala Sawah

Asia Water 2010

In April 2010, LLCSB and WETSB represented the Group in Asia Water 2010, Asia's No.1 Water & Wastewater Industry Event. This event was held at the Kuala Lumpur Convention Centre from 6 April to 8 April 2010.

The synergy derived from the civil and mechanical & electrical disciplines projected the Group as one of the country's most formidable, complete, one-stop water infrastructure giants. Besides winning the Best Booth Design, the event also raised the Group's profile to industry players and created awareness among the authorities and consultants.

The preparation for the event took almost a year. Despite the hectic operational pressures and deadlines, the Group managed to undertake such an event and in the end all the hard work, effort and time paid off as the event was a great success.

HUMAN CAPITAL DEVELOPMENT AND VALUES

The success and achievement of the Group's improved financial performance is the result of teamwork and cooperation among management and staff. The Group involves team members in decision-making, adopting a Human Resource management system that rewards and incentivises based on performance and results.

The Group has incorporated the Practice of 8 Core Values, which encompass Passion, Results Oriented, Accountability, Change Responsiveness, Teamwork, Integrity & Loyalty, Creativity and Innovativeness and Equity, under the acronym of "PRACTICE," as part of the Group Core Values.

3

CHALLENGING TIMES AHEAD

The Group is bracing for challenges ahead, largely as a result of uncertainty in the globalised economy. While Malaysia is not insulated from the effects of the global downturn, the construction sector continues to offer potential.

The Group is encouraged by the announcement of new water and other major infrastructure projects such as the Pahang-Selangor Water Supply Scheme, Sarawak Hydro Dams, Mass Rail Transit and the Integration of the Light Rail Transit systems. Our proven track record will place us in a prime position to bid for these projects.

Over the years, the Group has built a strong premium brand, which stands for quality, reliability, safety, expertise and innovation. We have a highly qualified team, whose enthusiasm and experience are vital to the success of our businesses.

We also have a healthy balance sheet that will allow us to take advantage of new opportunities as they arise. At the same time, we will also maintain the prudent financial management that has stood us in good stead over the years.

With the world economy slowly recovering from the doldrums and the various infrastructure projects to be implemented, I am cautiously optimistic about the road ahead. I am confident that the Group will continue to improve.

IN APPRECIATION

On behalf of the Group, my sincere appreciation goes to our shareholders, the Board of Directors, the Management and our employees for your dedication and effort, and to our valued customers, business associates, suppliers, subcontractors, bankers and regulatory authorities for their continued support and confidence in us. I trust that you will all continue to give us your support.

On our part, we remain committed to pursuing all opportunities with a view to maintaining our growth and profitability as well as enhancing shareholders' value.

corporate social responsibility (CSR)

"The Group persevere, despite the uncertainties and challenging economic environment, to weather the volatile operating environment."

The Group recognises the importance of implementing good Corporate Social Responsibility ("CSR") practices as it will bring value to the Group's business operations and at the same time deliver sustainable value to the society and community at large. We are mindful of our social obligations as well as the impact our operation has on society, the environment and the community.

Towards this end, the Group merges CSR initiatives with our business activities wherever possible, while encouraging and inspiring our employees to contribute to the environment and communities in which we operate.

1. LLCB participated and contributed to the constructions of houses for the hardcore poor in Mukim Pulau Manis, Pekan
   a) An aerial view of the Bukit Kenau Integrated Community Housing Development project at Mukim Pulau Manis, Pekan
   b) Receiving award of appreciation for the Group contribution
   c) House unit
2. Team Building, Cherating

a

b

c

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THE ENVIRONMENT

The Group's principal activities are in construction. The Group's subsidiaries which are involved in this sector take steps to mitigate or minimise adverse impacts arising from their activities. We strive to ensure that we comply with all environmental standards, rules and regulations set by the relevant authorities.

The Group will continue with the environment conservation efforts by working hand in hand with all related parties and the authorities to beautify and preserve Nature as best as we can. The Group will continue to take responsibility for improving the quality of life with respect to the environment in the course of our business operations.

THE WORKPLACE

Health and Safety

The Group ensures that all project sites and offices are safe and conducive for our employees and all who set foot on our premises. The Group will never compromise on safety and security and have set a goal of zero fatality at these premises.

Training and briefings on safety matters are conducted regularly to instil safety consciousness in the staff and workers.

Practice 8 Core Values

The Group inculcates the practise of 8 Core Values which encompass Passion, Results Oriented, Accountability, Change Responsiveness, Teamwork, Integrity & Loyalty, Creativity and Innovativeness, and Equity under the acronym of "PRACTICE" as part of the Group Corporate Culture.

The success and achievement of the Group's improved financial performance are the result of teamwork among others. We continue to fulfil our commitment to involve team members in making decisions and be accountable for the workplace as well as the operating units, a strategy we call "A Combination That Delivers." The Group has adopted a Human Resource Management system that rewards and incentivises based on performance and results.

During the year, the Group organised a three-day Team Building Programme for the staff at a local resort.

Staff Development and Welfare

Training programmes and schemes were conducted both in-house and externally. Where appropriate, suitable employees were sent for courses to enhance their performance, upgrade knowledge, obtain better skills and understanding of the industry. These training and development programmes are ongoing.

Other staff organised events included birthday celebrations for colleagues, festive celebrations, weekly sports, competitions and recreational activities and the annual dinner.

THE COMMUNITY

The Group believes in giving back to the society in whatever way we can. We are always willing to donate to any worthy cause, such as victims of natural disasters. The Group makes donation to homes and charitable institutions as part of our contribution to the community.

The Group also encourages staff volunteerism in community work. For instance, our employees will organise activities like blood donation drives and visits to charity homes.

During the year, the Group participated in and contributed to the proposed construction of 60 units of houses for the hardcore poor in Mukim Pulau Manis, Pekan. The staff also carried out refurbishment work for the Stepping Stone Orphanage Home.

1. Blood donation at National Blood Bank
2. Stepping Stone Orphanage at Seputeh, KL
3. Team members, Idaman Hills Project

3

THE MARKETPLACE

The Group always ensures the quality of its products and services. The main operating units of the Group are ISO certified. Project processes and systems are continuously evaluated and monitored; customers' feedback is reviewed and acted on to ensure delivery and work quality of the highest standard.

The Group also works with our suppliers to ensure that products and materials are competitively priced and meet, if not exceed, quality standards.

CSR INITIATIVES

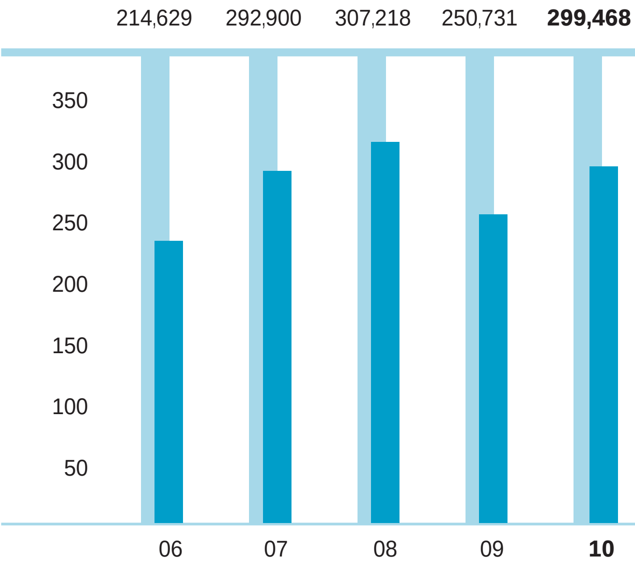
The Group shall promote and inculcate the CSR initiatives to ensure a future in which the environment is sustainable, society is harmonious and working community pleasant.

financial highlights

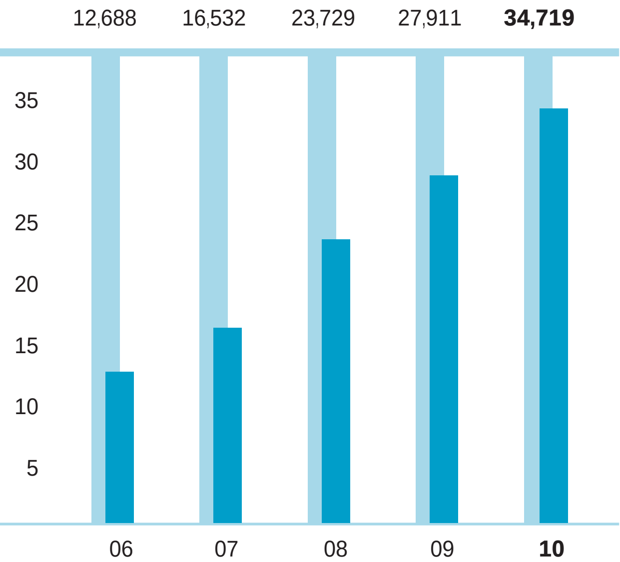
5 YEARS GROUP FINANCIAL STATISTICS

	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	241,629	292,900	307,218	**250,731**	**299,468**
Profit After Tax	12,688	16,532	23,729	**27,911**	**34,719**
Group Earnings Per Share (sen)	19	24	35	**41**	**51**
Shareholders' Funds	162,083	174,907	194,621	**217,432**	**250,234**
Paid-up Share Capital	68,000	68,000	68,000	68,000	**68,000**
Net Assets Per Share (sen)	241	260	289	**322**	**369**
Dividend Per Share (sen)	8	8	10	10	**44**

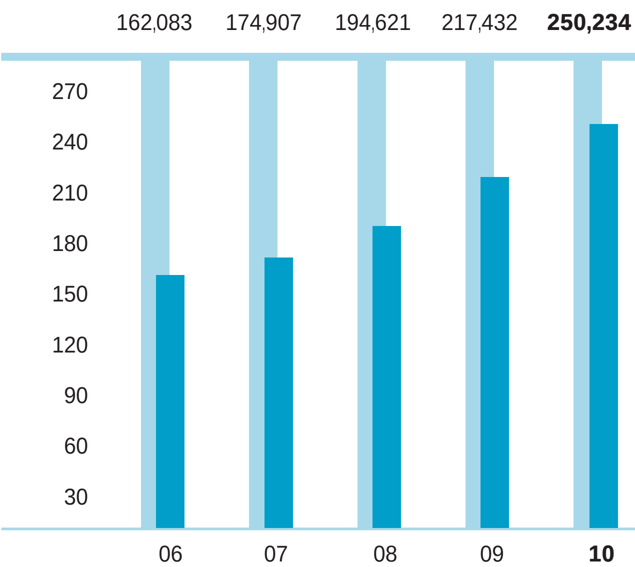
REVENUE RM'000



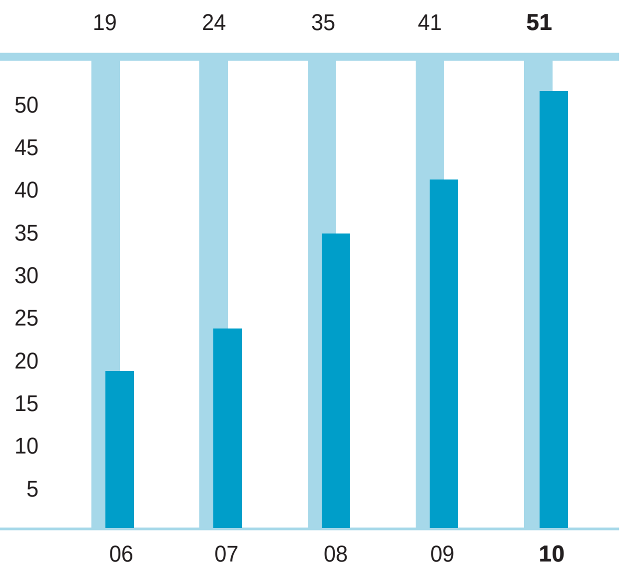
PROFIT AFTER TAX RM'000



SHAREHOLDERS' FUNDS RM'000



EARNING PER SHARE SEN



Dissolved Air Floatation(DAF) System, Sandakan

financial statements

directors' report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and civil construction.

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

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

RESULTS

	GROUP	COMPANY
	RM	RM
Profit, net of tax	34,719,485	38,865,830
Profit attributable to:		
— Owners of the parent	34,786,467	38,865,830
— Minority interests	(66,982)	-
	34,719,485	38,865,830

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement, which has resulted in an increase in the Group's and the Company's profit, net of tax by RM1,481,053 and RM743,835 respectively as disclosed in Note 2.2 to the financial statements.

DIVIDENDS

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

	COMPANY
	RM
In respect of the financial year ended 31 December 2009, as reported in the directors' report of that financial year:	
Final dividend of 10% less 25% taxation, on 68,000,000 ordinary shares, paid on 18 June 2010	5,099,998

An interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2010 of 44.12% on 68,000,000 ordinary shares amounting to RM30,000,000 was declared on 21 February 2011 and paid on 11 March 2011. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

The directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2010.

DIRECTORS

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

- Y.A.M. Tengku Dato' Rahimah binti Almarhum Sultan Mahmud
- Loh Kim Kah
- Yong Weng Fai
- Geh Choh Hun (appointed on 11 November 2010)
- Low Taek Howe (appointed on 2 February 2011)
- Tan Vern Tact (resigned on 11 November 2010 and reappointed on 2 February 2011)
- Datuk Syed Ahmad bin Alwee Alsree (resigned on 11 November 2010)
- Datu Michael Ting Kuok Ngie @ Ting Kok Ngie (resigned on 11 November 2010)
- Kuah Hun Liang (resigned on 28 February 2011)

Alternate Director:

- Loo Ai Swan (Alternate Director to Tan Vern Tact) (appointed on 2 February 2011)
- Monica Oh Chin Chin (Alternate Director to Tan Vern Tact) (resigned on 11 November 2010)

In accordance with Article 118 of the Company's Articles of Association, Y.A.M. Tengku Dato' Rahimah binti Almarhum Sultan Mahmud retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

In accordance with Article 123 of the Company's Articles of Association, Mr. Geh Choh Hun, Mr. Tan Vern Tact and Mr. Low Taek Howe, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

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

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 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTEREST

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

	NUMBER OF ORDINARY SHARES OF RM1 EACH IN THE COMPANY			
LOH & LOH CORPORATION BERHAD	**AT 1.1.2010**	**ACQUIRED**	**SOLD**	**AT 31.12.2010**
Direct interest:				
Loh Kim Kah	600,000	-	(600,000)	-
Indirect interest:				
Loh Kim Kah	5,440,000	-	(5,440,000)	-

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

OTHER STATUTORY INFORMATION

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

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

   ii to ensure that any current assets which were unlikely to realise their 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

OTHER STATUTORY INFORMATION (continued)

f. In the opinion of the directors:

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

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

SIGNIFICANT EVENT

Details of a significant event is disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2011.

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud

Loh Kim Kah

statement by directors

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

We, Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud and Loh Kim Kah, being two of the directors of Loh & Loh Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 112 are drawn up in accordance with Financial Reporting Standards and Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2011.

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud

Loh Kim Kah

statutory declaration

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

I, Loh Kim Kah, being the director primarily responsible for the financial management of Loh & Loh Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 112 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.

Loh Kim Kah

Subscribed and solemnly declared by the abovenamed Loh Kim Kah at Kuala Lumpur in the Federal Territory on 27 April 2011 before me.

independent auditors' report

to the members of Loh & Loh Corporation Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Loh & Loh Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 112.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

OTHER MATTERS

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

Ernst & Young
(AF: 0039)
Chartered Accountants

Kua Choo Kai
(No. 2030/03/12(J))
Chartered Accountant

Kuala Lumpur, Malaysia
27 April 2011

statements of comprehensive income

for the year ended 31 December 2010

	NOTE	GROUP 2010 RM	GROUP 2009 RM (RESTATED)	COMPANY 2010 RM	COMPANY 2009 RM
Revenue	4	299,468,255	243,152,592	88,020,690	7,363,078
Cost of sales	5	(231,397,780)	(179,422,177)	(49,146,164)	(95,728)
Gross profit		68,070,475	63,730,415	38,874,526	7,267,350
Other income	6	5,961,445	2,880,204	781,230	-
Administrative expenses		(29,585,770)	(26,919,526)	(993,921)	(2,102)
Finance costs	7	(337,769)	(92,346)	-	-
Profit before tax	8	44,108,381	39,598,747	38,661,835	72,65,248
Income tax	11	(9,388,896)	(11,995,676)	203,995	(1,700,000)
Profit, net of tax		34,719,485	27,603,071	38,865,830	5,565,248
Other comprehensive income:					
Revaluation of land and buildings		2,572,517	-	-	-
Other comprehensive income for the year, net of tax		2,572,517	-	-	-
Total comprehensive income for the year		**37,292,002**	**27,603,071**	**38,865,830**	**5,565,248**
Profit attributable to:					
Owners of the parent		34,786,467	27,910,753	38,865,830	5,565,248
Minority interests		(66,982)	(307,682)	-	-
		34,719,485	27,603,071	38,865,830	5,565,248
Total comprehensive income attributable to:					
Owners of the parent		37,358,984	27,910,753	38,865,830	5,565,248
Minority interests		(66,982)	(307,682)	-	-
		37,292,002	27,603,071	38,865,830	5,565,248
Earnings per share attributable to owners of the parent (sen per share) – basic	12	51	41		

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

statements of financial position

as at 31 December 2010

	NOTE	GROUP 2010 RM	GROUP 2009 RM (RESTATED)	COMPANY 2010 RM	COMPANY 2009 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	47,637,449	41,635,698	-	-
Investment properties	14	14,900,100	15,066,927	-	-
Land held for property equipment	15	-	27,981,574	-	-
Interest in leasehold land	16	-	3,741,177	-	-
Other long term investments	17	-	294,525	-	-
Investments in subsidiaries	18	-	-	153,280,342	153,280,342
Deferred tax assets	19	300,869	271,212	-	-
Goodwill	20	-	192,499	-	-
Trade and other receivables	21	5,673,970	-	-	-
Interest securities	22	500,000	-	-	-
		69,012,388	89,183,612	153,280,342	153,280,342
CURRENT ASSETS					
Development property	23	68,221,109	43,100,351	-	-
Inventories	24	3,321,776	628,451	-	-
Trade and other receivables	21	75,671,937	61,831,363	16,285,521	2,000
Other current assets	25	75,110,270	19,182,244	-	-
Investment securities	22	18,578,631	61,568,993	18,573,231	56,117,329
Tax recoverable		3,874,394	836,769	707,520	419,985
Deposits, cash and bank balances	27	115,842,806	56,408,033	41,378,779	1,906,351
		360,620,923	243,556,204	76,945,051	58,445,665
Non-current asset classified as held for sale	28	8,738,489	-	-	-
		369,359,412	243,556,204	76,945,051	58,445,665
TOTAL ASSETS		438,371,800	332,739,816	230,225,393	211,726,007

statements of financial position

as at 31 December 2010 (continued)

	NOTE	GROUP 2010 RM	GROUP 2009 RM (RESTATED)	COMPANY 2010 RM	COMPANY 2009 RM
EQUITY AND LIABILITIES					
CURRENT LIABILITIES					
Income tax payable		577,356	574,106	-	-
Finance lease obligations	29	946,024	945,838	-	-
Trade and other payables	30	103,569,794	81,163,142	43,707,197	59,694,170
Other current liabilities	31	65,894,499	28,639,101	-	-
		170,987,673	111,322,187	43,707,197	59,694,170
NET CURRENT ASSETS /(LIABILITIES)		198,371,739	132,234,017	33,237,854	(1,248,505)
NON-CURRENT LIABILITIES					
Deferred tax liabilities	19	1,656,698	1,624,077	-	-
Finance lease obligations	29	1,029,970	678,670	-	-
Trade and other payables	30	13,147,401	-	-	-
		15,834,069	2,302,747	-	-
TOTAL LIABILITIES		186,821,742	113,624,934	43,707,197	59,694,170
NET ASSETS		251,550,058	219,114,882	186,518,196	152,031,837
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	32	68,000,000	68,000,000	68,000,000	68,000,000
Revaluation reserve		6,794,302	4,221,785	76,885,943	76,885,943
Retained earnings	33	175,439,901	145,209,735	41,632,253	7,145,894
		250,234,203	217,431,520	186,518,196	152,031,837
Minority interests		1,315,855	1,683,362	-	-
TOTAL EQUITY		251,550,058	219,114,882	186,518,196	152,031,837
TOTAL EQUITY AND LIABILITIES		438,371,800	332,739,816	230,225,393	211,726,007

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

statements of changes in equity

for the year ended 31 December 2010

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					
		NON-DISTRIBUTABLE	DISTRIBUTABLE			
	SHARE CAPITAL RM	REVALUATION RESERVE RM	RETAINED EARNINGS RM	TOTAL RM	MINORITY INTERESTS RM	TOTAL EQUITY RM
GROUP						
At 1 January 2010	68,000,000	4,221,785	145,209,735	217,431,520	1,683,362	219,114,882
Effects of adopting FRS 139	-	-	543,697	543,697	-	543,697
At 1 January 2010 (restated)	68,000,000	4,221,785	145,753,432	217,975,217	1,683,362	219,658,579
Total comprehensive income	-	257,2517	34,786,467	37,358,984	(66,982)	37,292,002
Disposal of a subsidiary (Note 18)	-	-	-	-	(300,525)	(300,525)
Transactions with owners:						
Dividends on ordinary shares (Note 34)	-	-	(5,099,998)	(5,099,998)	-	(5,099,998)
At 31 December 2010	68,000,000	6,794,02	175,439,901	250,234,203	1,315,855	251,550,058
At 1 January 2009	68,000,000	4,221,785	122,398,980	194,620,765	1,991,044	196,611,809
Total comprehensive income	-	-	27,910,753	27,910,753	(307,682)	27,603,071
Transactions with owners:						
Dividends on ordinary shares (Note 34)	-	-	(5,099,998)	(5,099,998)	-	(5,099,998)
At 31 December 2009	68,000,000	4,221,785	145,209,735	217,431,520	1,683,362	219,114,882

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

statements of changes in equity

for the year ended 31 December 2010 (continued)

		NON-DISTRIBUTABLE	DISTRIBUTABLE	
	SHARE CAPITAL RM	REVALUATION RESERVE RM	RETAINED EARNINGS RM	TOTAL EQUITY RM
COMPANY				
At 1 January 2010	68,000,000	76,885,943	7,145,894	152,031,837
Effects of adopting FRS 139	-	-	720,527	720,527
At 1 January 2010 (restated)	68,000,000	76,885,943	7,866,421	152,752,364
Total comprehensive income	-	-	38,865,830	38,865,830
Transactions with owners:				
Dividends on ordinary shares (Note 34)	-	-	(5,099,998)	(5,099,998)
At 31 December 2010	68,000,000	76,885,943	41,632,253	186,518,196
At 1 January 2009	68,000,000	76,885,943	6,680,644	151,566,587
Total comprehensive income	-	-	5,565,248	5,565,248
Transactions with owners:				
Dividends on ordinary shares (Note 34)	-	-	(5,099,998)	(5,099,998)
At 31 December 2009	68,000,000	76,885,943	7,145,894	152,031,837

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

statements of cash flows

for the year ended 31 December 2010

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
OPERATING ACTIVITIES				
Profit before tax	44,108,381	39,598,747	38,661,835	7,265,248
Adjustments for:				
Amortisation of interest in leasehold land	467,647	467,647	-	-
Impairment loss on interest in leasehold land	545,588	-	-	-
Property, plant and equipment				
• depreciation	2,812,088	2,775,420	-	-
• gain on disposal	(101,078)	(169,594)	-	-
• written off	83,254	146,613	-	-
• impairment loss	1,195,847	-	-	-
Allowance for impairment of trade receivables, net	279,839	2,719,343	-	-
Dividend income	(162,051)	(183,142)	(36,162,051)	(6,905,320)
Interest income				
• short term deposits	(1,749,870)	-	(988,321)	-
• loans and receivables	(1,204,604)	(714,441)	-	(54,156)
Fair value gain on investment securities	(743,835)	-	(743,835)	-
Interest expense	337,769	92,346	-	-
Loss on disposal of other long term investments	144,525	-	-	-
Fair value loss on a investment property	24,155	-	-	-
Loss on disposal of a subsidiary	149,588	-	-	-
Reversal of impairment loss on				
• quoted investment	(37,395)	-	(37,395)	-
• other investment	-	(1,022,361)	-	(954,464)
Net gain on disposal of other investments	(2,123,891)	(195,016)	(1,871,749)	(403,602)
Reversal of provision for foreseeable losses	(294,989)	(257,741)	-	-
Operating profit/(loss) before working capital changes	43,730,968	43,257,821	(1,141,516)	(1,052,294)

statements of cash flows

for the year ended 31 December 2010 (continued)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Operating profit/(loss) before working capital changes (countinued)	43,730,968	43,257,821	(1,141,516)	(1,052,294)
Construction contracts	4,486,793	(47,512,028)	-	-
Development property	(21,803,706)	10,789,594	-	-
Inventories	(110,486)	(46,917)	-	-
Trade and other receivables	(21,198,232)	12,899,759	(6,283,521)	-
Trade and other payables	37,654,821	22,785,993	4,110,717	121,678
Cash generated from/(used in) operations	42,760,158	42,174,222	(3,314,320)	(930,616)
Interest paid	(116,123)	(92,346)	-	-
Income tax refunded	-	533,986	-	-
Income tax paid	(12,656,962)	(13,528,504)	(83,540)	(45,540)
Net cash generated from/(used in) operating activities	29,987,073	29,087,358	(3,397,860)	(976,156)
INVESTING ACTIVITIES				
Dividends received	4,600	4,951	6,004,600	5,104,777
Interest received	1,597,708	526,648	849,437	13,297
Investment in unit trust	(10,000,000)	-	(10,000,000)	-
Purchase of property, plant and equipment (Note a)	(13,619,428)	(3,087,710)	-	-
Proceeds from disposal of property, plant and equipment	783,655	2,543,998	-	-
Proceeds from disposal of other investment	55,205,253	7,963,139	50,000,000	-
Proceeds from disposal of other long term investment	150,000	-	-	-
Purchase of land held for property development	-	(27,981,574)	-	-
Net cash inflow arising from disposal of a subsidiary	486,175	-	-	-
Net cash generated from/ (used in) investing activities	34,607,963	(20,030,548)	46,854,037	5,118,074

statements of cash flows

for the year ended 31 December 2010 (continued)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
FINANCING ACTIVITIES				
Repayment of finance lease obligations	(1,176,514)	(1,327,642)	-	-
Dividends paid	(5,099,998)	(5,099,998)	(5,099,998)	(5,099,998)
Net cash used in financing activities	(6,276,512)	(6,427,640)	(5,099,998)	(5,099,998)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	58,318,524	2,629,170	38,356,179	(958,080)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	55,161,172	52,532,002	659,490	1,617,570
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	113,479,696	55,161,172	39,015,669	659,490

Note a: Purchases of property, plant and equipment during the year were by way of:

	GROUP	
	2010 RM	2009 RM
Cash	13,619,428	3,087,710
Finance lease obligations	1,552,000	1,212,568
	15,171,428	4,300,278

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

1. CORPORATE INFORMATION

Loh & Loh Corporation Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia. On 21 December 2010, the Company have been officially delisted from Main Market of Bursa Malaysia Securities Berhad pursuant to Paragraph 16.07 of the Listing Requirements subsequent to the unconditional take-over and compulsory acquisition by Javace Sdn. Bhd..

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at 19 & 21, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480, Kuala Lumpur.

The immediate and ultimate holding company are UBG Berhad and Javace Sdn. Bhd. respectively, both of which are incorporated and domiciled in Malaysia.

The principal activities of the Company consist of investment holding and civil construction.

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2 to the financial statements.

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

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

2.2 Changes in Accounting Policies

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

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

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 Presentation of Financial Statements (Revised)

FRS 123 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

Improvements to FRSs issued in 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 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

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

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.

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 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 40 to the financial statements.

c. FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single 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 (see Note 38 to the financial statements).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

d. 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 earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

i. Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM53,944,833. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010. Investments in equity instruments whose fair value cannot be reliably measured amounting to RM294,525 at 1 January 2010 continued to be carried at cost less impairment losses.

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for trading purposes as marketable securities. 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 financial assets at fair value through profit or loss and accordingly are stated at their fair values as at that date amounting to RM7,844,687. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

ii. 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 when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

iii. Retention sum receivables and payables

Retention sum receivables and payables are recognised at their original invoice amounts which represent their fair values on initial recognition. Retention sum receivables/payables which are expected to be collected/paid in a future period are recognised at amortised cost upon the adoption of FRS 139. The amortised cost is measured based on the present value of the estimated future cash flows discounted at the applicable market interest rate at the time of progress billings/progress claims are recognised in the trade receivables/trade payables. As at 1 January 2010, the amortisation costs being the difference between the carrying amount and the present value is recognised as an adjustments to the opening balance of retained earnings as at that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

d. FRS 139 Financial Instruments: Recognition and Measurement (continued)

iii. Retention sum receivables and payables (continued)

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

	INCREASE/(DECREASE)	
	31.12.2010 RM	1.1.2010 RM
Statements of financial position		
Group		
Investment securities (current) - held for trading	1,464,362	720,527
Trade and other receivables	(537,007)	(442,834)
Trade and other payables	(1,343,135)	(266,004)
Retained earnings	2,270,490	543,697
Company		
Investment securities (current) - held for trading	1,464,362	720,527
Retained earnings	1,464,362	720,527

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

d. FRS 139 Financial Instruments: Recognition and Measurement (continued)

	INCREASE	
	GROUP	COMPANY
	31.12.2010 RM	31.12.2010 RM
Statements of comprehensive income		
Interest income	1,204,604	-
Other income	743,835	743,835
Interest expense	221,646	-
Profit before tax	1,726,793	743,835
Income tax expense	245,740	-
Profit, net of tax	1,481,053	743,835

	Group Increase 31.12.2010 Sen per share
Earnings per share: Basic	2

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards Issued But Not Yet Effective

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

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Classification of Rights Issues	1 March 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards Issued But Not Yet Effective (continued)

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.

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.

2.4 Basis of Consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the purchase method except for certain subsidiaries, which have been accounted using merger method of accounting. Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9 to the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of Consolidation (continued)

Business combinations involving entities under common control are accounted for by applying the pooling of interest 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. The statement of comprehensive income 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 have always been combined since the date the entities had come under common control.

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

2.5 Transactions with Minority Interests

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

2.6 Foreign Currency

a. Functional and presentation currency

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

b. Foreign currency transactions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, Plant and Equipment

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

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building	2.5%
Plant and machinery and site equipment	5% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	12.5% - 20%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investment Properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 to the financial statements up to the date of change in use.

2.9 Intangible Assets - Goodwill

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

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

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

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

2.10 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of Non-Financial Assets

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

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

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

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

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.

2.12 Subsidiaries

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

Investment in subsidiaries are stated at valuation. Investments stated at valuation shall be revalued at a regular interval of at least once in every five (5) years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued investments differ materially from the underlying net tangible asset values of the subsidiaries.

2.13 Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial Assets

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

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

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

a. Financial assets at fair value through profit or loss

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

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

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

b. Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest 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.

c. Held-to-maturity investments

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial Assets (continued)

d. Available-for-sale financial assets

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

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

2.15 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.

a. Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Impairment of Financial Assets (continued)

b. Unquoted equity securities carried at cost

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

c. Available-for-sale financial assets

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

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

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

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 Construction contracts

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

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

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

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

When the total of costs incurred on construction 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Land Held for Property Development and Property Development Costs

a. Land held for property development

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

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

b. Property development costs

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

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

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

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

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

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

2.19 Inventories

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction, development costs and appropriate overheads.

Other inventories are valued at lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories. The cost of other inventories consists of direct materials, direct labour, direct charges and variable production overheads, determined on a weighted average basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Provisions

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

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

2.21 Financial Liabilities

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

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

a. Financial liabilities at fair value through profit or loss

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

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

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

b. Other financial liabilities

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee Benefits

Defined contribution plans

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

2.23 Leases

a. As lessee

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

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

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

b. As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(f) to the financial statements.

2.24 Revenue

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

a. Construction contracts

Revenue from construction contracts is recognised on the stage of completion method as described in Note 2.17 to the financial statements.

b. Sale of properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.18(b) to the financial statements.

Revenue from sale of land and property inventories is recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of property inventories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue (continued)

c. Sale of goods

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

d. Quarry operations

Revenue from quarry operations is recognised based on invoiced value of goods delivered to customers.

e. Dividend income

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

f. Rental income

Rental income from investment property is recognised on accrual basis based on the agreed upon rental rates.

g. Interest income

Interest income is recognised on accrual basis unless collectability is in doubt, in which case it is recognised on receipt basis.

2.25 Income Taxes

a. Current tax

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

b. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Income Taxes (continued)

b. Deferred tax (continued)

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

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

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

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

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

2.26 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share Capital and Share Issuance Expenses

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

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

2.28 Contingencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

a. Classification between investment properties and property, plant and equipment

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

b. Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases. The Group assessed the following:

i. The land titles do not passed to the Group, and

ii. The rentals paid to the landlord for the commercial properties are increase to the market rent at regular intervals, and the Group does not participate in the residual value of the building.

Management judged that it retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

3.2 Key Sources of Estimation Uncertainty

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

a. Property development

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key Sources of Estimation Uncertainty (countinued)

b. Construction contracts

The Group recognises construction contract revenue and expenses in the income statement 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.

Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, provision for warranties, the estimated total construction contract costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

c. Deferred tax assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

As at 31 December 2010, the total carrying value of recognised tax losses and capital allowances of the Group is RM1,627,604 (2009:RM1,238,441) and the unrecognised tax losses and capital allowances of the Group is RM11,964,196 (2009: RM13,248,370). Further details are provided for in Note 19 to the financial statements.

d. Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition the estimation of the useful lives of property, plant and equipment are based on internal technical evaluations and experience with similar assets. It is possible, however, that future results of operations could be materially affected by variations in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the property, plant and equipment balance.

e. Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 21 to the financial statements.

4. REVENUE

	GROUP 2010 RM	GROUP 2009 RM (RESTATED)	COMPANY 2010 RM	COMPANY 2009 RM
Construction contracts	173,409,926	177,315,090	-	-
Property development	57,243,523	44,055,982	-	-
Sale of goods	16,698,116	21,132,442	-	-
Sale of investments	50,870,318	403,602	50,870,318	403,602
Rental income from revenue generating investment property	96,000	86,000	-	-
Interest income	988,321	54,156	988,321	54,156
Dividends:				
– subsidiaries	-	-	36,000,000	6,800,000
– other investments, quoted in Malaysia	162,051	105,320	162,051	105,320
	299,468,255	243,152,592	88,020,690	7,363,078

5. COST OF SALES

	GROUP 2010 RM	GROUP 2009 RM (RESTATED)	COMPANY 2010 RM	COMPANY 2009 RM
Construction contract costs	125,717,922	129,674,408	-	-
Property development costs (Note 23)	43,016,331	32,419,624	-	-
Cost of goods sold	13,483,866	17,198,123	-	-
Cost relating to investing activity	49,146,164	95,728	49,146,164	95,728
Rental expense in respect of revenue generating investment property	33,497	34,294	-	-
	231,397,780	179,422,177	49,146,164	95,728

6. OTHER INCOME

Included in other income of the Group and of the Company are:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Rental income	1,535,346	1,386,024	-	-
Interest income from:				
– short term deposits	761,549	-	-	-
– loans and receivables	1,204,604	-	-	-
Net fair value gains on financial instruments				
– held for trading investment securities	743,835	660,285	743,835	-
Gain on disposal of investment	252,142	-	-	-
Gain on disposal of property, plant and equipment	101,078	169,594	-	-
Bad debts recovered	65,599	58,713	-	-
Reversal of impairment loss on investment held for trading	37,395	-	37,395	-
Dividend income	-	77,822	-	-

7. FINANCE COSTS

	GROUP	
	2010 RM	2009 RM
Interest expense on:		
– obligations under finance leases	116,123	92,346
Unwinding of discount	221,646	-
	337,769	92,346

8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Auditors' remuneration				
– statutory audit				
– current year	212,000	180,000	22,000	20,000
– underprovision in prior years	10,000	-	1,000	-
– other fees	111,300	38,880	-	5,500
Other firm of auditors				
– statutory audit				
– underprovision in prior years	9,450	24,700	9,450	1,000
– other fees	78,220	47,250	-	-
Amortisation of interest in leasehold land (Note 16)	467,647	467,647		
Impairment loss on interest in leasehold land (Note 16)	545,588	-	-	-
Allowance for impairment of trade receivables, net (Note 21(a))	279,839	2,719,343	-	-
Loss on disposal of a subsidiary (Note 18)	149,588	-	-	-
Property, plant and equipment				
– depreciation (Note 13)	2,812,088	2,775,420	-	-
– written off	83,254	146,613	-	-
– gain on disposal	(101,078)	(169,594)	-	-
– impairment loss (Note 13)	1,195,847	-	-	-
Employee benefits expense (Note 9)	27,052,190	23,415,410	311,000	331,500
Provision for contingent liabilities	125,000	-	-	-
Rental of plant and equipment	52,300	7,400	-	-
Rental of premises	54,900	60,005	-	-
Fair value loss on a investment property (Note 14)	24,155	-	-	-
Loss on disposal of other long term investments	144,525	-	-	-
Reversal of impairment loss on				
– quoted investment	(37,395)	-	(37,395)	-
– other investment	-	(1,022,361)	-	(954,464)
Net gain on disposal of other investments	(2,123,891)	(195,016)	(1,871,749)	-
Reversal of provision for foreseeable losses	(294,989)	(257,741)	-	-

9. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Wages, salaries and social security contributions	23,859,222	20,863,575	311,000	331,500
Defined contribution plan	2,521,794	2,142,485	-	-
Other benefits	671,174	409,350	-	-
	27,052,190	23,415,410	311,000	331,500

Included in employee benefit expense of the Group and the Company are executive directors' remuneration as further detailed in Note 10 to the financial statements.

10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors:				
– Salaries and bonus	3,536,914	3,671,882	-	-
– Defined contribution plan	403,816	419,040	-	-
	3,940,730	4,090,922	-	-
– Benefits-in-kind	80,392	75,725	-	-
	4,021,122	4,166,647	-	-
Non-executive directors:				
– Fees	431,000	363,500	311,000	331,500
Total directors' remuneration	4,452,122	4,530,147	311,000	331,500

11. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Current income tax:				
Malaysian income tax:	10,091,932	11,946,042	-	1,700,000
(Over)/underprovision in prior years	(635,845)	874,579	(203,995)	-
	9,456,087	12,820,621	(203,995)	1,700,000
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	1,192,331	(395,831)	-	-
Overprovision in prior year	(1,259,522)	(429,114)	-	-
	(67,191)	(824,945)	-	-
Total income tax	9,388,896	11,995,676	(203,995)	1,700,000

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

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

	2010 RM	2009 RM
Group		
Profit before tax	44,108,381	39,598,747
Taxation at Malaysian statutory tax rate of 25%	11,027,095	9,899,687
Expenses not deductible for tax purposes	1,539,776	1,730,277
Income not subject to tax	(950,180)	(14,764)
Deferred tax assets not recognised in respect of deductible temporary differences	81,971	152,975
Utilisation of previously unrecognised deferred tax assets	(414,399)	(217,964)
(Over)/underprovision of income tax in prior years	(635,845)	874,579
Overprovision of deferred tax in prior year	(1,259,522)	(429,114)
Income tax for the year	9,388,896	11,995,676
Company		
Profit before tax	38,661,835	7,265,248
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	9,665,459	1,816,312
Expenses not deductible for tax purposes	96,559	223,205
Income not subject to tax	(9,843,376)	(339,517)
Deferred tax assets not recognised in respect of deductible temporary differences	81,358	-
Overprovision of income tax in prior years	(203,995)	-
Income tax for the year	(203,995)	1,700,000

12. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group's profit for the financial year attributable to equity holders of the Company of RM34,786,467 (2009: RM27,910,753) by the weighted average number of shares of 68,000,000 (2009: 68,000,000) in issue during the financial year.

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM	BUILDING ON FREEHOLD LAND RM	BUILDING ON LEASEHOLD LAND RM	PLANT & MACHINERY RM	OFFICE EQUIPMENT, FURNITURE & FITTINGS RM	MOTOR VEHICLES RM	TOTAL RM
AT 31 DECEMBER 2010							
COST/VALUATION							
At 1 January 2010							
– Cost	-	-	13,807,206	37,083,819	5,480,173	15,325,015	71,696,213
– Valuation	9,884,515	3,078,588	1,451,691	-	-	-	14,414,794
	9,884,515	3,078,588	15,258,897	37,083,819	5,480,173	15,325,015	86,111,007
Additions	-	-	-	11,179,062	1,084,935	2,907,431	15,171,428
Disposals	-	-	-	(397,833)	(122,379)	(947,868)	(1,468,080)
Written off	-	-	-	(122,631)	(44,004)	-	(166,635)
Elimination of accumulated depreciation on revaluation	-	(690,431)	-	-	-	-	(690,431)
Arising from disposal of a subsidiary (Note 18)	-	-	-	-	(147,046)	(135,000)	(282,046)
Revaluation surplus recognised in other comprehensive income	2,253,629	404,927	-	-	-	-	2,658,556
Transfer to Investment Properties (Note 14)	-	142,672	-	-	-	-	142,672
Reclassification	(4,971)	4,971	135,838	(135,838)	-	-	-
Reclassified to non-current asset classified as held for sale (Note 28)	-	-	(15,394,735)	-	-	-	(15,394,735)
At 31 December 2010	12,133,173	2,940,727	-	47,606,579	6,251,679	17,149,578	86,081,736

13. PROPERTY, PLANT AND EQUIPMENT (countinued)

GROUP	FREEHOLD LAND RM	BUILDING ON FREEHOLD LAND RM	BUILDING ON LEASEHOLD LAND RM	PLANT & MACHINERY RM	OFFICE EQUIPMENT, FURNITURE & FITTINGS RM	MOTOR VEHICLES RM	TOTAL RM
AT 31 DECEMBER 2010							
ACCUMULATED DEPRECIATION							
At 1 January 2010	-	348,346	6,997,558	27,160,150	3,206,531	6,762,724	44,475,309
Depreciation charge for the year:							
– Recognised in profit or loss (Note 8)	-	342,085	1,019,232	336,663	591,870	522,238	2,812,088
– Capitalised in property development cost (Note 23)	-	-	-	-	900	486	1,386
– Capitalised in construction contract cost (Note 26)	-	-	-	566,579	125,826	317,407	1,009,812
	-	342,085	1,019,232	903,242	718,596	840,131	3,823,286
Disposals	-	-	-	(277,110)	(71,816)	(436,577)	(785,503)
Written off	-	-	-	(47,878)	(35,503)	-	(83,381)
Elimination of accumulated depreciation on revaluation	-	(690,431)	-	-	-	-	(690,431)
Arising from disposal of a subsidiary (Note 18)	-	-	-	-	(74,341)	(32,311)	(106,652)
Impairment loss recognised in profit or loss (Note 8)	-	3,696	1,192,151	-	-	-	1,195,847
Reclassification	-	-	175,247	(157,589)	47,717	(65,375)	-
Reclassified to non-current asset classified as held for sale (Note 28)	-	-	(9,384,188)	-	-	-	(9,384,188)
At 31 December 2010	-	3,696	-	27,580,815	3,791,184	7,068,592	38,444,287
Net carrying amount	12,133,173	2,937,031	-	20,025,764	2,460,495	10,080,986	47,637,449

13. PROPERTY, PLANT AND EQUIPMENT (countinued)

GROUP	FREEHOLD LAND RM	BUILDING ON FREEHOLD LAND RM	BUILDING ON LEASEHOLD LAND RM	PLANT & MACHINERY RM	OFFICE EQUIPMENT, FURNITURE & FITTINGS RM	MOTOR VEHICLES RM	TOTAL RM
AT 31 DECEMBER 2009							
COST/VALUATION							
At 1 January 2009							
– Cost	-	-	13,807,206	37,223,420	5,132,058	16,119,357	72,282,041
– Valuation	9,884,515	3,078,588	1,451,691	-	-	-	14,414,794
	9,884,515	3,078,588	15,258,897	37,223,420	5,132,058	16,119,357	86,696,835
Additions	-	-	-	1,954,940	518,684	1,826,654	4,300,278
Disposals	-	-	-	(1,880,091)	(43,518)	(2,620,996)	(4,544,605)
Written off	-	-	-	(214,450)	(127,051)	-	(341,501)
At 31 December 2009	9,884,515	3,078,588	15,258,897	37,083,819	5,480,173	15,325,015	86,111,007
ACCUMULATED DEPRECIATION							
At 1 January 2009	-	290,000	5,978,324	26,648,304	2,601,056	7,785,726	43,303,410
Depreciation charge for the year:							
– Recognised in profit or loss (Note 8)	-	58,346	1,019,234	685,368	579,246	433,226	2,775,420
– Capitalised in property development cost (Note 23)	-	-	-	-	4,031	-	4,031
– Capitalised in construction contract cost (Note 26)	-	-	-	458,840	184,881	113,816	757,537
	-	58,346	1,019,234	1,144,208	768,158	547,042	3,536,988
Disposals	-	-	-	(558,733)	(41,424)	(1,570,044)	(2,170,201)
Written off	-	-	-	(73,629)	(121,259)	-	(194,888)
At 31 December 2009	-	348,346	6,997,558	27,160,150	3,206,531	6,762,724	44,475,309
Net carrying amount	9,884,515	2,730,242	8,261,339	9,923,669	2,273,642	8,562,291	41,635,698

13. PROPERTY, PLANT AND EQUIPMENT (countinued)

a. Had the freehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amount that would have been included in the financial statements at the end of the financial year would be as follows:

	GROUP	
	2010	**2009**
	RM	**RM**
Freehold land	5,763,816	5,763,816
Buildings on freehold land	2,278,787	2,826,546
Buildings on leasehold land	-	7,196,352
	8,042,603	15,786,714

b. Included in the Group's additions to property, plant and equipment are assets acquired under hire purchase arrangements as follows:

	GROUP	
	2010	**2009**
	RM	**RM**
Motor vehicles	2,371,323	658,356
Plant and machinery	-	1,379,880
	2,371,323	2,038,236

c. Included in the Group's property, plant and equipment are assets acquired under hire purchase arrangements with carrying values as follows:

	GROUP	
	2010	**2009**
	RM	**RM**
Motor vehicles	5,158,107	1,348,270
Plant and machinery	1,286,204	3,474,654
	6,444,311	4,822,924

d. Included in plant and machinery are certain machinery amounting to RM4,140,309 purchased by the Group during the current financial year of which is subject to custom duty to be paid to Royal Malaysian Customs Department. Accordingly, these assets are not yet available for use as at balance sheet date.

14. INVESTMENT PROPERTIES

	GROUP 2010 RM	GROUP 2009 RM
At beginning of financial year	15,066,927	15,066,927
Transfer to property, plant and equipment (Note 13)	(142,672)	-
Net loss from fair value adjustments recognised in profit or loss (Note 8)	(24,155)	-
At end of financial year	14,900,100	15,066,927

The freehold investment properties are stated at fair value, representing open-market value determined by an independent professional valuer, using the comparison method of valuation.

As at 31 December 2010 and 31 December 2009, the Group does not have any unprovided contractual obligations for future repairs and maintenance.

15. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP	FREEHOLD LAND RM	DEVELOPMENT EXPENDITURE RM	TOTAL RM
31 December 2010			
At beginning of financial year	27,847,680	133,894	27,981,574
Transfer to property development costs (Note 23)	(27,847,680)	(133,894)	(27,981,574)
At end of financial year	-	-	-
31 December 2009			
At beginning of financial year	-	-	-
Additions	27,847,680	133,894	27,981,574
At end of financial year	27,847,680	133,894	27,981,574

16. INTEREST IN LEASEHOLD LAND

	GROUP 2010 RM	GROUP 2009 RM
Cost		
At beginning of financial year	5,300,000	5,300,000
Reclassified to non-current asset classified as held for sale (Note 28)	(5,300,000)	-
At end of financial year	-	5,300,000
Accumulated amortisation and impairment loss		
At beginning of financial year	1,558,823	1,091,176
Charge during the year (Note 8)	467,647	467,647
Impairment loss recognised during the year (Note 8)	545,588	-
Reclassified to non-current asset classified as held for sale (Note 28)	(2,572,058)	-
At end of financial year	-	1,558,823
Net book value	-	3,741,177

17. OTHER LONG TERM INVESTMENTS

	GROUP 2010 RM	GROUP 2009 RM
Available-for-sale financial assets		
– Equity instrument (unquoted), at cost	-	340,000
– Less: Accumulated impairment loss	-	(45,475)
	-	294,525

18. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	22,246,070	22,246,070
Unquoted shares, at valuation	131,034,272	131,034,272
	153,280,342	153,280,342

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	Proportion of ownership interest 2010 %	2009 %
Direct Subsidiaries				
Loh & Loh Constructions Sdn. Bhd.	Building and civil construction and investment holding	Malaysia	100	100
Loh & Loh Development Sdn. Bhd.	Property development and investment holding	Malaysia	100	100
Water Engineering Technology Sdn. Bhd.	Trading, contracting and mechanical and electrical engineering related activities	Malaysia	100	100
Central Icon Sdn. Bhd.	Investment holding and provision of management services	Malaysia	90	90

18. INVESTMENTS IN SUBSIDIARIES (continued)

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST 2010 %	2009 %
Subsidiaries of Loh & Loh Constructions Sdn. Bhd.				
Jutakim Sdn. Bhd.	Civil engineering	Malaysia	100	100
Loh & Loh Sato Kogyo JV Sdn. Bhd.	Civil engineering	Malaysia	100	100
Quality Quarry Sdn. Bhd.	Quarry operation	Malaysia	68	68
Loh & Loh Ikhmas Sdn. Bhd.	Civil engineering	Malaysia	70	70
Subsidiary of Loh & Loh Development Sdn. Bhd.				
Turf-Tech Sdn. Bhd.	Property development	Malaysia	100	100
Green Heights Developments Sdn. Bhd.	Property development	Malaysia	100	100
Subsidiaries of Water Engineering Technology Sdn. Bhd.				
WET Sales and Services Sdn. Bhd.	Trading and contracting in water related equipment	Malaysia	100	100
WET Air Sdn. Bhd.	Design and supply of air pollution control systems	Malaysia	-	65
WET O&M Sdn. Bhd.	Maintenance and operation of water and waste water treatment facilities	Malaysia	100	-

18. INVESTMENTS IN SUBSIDIARIES (continued)

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST 2010 %	2009 %
Subsidiary of Central Icon Sdn. Bhd.				
Ladang Impian Sdn. Bhd.	Cultivation and selling of agricultural produce and investment holding	Malaysia	100	100
Subsidiaries of Ladang Impian Sdn. Bhd.				
Ladang Impian 1 Sdn. Bhd.	Cultivation and selling of agricultural produce	Malaysia	100	100
Ladang Impian 2 Sdn. Bhd.	Cultivation and selling of agricultural produce	Malaysia	100	100
Subsidiary of Ladang Impian 1 Sdn. Bhd.				
Pasarakyat Sdn. Bhd.	Wholesale and retailing	Malaysia	100	100

a. The unquoted shares are stated at valuation as the Company revalued its investment for a corporate exercise for issuance of bonus shares in prior financial years. Subsequent to the first revaluation, the unquoted shares were revalued using the adjusted net tangible assets approach in the financial year ended 31 December 2008, resulting in the recognition of revaluation surplus amounting to RM55,740,443.

   The revaluation reserve at group level comprise cumulative surplus, net of deferred tax effect, arising from the revaluation of property, plant and equipment above their costs.

b. The acquisitions of Loh & Loh Constructions Sdn. Bhd. and Loh & Loh Development Sdn. Bhd. in prior financial years which met the criteria for merger accounting under Malaysian Accounting Standard 2 (“”MAS 2””) were accounted for under that method. In accordance with the merger relief provisions of Section 60(4) of the Companies Act, 1965, Loh & Loh Corporation Berhad recorded its investments in Loh & Loh Constructions Sdn. Bhd. and Loh & Loh Development Sdn. Bhd. at the nominal value of the ordinary shares issued as consideration. On consolidation, the excess of the carrying values of the investments over the nominal value of the shares acquired of RM13,158,519 were taken to merger deficit and was set off against the retained earnings.

18. INVESTMENTS IN SUBSIDIARIES (continued)

c. The Group disposed of its 65% equity interest in Wet Air Sdn. Bhd. on 16 March 2010 for a total cash consideration of RM601,000. The subsidiary was previously reported as part of the trading segment.

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

	GROUP	
	2010 RM	2009 RM
Property, plant & equipment (Note 13)	175,394	587,820
Inventories	228,449	119,824
Trade and other receivables	866,842	1,051,932
Tax recoverable	166,500	160,125
Cash and bank balances	114,825	164,748
Trade and other payables	(653,512)	453,451
Hire purchase creditors	(24,000)	69,577
Deferred tax liability (Note 19)	(15,884)	15,855
Net assets disposed	858,614	2,623,332
Less: Non-controlling interest of net identifiable assets	(300,525)	(918,166)
	558,089	1,705,166
Attributable goodwill (Note 20)	192,499	192,499
	750,588	1,897,665
Total disposal proceeds	(601,000)	
Loss on disposal to the Group (Note 8)	149,588	
Cash inflow arising on disposals:		
Cash consideration	601,000	
Cash and cash equivalents of subsidiaries disposed	(114,825)	
Net cash inflow on disposal	486,175	

18. INVESTMENTS IN SUBSIDIARIES (continued)

d. During the year, the Group has consolidated the result of a new wholly-owned subsidiary of Water Engineering Technology Sdn. Bhd. ("WET"), namely, Wet O&M Sdn. Bhd. ("WOMSB"). WOMSB was incorporated on 15 October 2009.

The authorised share capital of WOMSB is RM100,000 divided into 100,000 ordinary shares of RM1 each. The issued and paid-up capital of WOMSB is RM2 divided into 2 ordinary shares of RM1 each.

The principal activity of WOMSB is maintenance and operation of water and waste water treatment facilities.

19. DEFERRED TAX (ASSETS)/LIABILITIES

	GROUP	
	2010	2009
	RM	RM
At beginning of financial year	1,352,865	2,177,810
Recognised in the profit or loss (Note 11)	(67,191)	(824,945)
Recognised in other comprehensive income	86,039	-
Arising from disposal of subsidiary (Note 18)	(15,884)	-
At end of financial year	1,355,829	1,352,865
Presented after appropriate offsetting as follows:		
Deferred tax assets	(300,869)	(271,212)
Deferred tax liabilities	1,656,698	1,624,077
	1,355,829	1,352,865

19. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

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

Deferred tax assets of the Group:

	PROPERTY, PLANT AND EQUIPMENT RM	PROVISIONS RM	OTHERS RM	TOTAL RM
At 1 January 2010	-	(2,805,093)	(50,461)	(2,855,554)
Recognised in profit or loss	-	(668,904)	(607,753)	(1,276,657)
At 31 December 2010	-	(3,473,997)	(658,214)	(4,132,211)
At 1 January 2009	(175,983)	(1,858,394)	(252,776)	(2,287,153)
Recognised in profit or loss	175,983	(946,699)	202,315	(568,401)
At 31 December 2009	-	(2,805,093)	(50,461)	(2,855,554)

	PROPERTY, PLANT AND EQUIPMENT RM	INTEREST IN LEASEHOLD LAND RM	OTHERS RM	TOTAL RM
At 1 January 2010	2,971,653	1,236,766	-	4,208,419
Recognised in profit or loss	876,010	(197,022)	530,478	1,209,466
Recognised in other comprehensive income	-	-	86,039	86,039
Arising from disposal of a subsidiary	(15,884)	-	-	(15,884)
At 31 December 2010	3,831,779	1,039,744	616,517	5,488,040
At 1 January 2009	3,444,686	1,020,277	-	4,464,963
Recognised in profit or loss	(473,033)	216,489	-	(256,544)
At 31 December 2009	2,971,653	1,236,766	-	4,208,419

19. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

The amounts of unused tax losses, unabsorbed capital allowances and other deductible temporary differences, of which no deferred tax assets are recognised in the balance sheet are as follows:

	GROUP	
	2010 RM	2009 RM
Unused tax losses	10,842,435	11,378,374
Unabsorbed capital allowances	1,121,761	1,869,996
Other deductible temporary differences	8,446	53,984
	11,972,642	13,302,354

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

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

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

20 . GOODWILL

	GROUP	
	2010 RM	2009 RM
At beginning of financial year	192,499	192,499
Less: Disposal of a subsidiary (Note 18)	(192,499)	-
At end of financial year	-	192,499

21. TRADE AND OTHER RECEIVABLES

	GROUP 2010 RM	GROUP 2009 RM	COMPANY 2010 RM	COMPANY 2009 RM
Current				
Trade receivables				
Third parties	60,680,746	56,040,367	-	-
Less: Allowance for impairment	(6,790,463)	(6,510,624)	-	-
	53,890,283	49,529,743	-	-
Retention sums on contracts	9,156,574	9,431,819	-	-
Trade receivables, net	63,046,857	58,961,562	-	-
Other receivables				
Amounts due from subsidiaries	-	-	16,283,521	-
Deposits	1,163,006	652,327	-	-
Prepayments	746,898	293,306	-	-
Sundry receivables	11,796,632	3,024,254	2,000	2,000
	13,706,536	3,969,887	16,285,521	2,000
Less: Allowance for impairment	(1,081,456)	(1,100,086)	-	-
	12,625,080	2,869,801	16,285,521	2,000
	75,671,937	61,831,363	16,285,521	2,000
Non-current				
Trade receivables				
Retention sums on contracts	5,673,970	-	-	-
Trade receivables, net	5,673,970	-	-	-
Total trade and other receivables (current and non-current)	81,345,907	61,831,363	16,285,521	2,000
Add: Deposits, cash and bank balances (Note 27)	115,842,806	56,408,033	41,378,779	1,906,351
Total loan and receivables	197,188,713	118,239,396	57,664,300	1,908,351

21. TRADE AND OTHER RECEIVABLES (continued)

a. Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit term of trade receivables range from 90 to 120 days (2009: 90 to 120 days). The credit term in respect of its property development activities is approximately 21 (2009: 21) working days in accordance with the Housing Development (Control and Licensing) Act, 1966, whereas the credit term for the construction contracts range from 30 to 170 (2009: 30 to 170) days. They are recognised at their original invoice and certified progress claim amounts which represent their fair values on initial recognition.

Retention sum receivables on construction contracts in which collections are expected in the future period, are recognised at amortised cost using the effective interest rate method. The amounts stated are net of the amortisation cost which is the difference between the carrying amounts and the present value of the estimated future cash flows at the applicable discounting rates at the time of billings.

Ageing analysis of trade receivables

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

	GROUP	
	2010 RM	2009 RM
Neither past due nor impaired	48,793,772	44,365,288
1 to 30 days past due not impaired	10,325,287	3,722,331
31 to 60 days past due not impaired	2,118,412	32,683
61 to 90 days past due not impaired	1,533,000	-
91 to 120 days past due not impaired	290,846	108,388
More than 121 days past due not impaired	5,659,510	10,732,872
	19,927,055	14,596,274
Impaired	6,790,463	6,510,624
	75,511,290	65,472,186

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM19,927,055 (2009: RM14,596,274) that are past due at the reporting date but not impaired.

21. TRADE AND OTHER RECEIVABLES (continued)

a. Trade receivables (continued)

Receivables that are impaired

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

	GROUP INDIVIDUALLY IMPAIRED	
	2010	**2009**
	RM	**RM**
Group		
Trade receivables - nominal amounts	6,790,463	6,510,624
Less: Allowance for impairment	(6,790,463)	(6,510,624)
	-	-

Movement in allowance accounts:

	GROUP	
	2010	**2009**
	RM	**RM**
At beginning of financial year	6,510,624	3,791,281
Allowance made during the financial year (Note 8)	279,839	2,719,343
At end of financial year	6,790,463	6,510,624

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

b. Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured and non-interest bearing and the term of repayment is on demand.

22. INVESTMENT SECURITIES

	2010		2009	
	CARRYING AMOUNT RM	MARKET VALUE OF QUOTED INVESTMENTS RM	CARRYING AMOUNT RM	MARKET VALUE OF QUOTED INVESTMENTS RM
GROUP				
Current				
Held for trading investments				
– Equity instruments (quoted in Malaysia)	6,876,894	6,876,894	6,124,160	6,604,068
– Equity instruments in unit trust	11,701,737	11,701,737	1,000,000	1,240,619
	18,578,631		7,124,160	
Available-for-sale financial assets				
– Other investment with asset management company	-	-	53,944,833	53,944,833
Held-to-maturity investment				
– negotiable instruments of deposit due 24 September 2012	-	-	500,000	-
Total current investment securities	18,578,631		61,568,993	
Non-current				
Held-to-maturity investment				
– negotiable instruments of deposit due 24 September 2012	500,000	500,000	-	-
Total non-current investment securities	500,000		-	
Total investment securities	19,078,631		61,568,993	
COMPANY				
Current				
Held for trading investments				
– Equity instruments (quoted in Malaysia)	6,871,494	6,871,494	6,118,760	6,598,668
– Equity instruments in unit trust	11,701,737	11,701,737	1,000,000	1,240,619
	18,573,231		7,118,760	
Available-for-sale financial assets				
– Other investment with asset management company	-	-	48,998,569	48,998,569
Total investment securities	18,573,231		56,117,329	

23. DEVELOPMENT PROPERTY

	GROUP	
	2010 RM	2009 RM (RESTATED)
Cumulative property development costs		
At beginning of financial year	129,140,458	105,957,836
Costs incurred during the year	42,966,803	23,182,622
Transfer from land held for property development (Note 15)		
– land cost	27,847,680	-
– development costs	133,894	-
Reversal of completed projects	(90,244,618)	-
Transfers to inventories (Note 24)	(2,811,288)	-
At end of financial year	107,032,929	129,140,458
Cumulative costs recognised in profit or loss		
At beginning of financial year	(86,040,107)	(53,620,483)
Recognised during the year	(43,016,331)	(32,419,624)
Reversal of completed projects	90,244,618	-
At end of financial year	(38,811,820)	(86,040,107)
Property development costs	68,221,109	43,100,351
Development costs are analysed as follows:		
Freehold land, at cost	66,128,657	57,524,125
Development costs	40,904,272	71,616,333
Costs recognised in profit or loss:		
– prior years	(86,040,107)	(53,620,483)
– current year (Note 5)	(43,016,331)	(32,419,624)
Reversal of completed projects	90,244,618	-
	68,221,109	43,100,351
Included in development costs incurred during the financial year are:		
– Depreciation of property, plant and equipment (Note 13)	1,386	4,031

24. INVENTORIES

	GROUP	
	2010 RM	2009 RM
At cost:		
Consumables	251,906	250,506
Water related equipment	258,582	377,945
Properties held for sale (Note 23)	2,811,288	-
	3,321,776	628,451

25. OTHER CURRENT ASSETS

	GROUP	
	2010 RM	2009 RM (RESTATED)
Accrued billings in respect of property development activities	22,332,621	-
Amount due from customers for contract (Note 26)	52,777,649	19,182,244
	75,110,270	19,182,244

26. CONSTRUCTION CONTRACTS

	GROUP	
	2010 RM	2009 RM (RESTATED)
Construction contract costs incurred to date	879,880,883	1,170,645,590
Attributable profits	157,697,010	153,553,918
Less: Provision for foreseeable losses	-	(294,989)
	1,037,577,893	1,323,904,519
Less: Progress billings	(1,048,779,890)	(1,331,924,524)
	(11,201,997)	(8,020,005)
Presented as:		
Gross amount due from customers on contracts (Note 25)	52,777,649	19,182,244
Gross amount due to customers on contracts (Note 31)	(63,979,646)	(27,202,249)
	(11,201,997)	(8,020,005)
Retention sums on construction contract included in trade receivables	14,830,544	9,431,819
Advances received on contracts, included within other payables	46,247,506	1,764,000

The costs incurred to date on construction contracts include the following charges made during the financial year:

	GROUP	
	2010 RM	2009 RM
Depreciation of property, plant and equipment (Note 13)	1,009,812	757,537
Rental expense for buildings	294,280	309,692
Hire of plant and machinery	260,936	312,543

27. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash at bank and on hand	58,209,741	44,972,592	3,895,621	661,822
Short term deposits with licensed banks	57,633,065	11,435,441	37,483,158	1,244,529
	115,842,806	56,408,033	41,378,779	1,906,351

Included in cash at banks of the Group are amounts of RM11,916,021 (2009: RM29,049,484) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and short term deposits:	115,842,806	56,408,033	41,378,779	1,906,351
Less: Restricted deposits, cash and balances with licensed banks**				
– Short term deposits with licensed bank	(2,172,642)	(1,221,740)	(2,172,642)	(1,221,740)
– Cash and bank balances	(190,468)	(25,121)	(190,468)	(25,121)
Cash and cash equivalents	113,479,696	55,161,172	39,015,669	659,490

** These are amounts held in trust by trustee under an investment management agreement for discretionary accounts and are not available for use.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The weighted average effective interest rates as at 31 December 2010 for the Group and for the Company were 3.00% (2009: 1.95%) and 2.75% (2009: 1.60%).

Short term deposits with licensed banks of the Group amounting to RM640,000 (2009:Nil) are pledges as securities for additional banking facilities secured.

28 . NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	GROUP	
	2010 RM	2009 RM
Reclassified from:		
Property, plant and equipment (Note 13)	6,010,547	-
Interest in leasehold land (Note 16)	2,727,942	-
At end of financial year	8,738,489	-

Non-current asset classified as held for sale are in relation to the interest in leasehold land owned by Ladang Impian 1 Sdn Bhd ("LI1") and building on leasehold land owned by Pasarakyat Sdn. Bhd..

On 6 December 2010, LI1 has received a termination notice from the registered proprietor of the land in relation to the Lease Agreement dated 1 January 2003 executed by LI1 and Federal Land Commissioner. Under Clause 6(2) of the Lease Agreement, a six months' notice period is required to terminate the lease.

29. FINANCE LEASE OBLIGATIONS

	GROUP	
	2010 RM	2009 RM
Obligations under finance leases		
– Current	946,024	945,838
– Non-current	1,029,970	678,670
	1,975,994	1,624,508

The average discount rate implicit in the leases ranging between 2.46% and 7.10% per annum (2009: 3.24% and 5.00% per annum).

29 . FINANCE LEASE OBLIGATIONS (continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP	
	2010 RM	2009 RM
Minimum lease payments:		
Not later than 1 year	1,035,119	1,015,578
Later than 1 year and not later than 2 years	663,120	582,780
Later than 2 years and not later than 3 years	419,572	151,377
Total minimum lease payments	2,117,811	1,749,735
Less: Amounts representing finance charges	(141,817)	(125,227)
Present value of minimum lease payments	1,975,994	1,624,508
Present value of payments:		
Not later than 1 year	946,024	945,838
Later than 1 year and not later than 2 years	620,442	541,104
Later than 2 years and not later than 3 years	409,528	137,566
Present value of minimum lease payments	1,975,994	1,624,508
Less: Amount due within 12 months	(946,024)	(945,838)
Amount due after 12 months	1,029,970	678,670

30. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2010 RM	2009 RM (RESTATED)	2010 RM	2009 RM
Current				
Trade payables				
Third parties	41,547,530	71,289,313	-	-
Amounts due to related parties	1,500,000	1,500,000	-	-
	43,047,530	72,789,313	-	-

30. TRADE AND OTHER PAYABLES (continued)

	GROUP		COMPANY	
	2010 RM	2009 RM (RESTATED)	2010 RM	2009 RM
Other payables				
Accruals and provisions	7,151,498	5,976,833	1,800	-
Other payables	53,370,766	2,386,496	4,006,957	349,464
Amount due to holding company	-	10,500	-	10,500
Amounts due to subsidiaries	-	-	39,698,440	59,334,206
	60,522,264	8,373,829	43,707,197	59,694,170
	103,569,794	81,163,142	43,707,197	59,694,170
Non-current				
Trade payables				
Third parties	13,147,401	-	-	-
	13,147,401	-	-	-
Total trade and other payables	116,717,195	81,163,142	43,707,197	59,694,170

The credit terms of trade payables range from 60 to 90 days (2009: 60 to 90 days).

The amounts due to immediate holding company, subsidiaries and related parties (Saroma Engineering Sdn Bhd and Ikhmas Jaya Sdn Bhd) are unsecured, non-interest bearing and the terms of repayment is on demand.

	GROUP	
	2010 RM	2009 RM
The currency exposure profile of trade payables is as follows:		
- Ringgit Malaysia	116,717,195	79,659,421
- US Dollar	-	66,960
- Euro	-	1,436,761
	116,717,195	81,163,142

31 . OTHER CURRENT LIABILITIES

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP	
	2010 RM	2009 RM (RESTATED)
Progress billings in respect of property development activities	1,914,853	1,436,852
Amount due to customers for contract work (Note 26)	63,979,646	27,202,249
	65,894,499	28,639,101

32. SHARE CAPITAL

	GROUP/COMPANY NUMBER OF ORDINARY SHARES		GROUP/COMPANY AMOUNT	
	UNITS	UNITS	RM	RM
Authorised				
Ordinary shares of RM1 each:				
At beginning/end of financial year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At beginning/end of financial year	68,000,000	68,000,000	68,000,000	68,000,000

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

33. RETAINED EARNINGS

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

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the Section 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings under the single tier system as at 31 December 2010.

34. DIVIDENDS

	DIVIDENDS IN RESPECT OF YEAR			DIVIDENDS RECOGNISED IN YEAR	
	2010 RM	2009 RM	2008 RM	2010 RM	2009 RM
Recognised during the year:					
Final dividend for 2009:					
10 sen per share, less tax of 25% on 68,000,000 ordinary shares	-	5,099,998	-	5,099,998	-
Final dividend for 2008:					
10 sen per share, less tax of 25% on 68,000,000 ordinary shares	-	-	5,099,998	-	5,099,998
Not recognised as at 31 December (declared subsequent to balance sheet date):					
Interim dividend for 2010:					
44.12 sen per share, tax exempted (single-tier) on 68,000,000 ordinary shares	30,000,000	-	-	-	-
	30,000,000	5,099,998	5,099,998	5,099,998	5,099,998

An interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2010, of 44.12% on 68,000,000 ordinary shares amounting to RM30,000,000 was declared on 21 February 2011 and paid on 11 March 2011. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

35 . CONTINGENT LIABILITIES

	GROUP	
	2010 RM	2009 RM
Guarantees given to banks for Group's performance/tender guarantees granted to customers	121,495,779	71,423,620

The Company had given guarantee to banks amounting to RM321,950,000 (2009: RM221,950,000) for banking facilities extended to subsidiaries of which RM121,495,779 (2009: RM71,423,620) have been utilised as at 31 December 2010.

36. SIGNIFICANT RELATED PARTY DISCLOSURES

a. Transaction with related parties

Significant transactions between the Group and related parties are as follows:

	GROUP	
	2010 RM	2009 RM
Purchase of goods from Swisslane Granite Sdn. Bhd., a company in which directors of a subsidiary have equity interest	216,639	97,714
Reimbursable expenses paid to UBG Berhad, the holding company of Loh & Loh Corporation Berhad	126,140	145,104
Progress billings payable to Saroma Engineering Sdn. Bhd., corporate shareholder of a subsidiary	-	705,103

b. The remuneration of Executive Directors and other members of key management during the financial year are as follows:

	GROUP	
	2010 RM	2009 RM
Short term employee benefits	4,369,395	4,730,589
Contributions to defined contribution plan	492,493	491,324
	4,861,888	5,221,913

Included in total remuneration of key management personnel are:

	GROUP	
	2010 RM	2009 RM
Executive Directors' remuneration	3,536,914	3,671,882
Contributions to defined contribution plan	403,816	419,040
Benefits-in-kinds	80,392	75,725
	4,021,122	4,166,647

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

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

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

a. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from receivables are represented by the carrying amounts in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21(a).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	GROUP			
	2010		2009	
	RM	% of TOTAL	RM	% of TOTAL
By industry sectors:				
Constructions	54,856,160	87%	45,147,592	76%
Property developments	6,158,161	10%	10,343,966	18%
Trading	1,568,151	2%	3,470,004	6%
Others	464,385	1%	-	-
	63,046,857	100%	58,961,562	100%

At the reporting date, approximately 76% (2009: 65%) of the Group's trade receivables were due from 5 major customers located in Malaysia.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21 to the financial statements. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 and Note 22 to the financial statements.

b. Liquidity risk

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with banks.

Analysis of financial instruments by remaining contractual maturities

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

	2010		
	ON DEMAND OR WITHIN ONE YEAR RM	ONE TO FIVE YEARS RM	TOTAL RM
GROUP			
Financial liabilities:			
Trade and other payables	103,569,794	14,490,536	118,060,330
Total undiscounted financial liabilities	103,569,794	14,490,536	118,060,330
COMPANY			
Financial liabilities:			
Trade and other payables	43,707,197	-	43,707,197
Total undiscounted financial liabilities	43,707,197	-	43,707,197

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's investments in financial assets are mainly short term in nature and are not held for speculative purposes and include funds in fixed deposit or funds in asset management companies which yield better returns than cash at bank.

d. Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Japanese Yen ("JPY").

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in Japanese Yen) amount to RM6,684,491 (2009: RMNil) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the JPY exchange rates against the functional currency of the Group entities, with all other variables held constant.

		2010
GROUP		**RM**
Profit net of tax		
JPY/RM	– strengthened 1%	(66,900)
	– weakened 1%	66,900

e. Market price risk

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

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

38. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

39. JOINTLY CONTROLLED ENTITY

Details of an unincorporated joint venture held by a subsidiary are as follows:

	EFFECTIVE INTEREST		
NAME OF JOINTLY CONTROLLED ENTITY	2009 %	2008 %	PRINCIPAL ACTIVITY
Water Engineering Technology Sdn Bhd – Envitech Sdn Bhd JV	50%	50%	To undertake project management in relation to sewage treatment plants and related activities

The Group's aggregate share of the assets, liabilities, income and expenses of the jointly controlled entity is as follows:

	GROUP	
	2010 RM	2009 RM
Current assets	1,492,792	3,637,966
Current liabilities	(132,719)	(448,163)
Net assets	1,360,073	3,189,803
Revenue	41,725	1,439,672
Expenses	(46,041)	467,817

40. SEGMENT INFORMATION

For management purposes, the Group's strategic business units are organised into four reportable operating segments as follows:

I. Construction contracts – The construction segment is in the business of building and civil construction and mechanical and electrical engineering related activities.

II. Property development – The property segment is in the business of developing and selling of properties.

III. Trading – The trading segment is in the business of trading in water related equipment, wholesale and retailing.

IV. Investments – The investments segment is in the business of investment holding.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that are operate within the same industries.

Transfer prices between operating segments, if any are on arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between operating segments are eliminated on consolidation.

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

Business segments

AT 31 DECEMBER 2010	CONSTRUCTION RM	INVESTMENTS RM	TRADING RM	PROPERTY DEVELOPMENT RM	ELIMINATIONS RM	TOTAL RM
REVENUE						
External customers	160,412,850	52,116,690	19,998,026	60,591,868	-	293,119,434
Inter-segment	46,198,435	36,524,000	-	-	(76,373,614)	6,348,821
Total revenue	206,611,285	88,640,690	19,998,026	60,591,868	(76,373,614)	299,468,255
RESULTS						
Segment results (external)	33,392,393	38,661,835	705,997	14,879,960	(43,194,035)	44,446,150
Finance costs						(337,769)
Income tax expense						(9,388,896)
Segment profit						34,719,485

40. SEGMENT INFORMATION (continued)

Business segments (continued)

AT 31 DECEMBER 2010	CONSTRUCTION RM	INVESTMENTS RM	TRADING RM	PROPERTY DEVELOPMENT RM	ELIMINATIONS RM	TOTAL RM
ASSETS						
Segment assets	177,656,541	241,638,589	22,346,646	119,238,682	(126,683,919)	434,196,539
Unallocated assets						4,175,261
Total assets						438,371,800
LIABILITIES						
Segment liabilities	142,644,752	4,008,756	3,729,871	2,889,621	31,479,806	184,752,806
Unallocated liabilities						2,068,936
Total liabilities						186,821,742
OTHER INFORMATION						
Capital expenditure	14,806,493	-	241,725	123,210	-	15,171,428
Property, plant and equipment written off (Note 8)	83,254	-	-	-	-	83,254
Depreciation of property, plant and equipment						
– profit or loss (Note 8)	1,714,619	-	1,019,232	78,237	-	2,812,088
– capitalised in contract work in progress (Note 26)	1,009,812	-	-	-	-	1,009,812
– capitalised in development property (Note 23)	-	-	-	1,386	-	1,386
Amortisation of interest in leasehold land (Note 8)	-	-	467,647	-	-	467,647

40. SEGMENT INFORMATION (continued)

Business segments (continued)

AT 31 DECEMBER 2009	CONSTRUCTION RM	INVESTMENTS RM	TRADING RM	PROPERTY DEVELOPMENT RM	ELIMINATIONS RM	TOTAL RM
REVENUE						
External sales	177,315,089	649,079	21,132,442	44,055,982	-	243,152,592
Inter-segment sales	32,097,863	7,304,000	-	-	(39,401,863)	-
Total revenue	209,412,952	7,953,079	21,132,442	44,055,982	(39,401,863)	243,152,592
RESULTS						
Segment results	28,846,115	7,265,249	255,296	11,655,313	(8,330,880)	39,691,093
Finance costs						(92,346)
Income tax expense						(11,995,676)
Profit for the year						27,603,071
ASSETS						
Segment assets	112,204,257	223,469,327	21,774,304	130,687,596	(156,383,721)	331,751,763
Unallocated assets						988,053
Total assets						332,739,816

40. SEGMENT INFORMATION (continued)

Business segments (continued)

AT 31 DECEMBER 2009	CONSTRUCTION RM	INVESTMENTS RM	TRADING RM	PROPERTY DEVELOPMENT RM	ELIMINATIONS RM	TOTAL RM
LIABILITIES						
Segment liabilities	102,767,075	359,962	4,632,243	1,899,688	465,372	110,124,340
Unallocated liabilities						3,500,594
Total liabilities						113,624,934
OTHER INFORMATION						
Capital expenditure	4,062,038	-	113,753	128,393	(3,906)	4,300,278
Property, plant and equipment written off (Note 8)	-	-	146,613	-	-	146,613
Depreciation of property, plant and equipment						
– profit or loss (Note 8)	1,366,962	-	1,187,748	63,818	156,892	2,775,420
– capitalised in contract work in progress (Note 26)	757,537	-	-	-	-	757,537
– capitalised in development property (Note 23)	-	-	-	4,031	-	4,031
Amortisation of interest in leasehold land (Note 8)	-	-	467,647	-	-	467,647
Other significant non-cash expenses:						
– Provisions	2,719,343	-	-	-	-	2,719,343

41. COMPARATIVES

The following comparatives of the Group have been reclassified to conform with current year's presentation.

	AS PREVIOUSLY STATED RM 31.12.2009	RECLASSIFICATION RM	AS RESTATED RM 1.1.2010
Group			
Statement of comprehensive income			
Revenue	250,730,556	(7,577,964)	243,152,592
Cost of sales	(187,000,141)	7,577,964	(179,422,177)
Statement of financial position			
Development property	41,551,790	1,548,561	43,100,351
Accrued billings in respect of property development activities	111,709	(111,709)	-
Progress billings in respect of property development activities	-	(1,436,852)	(1,436,852)
Gross amount due from customers on contracts	13,554,828	5,627,416	19,182,244
Gross amount due to customers on contracts	(20,801,911)	(6,400,338)	(27,202,249)
Accruals and provisions	(6,749,755)	772,922	(5,976,833)

The retrospective restatement had no material impact on the comparative statement of financial position for financial years prior to 2009.

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 27 April 2011.

list of properties

as at 31 December 2010

LOCATION	DESCRIPTION AND EXISTING USE	TENURE	APPROX. AGE OF BUILDING (YEARS)	APPROXIMATE LAND AREA/ UNITS	NET BOOK VALUE AS AT 31.12.2010 (RM'000)	DATE OF LAST VALUATION
LOH & LOH CONSTRUCTIONS SDN BHD Grant 14428 Lot 47626 Grant 14429 Lot 47627 19 & 21, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	Two units adjoining four used storey shophouses as office building	Freehold	19.5	298 sq metres	5,100	2010
Grant 28522 Lot 4474 Mukim of Hulu Bernam Timur, District of Batang Padang, Perak	Vacant industrial land	Freehold	n/a	15.940 acres	3,819	2010
LOH & LOH DEVELOPMENT SDN BHD Lots 592,593,594, 585,586,595,596 and 1327-1329, Mukim of Setul, District of Seremban, Negeri Sembilan	Vacant land	Freehold	n/a	30.993 acres	10,125	2010
Lot 3828 CT No. 6177 Mukim Setul, District of Seremban, Negeri Sembilan	Storeyard & workshop	Freehold	n/a	11.0 acres	3,150	2010
Unit No 1551, Awana Condominium, Genting Highlands, HS (D) 2078 PT No. 2157/95 District of Bentung, Negeri Pahang	Vacant apartment	Freehold	19	1,258 sq. feet	380	2010
Geran 58854 Lot 64268 in Mukim Damansara, Daerah Petaling, Selangor 20, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam	3 storey semi-detached factory bulidng for rent	Freehold	9.6	23,838 sq feet	4,896	2010
Grant 14430 Lot 47628 23, Jalan Sri Hartamas 7, Taman Sri Hartamas, 50480 Kuala Lumpur	One unit four storey shophouses used as office building	Freehold	19.5	149 sq metres	2,500	2010

The properties were revalued by a registered valuer with Henry Butcher Malaysia Sdn. Bhd. Valuation was made using comparison method on the basis of current market value.

notes

LOH & LOH
CORPORATION BERHAD

WHOLLY OWNED SUBSIDIARIES OF LOH & LOH CORPORATION BERHAD

LOH & LOH
CONSTRUCTIONS SDN BHD

CERTIFIED TO ISO 9001:2000
CERT NO: AR 1025

ISO 9001:2000
CERTIFICATE NUMBER SP003

Water Engineering
Technology Sdn. Bhd.

CERTIFIED TO ISO 9001:2000
CERT NO: AR 2941

CERTIFIED TO ISO 9001:2000
CERT NO: AR 2941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