LOH & LOH
CORPORATION BERHAD

Be.

ANNUAL REPORT 2011

Be the change.

At LOH & LOH, we understand a great deal about making change happen.

We have learnt to progress.

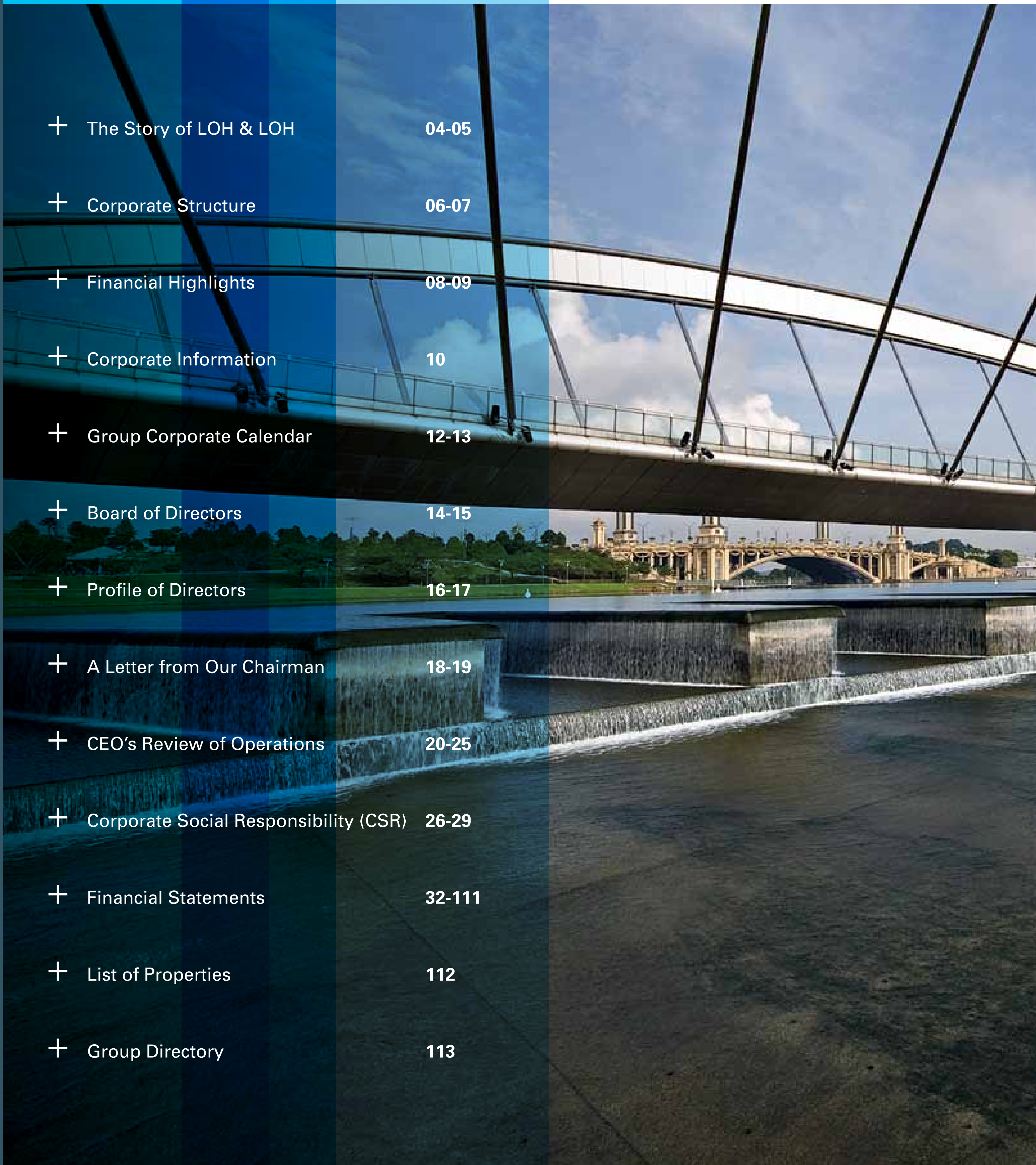
Irregardless of whatever changes -
We always focus on the long-term perspective.

We think ahead.

We develop the best possible sustainable solutions.

For the environment and for the people we live, work and deal with.

Because, we believe, together we can **BE THE CHANGE.**



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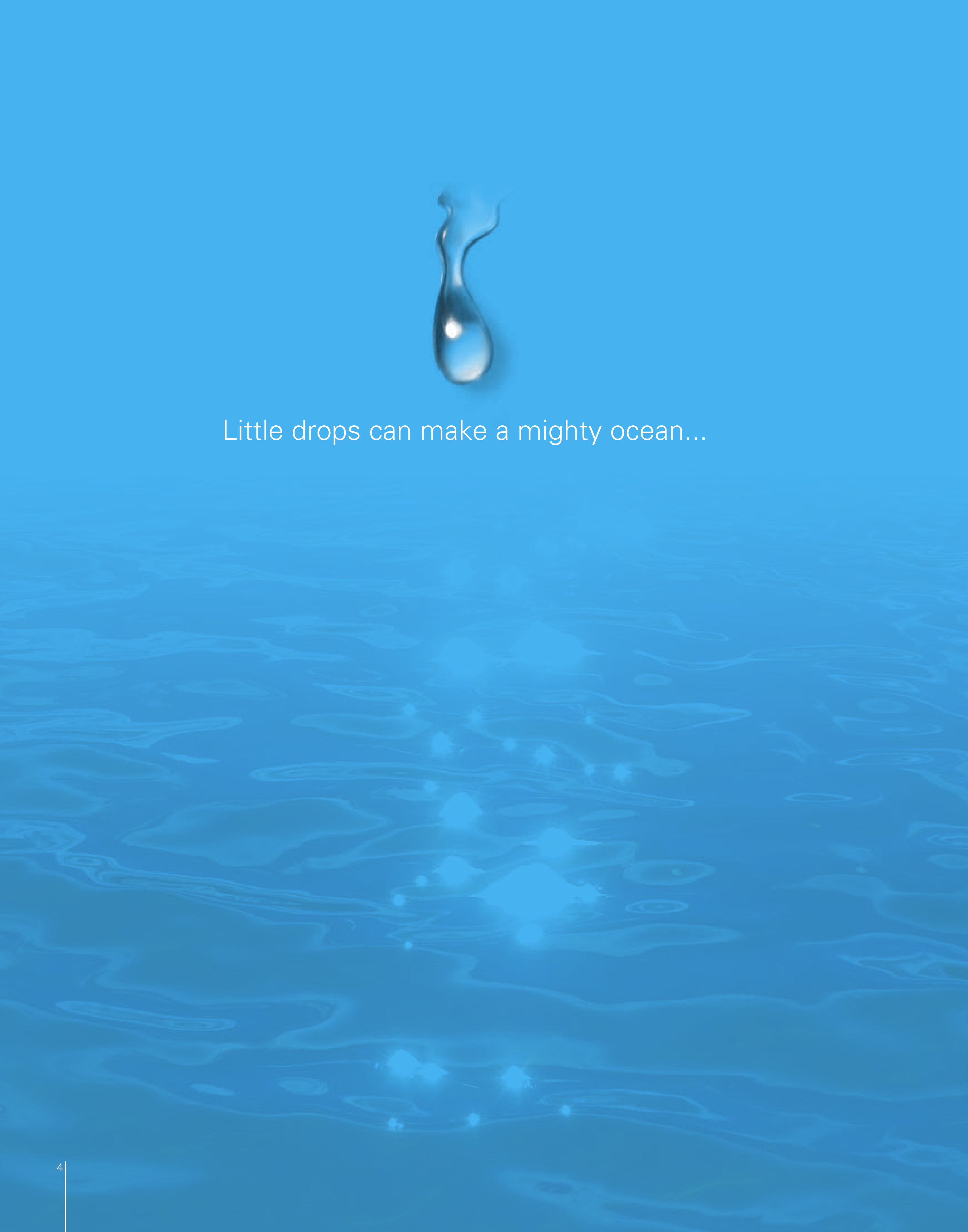

Little drops can make a mighty ocean...

The Story of LOH & LOH

The Beginning...

In 1965 one man mustered a few tractors, a team of dedicated workers and his own sheer will to take on a monumental earth-moving project.
He was the late Mr. P.K. Loh, our founder and inspiration.

In 1973, he led us to undertake our first dam project, the Durian Tunggal Dam in Malacca.

Spurred by our early successes and guided by our vision of becoming a complete water solutions provider, LOH & LOH continues to build and expand on our key strengths to become a leading industry name in Malaysia.

Credentials to date...

- 16 dams – including the first Roller Compacted Concrete (RCC) Dam in Malaysia
- Construction & upgrading of Water Treatment Plants including the 900MLD Bukit Badong Water Treatment Plant, one of the largest water treatment plants in South East Asia
- Involved in over 50 water intakes and pumping stations
- Construction and installation of over 250 km of large diameter pipelines including submarine pipelines of up to 2100 mm

Today, we are a leading water solutions provider in the country. We employ over 550 people, own an extensive fleet of machinery and are proud to be involved in numerous nation building projects across the length and breadth of Malaysia.

The people behind the name...

LOH & LOH Group is led and managed by highly experienced, hands-on directors keen to share their competence and knowledge to their dedicated teams and business partners.

Many have 'grown up' with the Group bringing loyalty and valuable synergy to our daily operations.

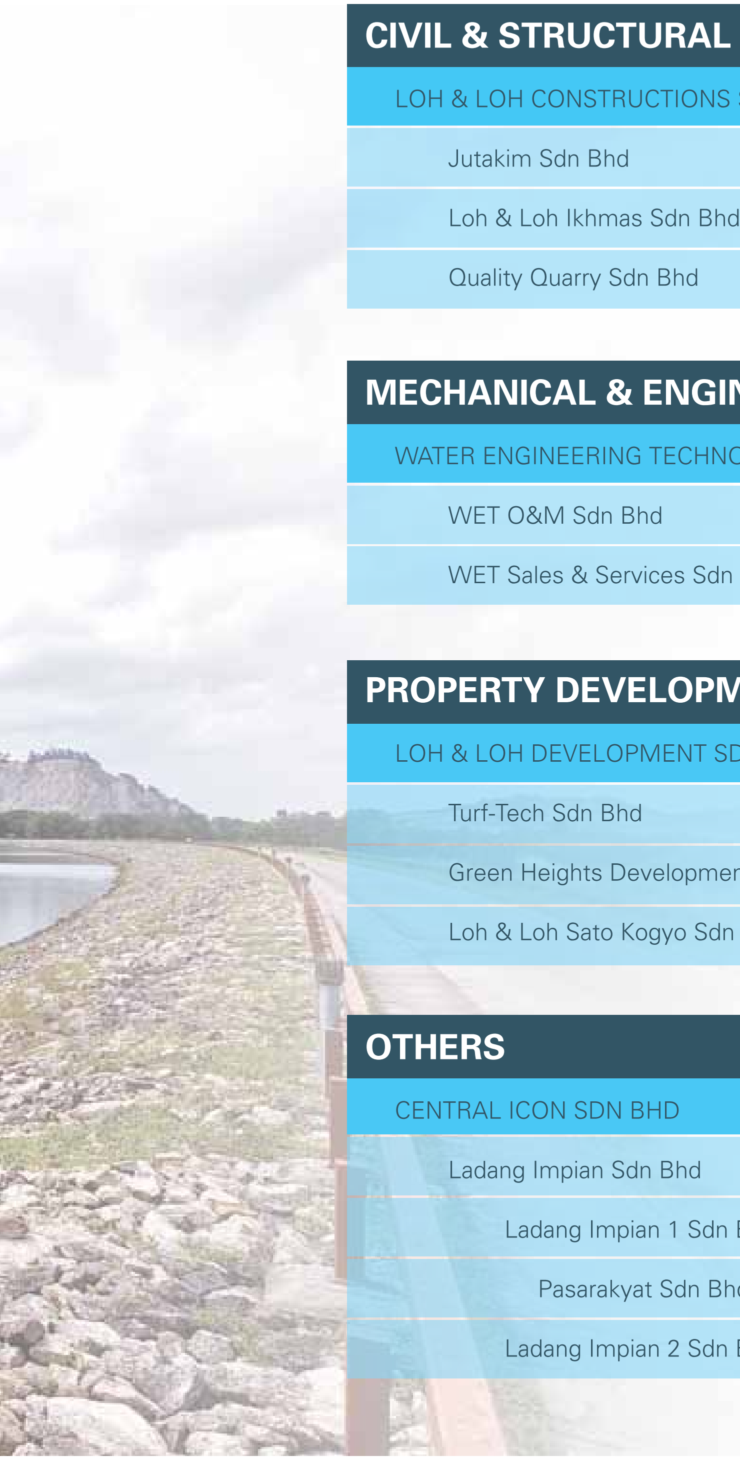
What we specialise in...

The Group consists of key specialist companies involved in every aspect of the water infrastructure cycle and property development.

LOH & LOH
CORPORATION BERHAD

Corporate Structure

As at 31 March 2012



CIVIL & STRUCTURAL

LOH & LOH CONSTRUCTIONS SDN BHD	100%
Jutakim Sdn Bhd	100%
Loh & Loh Ikhmas Sdn Bhd	100%
Quality Quarry Sdn Bhd	68%

MECHANICAL & ENGINNERING

WATER ENGINEERING TECHNOLOGY SDN BHD	100%
WET O&M Sdn Bhd	100%
WET Sales & Services Sdn Bhd	90%

PROPERTY DEVELOPMENT

LOH & LOH DEVELOPMENT SDN BHD	100%
Turf-Tech Sdn Bhd	100%
Green Heights Developments Sdn Bhd	100%
Loh & Loh Sato Kogyo Sdn Bhd	100%

OTHERS

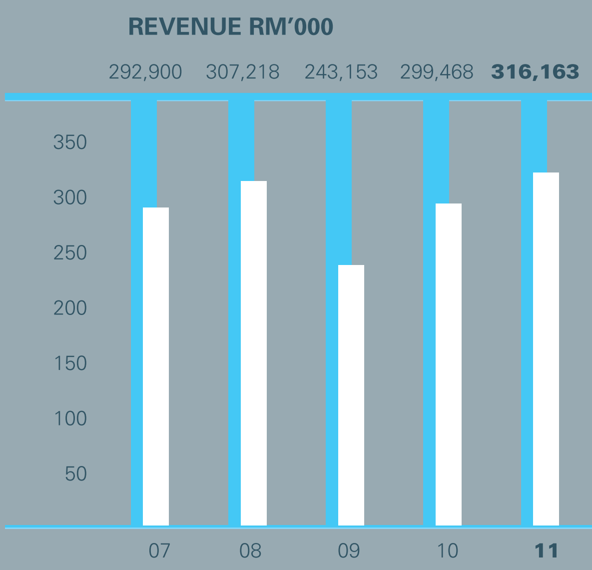
CENTRAL ICON SDN BHD	90%
Ladang Impian Sdn Bhd	100%
Ladang Impian 1 Sdn Bhd	100%
Pasarakyat Sdn Bhd	100%
Ladang Impian 2 Sdn Bhd	100%

Financial Highlights

5 YEARS GROUP FINANCIAL STATISTICS

	2007	2008	2009	2010	2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	292,900	307,218	243,153	299,468	316,163
Profit Before Tax	23,382	32,347	39,599	44,108	74,674
Profit After Tax	16,540	23,522	27,603	34,719	61,383*
Total Assets	319,520	324,578	332,740	438,372	448,748
Net Tangible Assets	177,063	196,612	219,115	251,550	259,454
Shareholders' Funds	174,907	194,621	217,432	250,234	254,289
Paid-up Share Capital	68,000	68,000	68,000	68,000	68,000
Per Share (sen)					
Group Earnings	24	35	41	51	86
Net Tangible Assets	260	289	322	370	382
Dividend	8	10	10	44	37

* Includes one-off gain on disposal of asset classified as held for sale RM 26.261 million.


REVENUE RM'000
292,900
307,218
243,153
299,468
316,163
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300
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200
150
100
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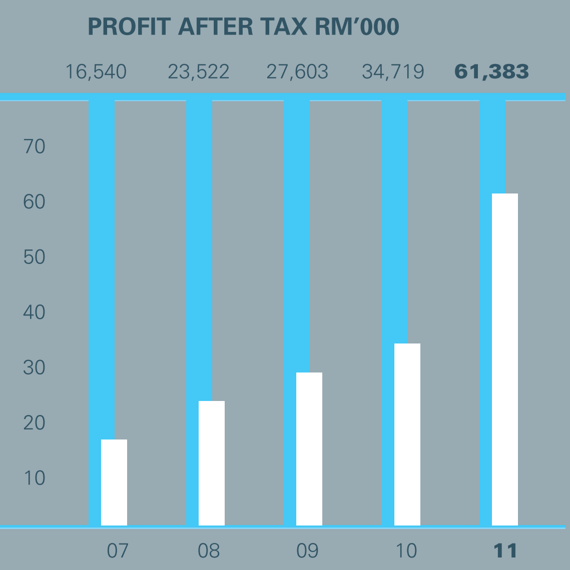
PROFIT AFTER TAX RM'000
16,540
23,522
27,603
34,719
61,383
70
60
50
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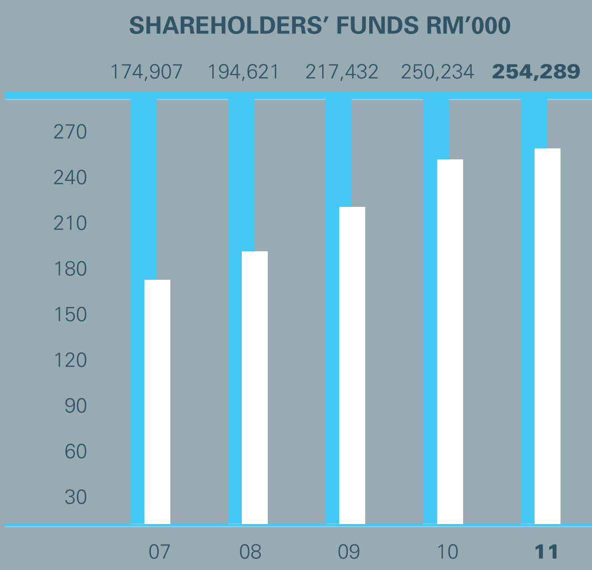
SHAREHOLDERS' FUNDS RM'000
174,907
194,621
217,432
250,234
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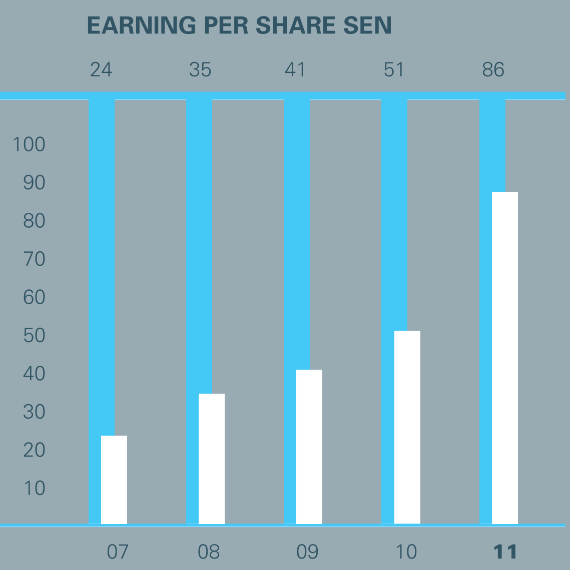
EARNING PER SHARE SEN
24
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11

Corporate Information

BOARD OF DIRECTORS

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

Mr. Loh Kim Kah
Managing Director

Mr. Yong Weng Fai[1,3]

Mr. Tan Vern Tact[2]

Mr. Low Taek Howe[1]

Mr. Geh Choh Hun[2]

Miss Monica Oh Chin Chin
Alternate Director to Mr. Tan Vern Tact

AUDIT COMMITTEE

Mr. Yong Weng Fai[1,3]
Chairman

Mr. Geh Choh Hun[2]

Mr. Low Taek Howe[1]

COMPANY SECRETARIES

Chua Siew Chuan
MAICSA 0777689

Chin Mun Yee
MAICSA 7019243

AUDITORS

KPMG
Chartered Accountants
Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor, Malaysia

SOLICITORS

Zaid Ibrahim & Co.

PRINCIPAL BANKERS

Hong Leong Bank Berhad

RHB Bank Berhad

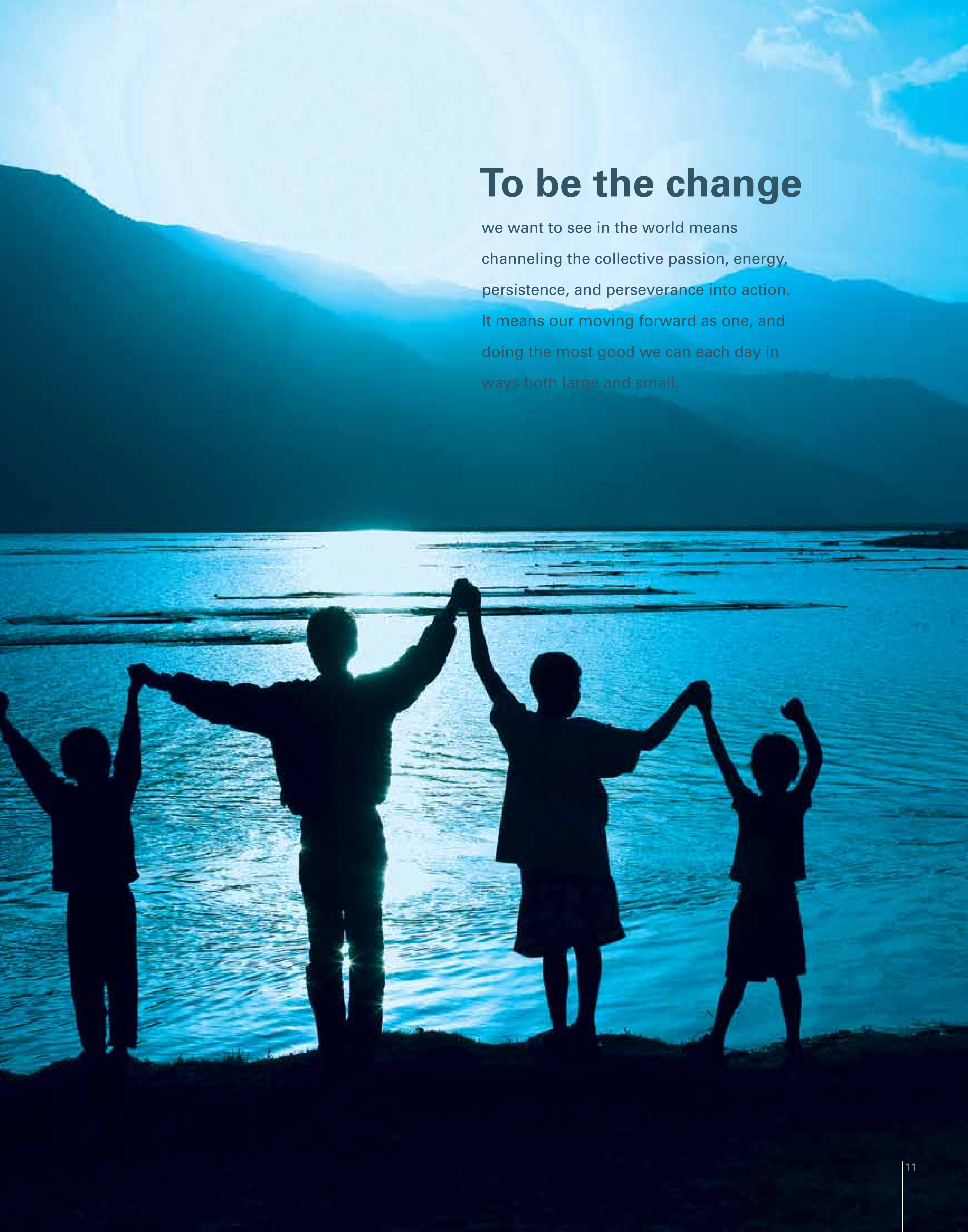
United Overseas Bank (M) Bhd

AmBank (M) 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

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



To be the change

we want to see in the world means channeling the collective passion, energy, persistence, and perseverance into action. It means our moving forward as one, and doing the most good we can each day in ways both large and small.

Group Corporate Calendar

2011

16 JANUARY

In-house Badminton Competition. The Champion is Law Eng Seng (P&M Division) and Linda Toh (Head Office).

12 FEBRUARY

Chinese New Year Lunch at Head Office. There were lots of lucky draw prizes and 'tons' of mandarin oranges given out by our own "God of Prosperity", and lucky staff members received Big "Ang Pow" from Mr. Jason Loh.

14 MAY

A full day field study visit to Gemas Double Track project covering project briefing, sub-ballast, track works, dismantling of bridge, launching and station yard works.

11 JUNE

"Gotong Royong" Day dressed in green outfit to Reuse-Recycle-Restore-Replenish-Reduce to save our Mother Earth. Recyclables weighing 620.5 kg were collected during the day and all proceeds obtained from the sale were donated to charity.

16 JULY

Mini Sports Day at Sunway Challenge (Sunway Lagoon). Staff is split into teams coded by colours. Leaders appointed and taking part in tele-matches like flying fox, go-kart, water slides, etc.

24 & 25 SEPTEMBER

We participated in the '1 Malaysia Charity Ride for Education 2011' organized with the noble intention of raising funds for some 15 schools in Penang together with UBG Berhad and Putrajaya Perdana Berhad.

29 OCTOBER

Bowling Competition held at Bukit Kiara Equestrian & Country Resort won by Phang Hon Weng (Idaman Hills Project) and Liza Suparman (Head Office) for men's and women's category respectively.

26 NOVEMBER

Annual Dinner with the theme 'Masquerade Ball' at the Prince Hotel Kuala Lumpur graced by our Chairman Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud.

22 FEBRUARY

We received the Letter of Award for the Main Line Track for Electrified Double Track Project between Batang Melaka to Gemas (from CH535.500 to CH563.500 i.e. Batang Melaka excluding Gemas) including Package C.

30 MARCH

We received the Letter of Award for the Pahang-Selangor Raw Water Transfer Project, Lot 1-2, Kelau Dam and related works.

7 & 8 APRIL

SIRIM Surveillance Audit – ISO 9001:2008 at the Selayang Idaman Hills project and Head Office.

16 APRIL

Blood Donation Campaign at the National Blood Bank since year 2008. 22 staff members of LLCB and 6 staff members of our suppliers participated this year.

6 AUGUST

Second blood donation at National Blood Bank.

15 & 16 AUGUST

BM Trade of United Kingdom conducted a recertification audit to provide assurance that our Company continues to conform to the requirement of ISO 9001:2008, statutory, regulatory and contractual requirements.

19 AUGUST

Annual "Ramadan Buka Puasa" Office Party where the atmosphere was more of a fashion show than a dinner. Everyone, especially the ladies were in their best traditional outfit, colourful 'Baju Kurung', 'Kebaya', 'Punjabi Dress' and 'Cheongsam'.

10 DECEMBER

Idaman Hills Selayang Safety & Health (HSSE) Committee organized a get together in appreciation to all subcontractors and workers for their commitment and contribution towards the achievement of 1 million safety man hours of no fatality and no lost time injury as well. HSSE Committee has also conducted 7 safety campaigns in the year.

21 DECEMBER

Annual Christmas Party at WET Office with gift exchanges, lucky draws with interesting gifts, fun games, goodies by Santa & Santarina and of course scrumptious food & beverage with highlight video of our own Masquerade Ball.

22 DECEMBER

Corporate Social Responsibility (CSR) contribution to the construction of houses for the hardcore poor in Mukim Pulau Manis, Pekan.


Mr. Yong Weng Fai
• Independent Non-Executive Director
• Chartered Accountant of the Malaysian Institute of Accountants
Mr. Low Taek Howe
• Independent Non-Executive Director
Mr. Loh Kim Kah
• Managing Director

Board of Directors

Y.A.M. TENGKU DATO' RAHIMAH BINTI ALMARHUM SULTAN MAHMUD

Non-Independent Non-Executive Chairman

Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud, a Malaysian aged 46, 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.

YONG WENG FAI

Independent Non-Executive Director

Mr. Yong Weng Fai, a Malaysian aged 51, was appointed to the Board of LLCB on 12 June 2001 as an Independent Non-Executive Director. He was a member of the Audit Committee and was subsequently appointed Chairman of the Audit Committee on 27 April 2011.

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 29 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 35, 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.

Mr. Tan is a representative of UBG Berhad and an Alternate Non-Independent Non-Executive Director in Putrajaya Perdana Berhad. He currently sits on the board of UBG Enterprise Berhad and holds directorships in several private limited companies.

Profile of Directors

LOH KIM KAH

Managing Director

Mr. Loh Kim Kah, a Malaysian aged 52, was appointed as a Director of LLCB on 9 January 1997 and subsequently appointed as Managing Director and Chief Executive Officer 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. However, he is a director of several private limited companies.

GEH CHOH HUN

Non-Independent Non-Executive Director

Mr. Geh Choh Hun, a Malaysian aged 33, 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 9 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 boards of Putrajaya Perdana Berhad and UBG Enterprise Berhad. 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.

LOW TAEK HOWE

Independent Non-Executive Director

Mr. Low Taek Howe, a Malaysian aged 33, was appointed to the Board of LLCB on 2 February 2011 as an Independent Non-Executive Director. He is a member of the Audit Committee.

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.

MONICA OH CHIN CHIN

Alternate Director to Tan Vern Tact

Ms. Monica Oh Chin Chin, a Malaysian aged 51, was appointed to the Board of LLCB as an Alternate Director to Mr. Tan Vern Tact on 8 August 2011.

Ms. Monica graduated in 1982 from Monash University, Australia with a Bachelor of Economics majoring in Accounting. Ms. Monica is a member of the Malaysian Institute of Accountants and CPA Australia. She has served in a foreign bank in Malaysia and has more than 13 years of banking experience.

Ms. Monica currently sits on the board of Putrajaya Perdana Berhad.

A Letter from Our Chairman

The outlook for global economy and trade for 2012 is not expected to be strong. According to the International Monetary Fund (IMF), the global economic growth this year is projected at 3.3% compared to 3.8% in 2011 and 5.2% in 2010. World trade is expected to be moderate at 3.8% in comparison to 6.9% in 2011 and 12.7% in 2010.

Against this backdrop, the Group did exceedingly well with improved revenue and profitability in 2011 as compared to the previous financial year.

We exercised prudence and caution during the times of uncertainty, thus mitigating potential risks by minimizing the Group's entry into overseas or regional markets. Instead, we focused on local tenders in a somewhat conservative manner. When better stability returns to the world economy, we are equally poised and well-placed to take hold of the opportunities.

The Group, spearheaded by our experienced and capable management team, continues to evolve by accepting and incorporating improvements in our core expertise and services.

I believe that with our collective strengths, proven track records, resilient spirit and vast experience, we will build on the momentum for further growth. 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 to spur us on in our future endeavours.

I would like to welcome Mr. Loh Choon Quan who was appointed as the new Chief Executive Officer on 16 July 2011 and wish to thank Mr. Loh Kim Kah who remains as Managing Director, for his past services and contributions.

Thank you.

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 2011.

1

REVIEW OF FINANCIAL YEAR ENDED 31 DECEMBER 2011

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 has a record construction order book of RM2.4 billion of which RM1.2 billion is outstanding as at the end of year 2011. This achievement is attributed to the hard work and dedication of our management and staff. Our outstanding order book should sustain the Group through the next two to three years. Nevertheless, with our expertise and specialties in water and railway infrastructure, I am confident, we will further increase our order book to achieve further growth.

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 an improved Revenue of RM316.2 million, compared to RM299.5 million in 2010 and a substantial increase of Profit Before Tax of RM74.7 million, compared to RM44.1 million in 2010. The higher profit before taxation registered for the current year was partially due to a one-off gain of RM26.3 million. However, without this one-off gain, our operation before taxation of RM48.4 million would still record an increase of 10%. The overall figure translated to basic earnings per share of 52 sen as compared to 51 sen in 2010.

In line with our improved results, the Group declared an interim single tier dividend of 37 sen per ordinary share of RM1.00 for the financial year ended 31 December 2011.

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.

LLCSB has been extremely busy in 2011 with the implementation of 7 large infrastructure projects including the Group's first Hydroelectric Power Dam in Hulu Terengganu. For the financial year under review, some of the major projects that LLCSB implementing are:

- Hulu Terengganu Hydroelectric Power Project
- Semantan Intake, part of the Pahang Selangor Water Transfer Project
- Access road to Murum Dam, Kapit District, Sarawak
- 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:

- Kelau Dam & related works, part of the Pahang – Selangor Interstate Water Transfer Project
- Track works for Seremban – Gemas Electrified Double Track Project

The securing of the two projects has further increased our order book to RM2.4 billion, which is the largest order book in our history.

LLCSB's continued success in securing contracts through competitive tenders has reinforced LLCSB's reputation as a major infrastructure player especially in the water and railway infrastructure sector. LLCSB will continue to participate in tender exercises in 2012 and is optimistic that we will succeed in further enhancing the order book in the near future.


2

Water Engineering Technology Sdn Bhd ("WETSB")

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

In 2011, WETSB ventured into a new synergistic business of Operation and Maintenance of Water Treatment Plants, and is currently operating and maintaining two water treatment plants and related infrastructure such as dams, reservoirs and intakes in the state of Sabah. It was a busy year for WETSB with multiple projects being implemented, such as:-

- Upgrading of Lambir Water Supply Treatment Plant, Miri, Sarawak
- Bakun Hydro Power Plant, Sarawak
- Operations and maintenance of Sungai Segaliud Water Treatment Plant, Sandakan, Sabah.

During the year, WETSB successfully upgraded the Lambir Water Supply Treatment Plant from 80mld to 160mld through its core competencies of water process engineering and design, and handed over the plant to Lembaga Air Kawasan Utara (LAKU).

WETSB was also awarded the electrical and hydromechanical works for Kelau Dam in Pahang and secured the operations and maintenance works of the Milau Dam which supplies quality potable water to Kudat town.

WETSB continues to provide synergies to LLCSB by complementing LLCSB's expertise in Civil & Structural Engineering with its own competencies in Mechanical & Electrical Engineering to provide the Group with complete capabilities, which will sustain the Group's competitiveness and performance in 2012.

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 2011.

In 2011, LLDSB launched Phase 2 of Idaman Hills and is currently undertaking the construction of Phase 1 of Idaman Hills and The Airie, Sri Damansara with a combined Gross Development Value of RM445 million.

1. The Airie, Sri Damansara
2. Upgrading of Lambir Water Treatment Plant Miri, Sarawak

1

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. With the success of Phase 1 of Idaman Hills in 2010, Phase 2 homes have achieved significant appreciation and were launched in 2011 to an overwhelming response.

The Airie, Sri Damansara

The Airie, Sri Damansara comprising 79 units of stratified modern contemporary Semi-detached and Bungalow homes, is currently under going construction and is expected to be completed for handover on schedule in 2012. 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 the 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.

2012 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.

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 at all levels to ensure ownership and commitment to set targets. Considerable time and effort is placed in Human Capital Development with senior management involvement in all aspects of our Human Resource management system especially in training, promotion, and setting a 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 & Innovativeness and Equity, under the acronym of 'PRACTICE,' as part of the Group Core Values.

CHALLENGING TIMES AHEAD

The globalised economy continues to be volatile especially with the European financial crisis and the slowing growth in China. 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 major infrastructure projects especially in Water and Railway infrastructure such as the Sarawak Corridor Of Renewable Energy (SCORE), Langat 2 Water Treatment Plant and related works, Gemas – Johor Baru Double Track Project and other projects under the Economic Transformation Programme. Our proven track record and specialities will place us in a prime position to bid and secure 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 various infrastructure projects to be implemented, I am cautiously optimistic about the road ahead. I am confident that the Group will continue to improve and grow.

IN APPRECIATION

On behalf of the Group, my sincere appreciation goes to our shareholders, the Board of Directors, the Management and my colleagues for your dedication and effort, and to our valued customers, business associates, suppliers, subcontractors, bankers and regulatory authorities for your 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.

1

2

3

1. Semantan Intake part of the Pahang Selangor Water Transfer Project
2. Medini Development Iskandar, Johor - Package Utility 2
3. Idaman Hills, Selayang

Corporate Social Responsibility (CSR)

"Our belief is that through business, we can contribute to society, the environment and our community".

1

LOH & LOH believes that through our business operations, we can contribute and give to the overall society, the environment and our community. We recognise the importance of implementing good Corporate Social Responsibility ("CSR") practices as it will bring value to the Group's business operations as well as contribute and add 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.

The Group incorporates CSR practices to become part and parcel of our business practices and takes pride that our employees are encouraged to contribute to the society, environment and community in which we operate.

THE COMMUNITY

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

We encourage our staff to be aware of our place in the community and to be proactive by taking a stake and ownership of our community work. This approach has been successful and our employees have a Sports and Recreation Club (SRC), which organises activities like blood donation drives and visits to charity homes on a regular basis.

The Group believes that education is a key factor for growing and improving the community. With this in mind, the Group made a significant donation and over 30 of our staff took part in the "1Malaysia Charity Ride for Education" which raised funds for 15 schools in Penang.

The elevation of the living standards of the hardcore poor is also close to our hearts and as part of our commitment, the Group again contributed significantly to the proposed construction of houses for the hardcore poor in Mukim Pulau Manis, Pekan.

THE ENVIRONMENT

Global warming is a reality as seen by the changes in weather patterns, and we firmly believe in looking after our environment for the future generation. The Group believes in minimising the impact of our business activities on the environment and have implemented a Group wide environmental policy that commits to take steps to mitigate or minimise adverse impacts arising from our business activities, to strive to ensure that we comply with all environmental standards, rules and regulations set by the relevant authorities, and to proactively reduce our carbon footprint on the environment.

The Group encourages all staff to be aware of environmental changes and our impact on the environment. We believe that education and awareness is necessary to create a significant impact and improve the efficiency of any environmental initiatives. Our employees are encouraged to reuse, recycle, replenish, restore and reduce in all activities.

Our staff have taken their own initiative to recycle paper whenever possible through recycling single-sided printouts, reducing paper usage through double-sided printing as well as ensuring that our used paper is sold to recycling companies. All proceeds from the sale of used paper is donated to charity.


1


2

1. 1Malaysia Charity Ride for Education
2. "Gotong Royong" campaign

WORKPLACE

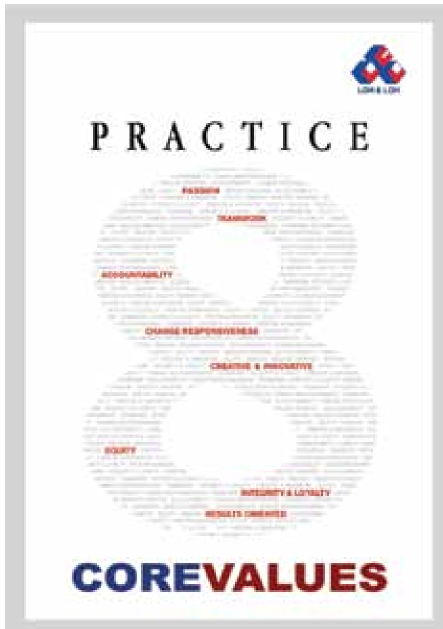
Health and Safety

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 does not compromise on safety and security and have set a goal of zero fatality at all worksites and premises.

The Group believes in ensuring that all our suppliers and subcontractors are involved and take a stake in our health and safety policies. All suppliers and subcontractors are appointed to form part of our project site Health and Safety Committees to ensure their participation and representation. This procedure has proven results and all our worksites achieved the goal of zero fatality last year. The Group's Idaman Hills project site also recorded and celebrated their 1million hour no time loss milestone this year.

Practice 8 Core Values

The Group inculcates 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 Corporate Culture. We believe that the managements and staff's commitment to the PRACTICE core values has been a key factor to our continued improvement in our financial performance, and strive to encourage all levels of our staff to PRACTICE in all aspects of their work.



1. Idaman Hills, Selayang Health & Safety Campaign
2. The Airie, Sri Damansara
3. Field study visit to Gemas Double Track Project

Staff Development and Welfare

Staff development and welfare is an integral part of the LOH & LOH Group and this falls under the purview of the Human Resource Executive Committee (HREC), which comprises of the senior management of the Group. The HREC aims to set policies to ensure that all staff are treated fairly, paid and rewarded equitably, and given the right tools and opportunity to contribute their best and achieve their full potential within the Group. The HREC devotes a lot of time and effort to achieve these aims by constantly monitoring the market best practises and implementing these practises whenever relevant and applicable.

Training is an important part of developing a skilled workforce that is aware of the latest applications and techniques. To this effect, the Group identifies staff training needs constantly and training programmes and schemes were conducted both in-house and externally to meet these needs. Where appropriate, suitable employees were sent for courses to enhance their performance, upgrade knowledge, obtain better skills and understanding of the industry.

The Group aims to inculcate a family-based culture as all management and staff are part of the LOH & LOH family. Staff organised events are encouraged to develop bonding among each other such as birthday celebrations for colleagues, festive celebrations, weekly sports, competitions and recreational activities and our annual dinner.

THE MARKETPLACE

The Group believes in order to have a sustainable business and to deliver the best quality products and services, the Group has to implement fair and equitable treatment to all its suppliers and subcontractors. The main operating units of the Group is ISO certified to ensure that our processes and systems are continuously evaluated and monitored to ensure fairness and transparency at all levels. We believe to be treated fairly, we have to treat others fairly too!

To ensure continuous improvement, the Group conducts customer feed-back surveys, supplier and sub-contractor evaluations annually to ensure that our processes deliver products and services of the highest standard.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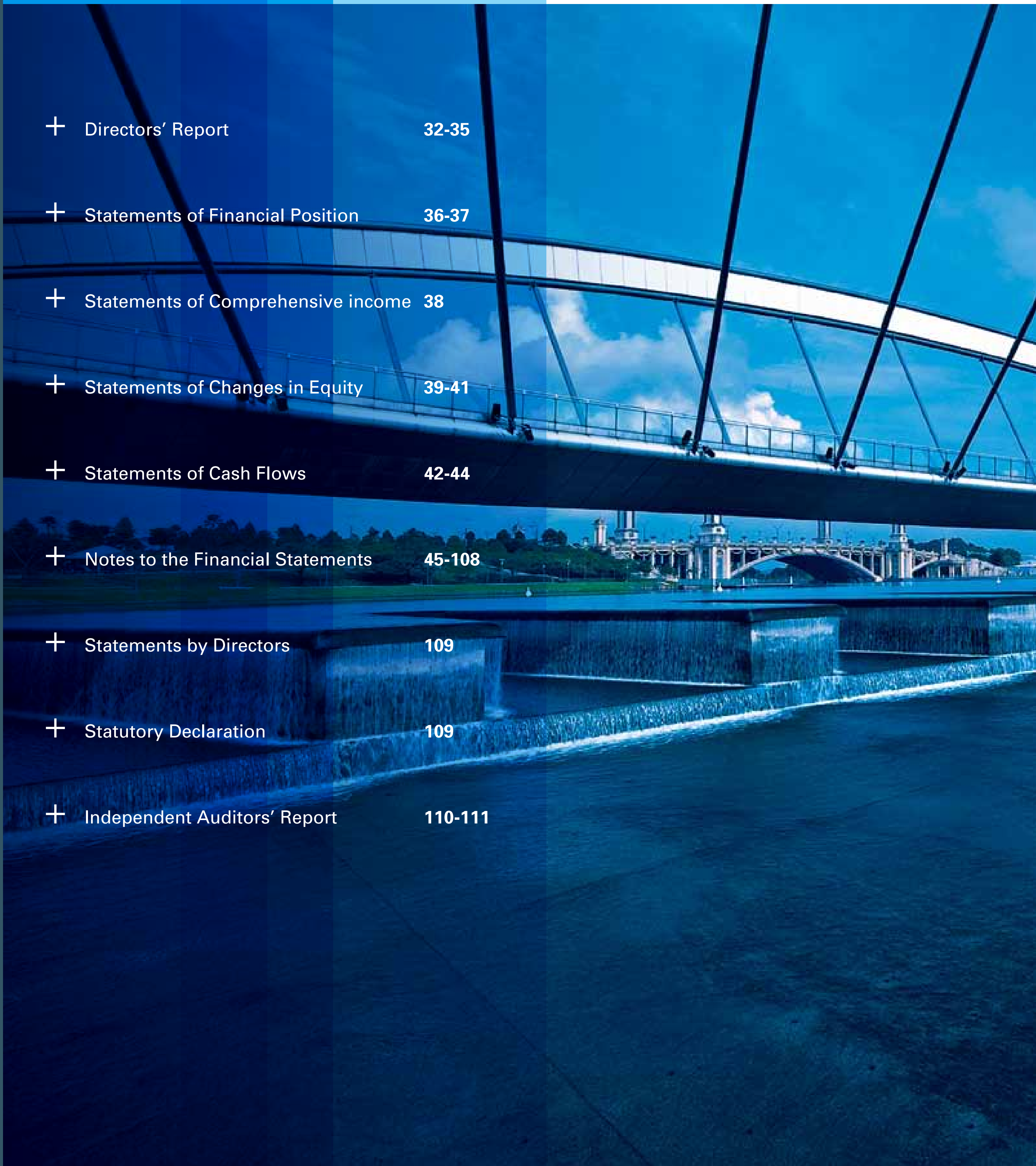

Financial statements

Directors' report

for the year ended 31 December 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and civil construction, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	GROUP	COMPANY
	RM	RM
Profit for the year attributable to:		
Owners of the Company	58,780,514	23,209,317
Non-controlling interests	2,602,282	-
	61,382,796	23,209,317

RESERVES AND PROVISIONS

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

DIVIDEND

Since the end of the previous financial year, the Company paid:

i) an interim tax exempt (single-tier) dividend of 44.11 sen per ordinary share totalling RM30,000,000 in respect of the financial year ended 31 December 2010 on 11 March 2011; and

ii) an interim tax exempt dividend (single-tier) of 36.76 sen per ordinary share totalling RM25,000,000 in respect of the financial year ended 31 December 2011 on 3 January 2012.

The directors do not recommend the payment of final dividend in respect of the financial year ended 31 December 2011.

DIRECTORS OF THE COMPANY

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

Y.A.M. Tengku Dato' Rahimah binti Almarhum Sultan Mahmud
Loh Kim Kah
Yong Weng Fai
Geh Choh Hun
Loh Taek Howe
Tan Vern Tact
Loo Ai Swan (Alternate director to Tan Vern Tact) resigned on 29 April 2011
Monica Oh Chin Chin (Alternate director of Tan Vern Tact) appointed on 8 August 2011

In accordance with Article 118 of the Company's Articles of Association, Loh Kim Kah and Yong Weng Fai retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

None of the Directors holding office at 31 December 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in Note 20) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest, other than the related party transactions as disclosed in Note 29 to the financial statements.

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

ISSUE OF SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, except for gain on disposal of non-current assets held for sale amounting to RM26,261,511 as disclosed in Note 18 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

OTHER STATUTORY INFORMATION (CONTINUED)

AUDITORS

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

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

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

Loh Kim Kah

Kuala Lumpur,
Date: 29 May 2012

Statements of financial position

as at 31 December 2011

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
ASSETS					
Property, plant and equipment	3	60,003,278	47,637,449	-	-
Investment properties	4	15,060,100	14,900,100	-	-
Investments in subsidiaries	5	-	-	153,280,342	153,280,342
Other investments	6	-	500,000	-	-
Deferred tax assets	7	1,290,640	300,869	-	-
Trade and other receivables	8	18,705,275	5,673,970	-	-
TOTAL NON-CURRENT ASSETS		95,059,293	69,012,388	153,280,342	153,280,342
Other investments	6	8,663,518	18,578,631	8,158,118	18,573,231
Inventories	9	248,329	3,321,776	-	-
Property development costs	10	63,025,080	68,221,109	-	-
Trade and other receivables	8	127,740,070	150,782,207	24,649,051	16,285,521
Current tax assets		16,739,887	3,874,394	567,182	707,520
Cash and cash equivalents	11	137,272,177	115,842,806	3,300,765	41,378,779
Assets classified as held for sale	12	-	8,738,489	-	-
TOTAL CURRENT ASSETS		353,689,061	369,359,412	36,675,116	76,945,051
TOTAL ASSETS		448,748,354	438,371,800	189,955,458	230,225,393

Statements of financial position

as at 31 December 2011 (continued)

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
EQUITY					
Share capital		68,000,000	68,000,000	68,000,000	68,000,000
Revaluation reserve		6,658,508	6,794,302	76,885,943	76,885,943
Retained earnings		179,630,415	175,439,901	9,841,570	41,632,253
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		254,288,923	250,234,203	154,727,513	186,518,196
NON-CONTROLLING INTERESTS		5,164,821	1,315,855	-	-
TOTAL EQUITY	13	259,453,744	251,550,058	154,727,513	186,518,196
LIABILITIES					
Loans and borrowings	14	2,454,017	1,029,970	-	-
Deferred tax liabilities	7	2,564,099	1,656,698	-	-
Trade and other payables	15	20,229,838	13,147,401	-	-
TOTAL NON-CURRENT LIABILITIES		25,247,954	15,834,069	-	-
Trade and other payables	15	161,552,355	169,464,293	35,227,945	43,707,197
Loans and borrowings	14	1,861,616	946,024	-	-
Current tax liabilities		632,685	577,356	-	-
TOTAL CURRENT LIABILITIES		164,046,656	170,987,673	35,227,945	43,707,197
TOTAL LIABILITIES		189,294,610	186,821,742	35,227,945	43,707,197
TOTAL EQUITY AND LIABILITIES		448,748,354	438,371,800	189,955,458	230,225,393

The notes set out on pages 45 to 108 are an integral part of these financial statements.

Statements of comprehensive income

for the year ended 31 December 2011

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Revenue	16	316,162,923	299,468,255	24,844,187	88,020,690
Cost of sales	17	(240,787,070)	(231,397,780)	(112,161)	(49,146,164)
GROSS PROFIT		75,375,853	68,070,475	24,732,026	38,874,526
Other income	18	31,597,604	5,961,445	-	781,230
Administrative expenses		(32,026,482)	(29,585,770)	(1,331,598)	(993,921)
RESULTS FROM OPERATING ACTIVITIES		74,946,975	44,446,150	23,400,428	38,661,835
Finance costs		(273,457)	(337,769)	-	-
PROFIT BEFORE TAX	19	74,673,518	44,108,381	23,400,428	38,661,835
Income tax expense	21	(13,290,722)	(9,388,896)	(191,111)	203,995
PROFIT FOR THE YEAR		61,382,796	34,719,485	23,209,317	38,865,830
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Revaluation of land and buildings		-	2,572,517	-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	2,572,517	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		61,382,796	37,292,002	23,209,317	38,865,830
PROFIT ATTRIBUTABLE TO:					
Owners of the Company		58,780,514	34,786,467	23,209,317	38,865,830
Non-controlling interests		2,602,282	(66,982)	-	-
PROFIT FOR THE YEAR		61,382,796	34,719,485	23,209,317	38,865,830
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		58,780,514	37,358,984	23,209,317	38,865,830
Non-controlling interests		2,602,282	(66,982)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		61,382,796	37,292,002	23,209,317	38,865,830
BASIC EARNINGS PER ORDINARY SHARE (SEN):	22	86	51		

The notes set out on pages 45 to 108 are an integral part of these financial statements.

Statements of changes in equity

for the year ended 31 December 2011

		ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
		NON-DISTRIBUTABLE		DISTRIBUTABLE			
	NOTE	SHARE CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
GROUP		RM	RM	RM	RM	RM	RM
AT 1 JANUARY 2010		68,000,000	4,221,785	145,753,432	217,975,217	1,683,362	219,658,579
Revaluation of land and buildings		-	2,572,517	-	2,572,517	-	2,572,517
Total other comprehensive income for the year		-	2,572,517	-	2,572,517	-	2,572,517
Profit for the year		-	-	34,786,467	34,786,467	(66,982)	34,719,485
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	2,572,517	34,786,467	37,358,984	(66,982)	37,292,002
Changes in ownership interests in a subsidiary		-	-	-	-	(300,525)	(300,525)
Dividends to owners of the Company	23	-	-	(5,099,998)	(5,099,998)	-	(5,099,998)
TOTAL TRANSACTIONS WITH OWNERS		-	-	(5,099,998)	(5,099,998)	(300,525)	(5,400,523)
AT 31 DECEMBER 2010		68,000,000	6,794,302	175,439,901	250,234,203	1,315,855	251,550,058

Statements of changes in equity

for the year ended 31 December 2011 (continued)

		ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
		NON-DISTRIBUTABLE		DISTRIBUTABLE			
	NOTE	SHARE CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
GROUP		RM	RM	RM	RM	RM	RM
AT 1 JANUARY 2011		68,000,000	6,794,302	175,439,901	250,234,203	1,315,855	251,550,058
Reversal of reserves	7	-	(135,794)	-	(135,794)	-	(135,794)
Total profit and other comprehensive income for the year		-	-	58,780,514	58,780,514	2,602,282	61,382,796
Changes in ownership interests in a subsidiary		-	-	410,000	410,000	1,246,684	1,656,684
Dividends to owners of the Company	23	-	-	(55,000,000)	(55,000,000)	-	(55,000,000)
TOTAL TRANSACTIONS WITH OWNERS		-	-	(54,590,000)	(54,590,000)	1,246,684	(53,343,316)
AT 31 DECEMBER 2011		68,000,000	6,658,508	179,630,415	254,288,923	5,164,821	259,453,744
		Note 13	Note 13	Note 13			

The notes set out on pages 45 to 108 are an integral part of these financial statements.

Statements of changes in equity

for the year ended 31 December 2011 (continued)

		NON-DISTRIBUTABLE		DISTRIBUTABLE	
		SHARE CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
COMPANY	**NOTE**	**RM**	**RM**	**RM**	**RM**
AT 1 JANUARY 2010		68,000,000	76,885,943	7,866,421	152,752,364
Profit and total comprehensive income for the year		-	-	38,865,830	38,865,830
Dividends to owners of the Company	23	-	-	(5,099,998)	(5,099,998)
TOTAL CONTRIBUTION FROM/ DISTRIBUTION TO OWNERS		-	-	33,765,832	33,765,832
AT 31 DECEMBER 2010/ 1 JANUARY 2011		68,000,000	76,885,943	41,632,253	186,518,196
Profit and total comprehensive income for the year		-	-	23,209,317	23,209,317
Dividends to owners of the Company	23	-	-	(55,000,000)	(55,000,000)
TOTAL CONTRIBUTION FROM/ DISTRIBUTION TO OWNERS		-	-	(31,790,683)	(31,790,683)
AT 31 DECEMBER 2011		68,000,000	76,885,943	9,841,570	154,727,513
		Note 13	Note 13	Note 13	

The notes set out on pages 45 to 108 are an integral part of these financial statements.

Statements of cash flow

for the year ended 31 December 2011

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	74,673,518	44,108,381	23,400,428	38,661,835
Adjustments for:				
Amortisation of interest in leasehold land	-	467,647	-	-
Impairment loss on interest in leasehold land	-	545,588	-	-
Property, plant and equipment				
• depreciation	2,402,270	2,812,088	-	-
• gain on disposal	(352,786)	(101,078)	-	-
• written off	18,215	83,254	-	-
• impairment loss	-	1,195,847	-	-
Impairment loss of trade receivables,	4,764,083	279,839	-	-
Provision for foreseeable losses	1,257,025	-	-	-
Dividend income	(174,488)	(162,051)	(24,174,488)	(36,162,051)
Finance income				
• short term deposits	(2,449,974)	(1,749,870)	(357,308)	(988,321)
• loans and receivables	(50,469)	(1,204,604)	-	-
Fair value loss/(gain) on investment securities	451,602	(743,835)	451,602	(743,835)
Loss on disposal of a subsidiary	-	149,588	-	-
Gain on disposal of non-current assets held for sale	(26,261,511)	-	-	-
Finance costs	273,457	337,769	-	-
Loss on disposal of other long term investments	-	144,525	-	-
Fair value loss on a investment property	-	24,155	-	-
Reversal of impairment loss on				
• trade receivables	(1,484,215)	(65,599)	-	-
• quoted investment	-	(37,395)	-	(37,395)
• other receivables	(424,417)	(18,630)	-	-
Net gain on disposal of other investments	(312,391)	(2,123,891)	(312,391)	(1,871,749)
Reversal of provision for foreseeable losses	-	(294,989)		-
Unrealised foreign exchange gain	(728,479)	-	-	-
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL	51,601,440	43,646,739	(992,157)	(1,141,516)

Statements of cash flow

for the year ended 31 December 2011 (continued)

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL (CONTINUED)					
Changes in inventories		3,073,452	(110,486)	-	-
Changes in property development costs		3,281,176	(21,803,706)	-	-
Changes in trade and other receivables		(30,351,549)	(16,627,210)	(14,567,821)	(6,283,521)
Changes in trade and other payables		16,765,581	37,654,821	(3,168,837)	4,110,717
CASH GENERATED FROM/(USED IN) OPERATIONS		44,370,100	42,760,158	(18,728,815)	(3,314,320)
Interest paid		(188,240)	(116,123)	-	-
Income tax paid		(26,278,953)	(12,656,962)	(50,773)	(83,540)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES		17,902,907	29,987,073	(18,779,588)	(3,397,860)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		7,315	4,600	7,045	6,004,600
Interest received		1,294,908	1,597,708	193,411	849,437
Investment in unit trust		-	(10,000,000)	-	(10,000,000)
Purchase of property, plant and equipment	(ii)	(13,516,098)	(13,619,428)	-	-
Proceeds from disposal of property, plant and equipment		1,922,146	783,655	-	-
Proceeds from disposal of other investments		10,172,850	55,205,252	10,172,850	50,000,000
Proceeds from disposal of other long term investment		-	150,000	-	-
Proceeds from disposal of non-current assets held for sale		35,000,000	-	-	-
Proceeds from disposal of interest in a subsidiary		254,800	-	-	-
Purchase of investment property		(160,000)	-	-	-
Net cash inflow arising from disposal of a subsidiary		-	486,175	-	-
NET CASH GENERATED FROM INVESTING ACTIVITIES		34,975,921	34,607,963	10,373,306	46,854,037

Statements of cash flow

for the year ended 31 December 2011 (continued)

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance lease obligations		(1,777,725)	(1,176,514)	-	-
Dividends paid		(30,000,000)	(5,099,998)	(30,000,000)	(5,099,998)
NET CASH USED IN FINANCING ACTIVITIES		(31,777,725)	(6,276,512)	(30,000,000)	(5,099,998)
Net increase/(decrease) in cash and cash equivalents		21,101,103	58,318,524	(38,406,282)	38,356,179
Cash and cash equivalents at 1 January		113,479,696	55,161,172	39,015,669	659,490
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(i)	134,580,799	113,479,696	609,387	39,015,669

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Cash and cash equivalents	11	137,272,177	115,842,806	3,300,765	41,378,779
Less: Deposits pledged		(2,691,378)	(2,363,110)	(2,691,378)	(2,363,110)
		134,580,799	113,479,696	609,387	39,015,669

(ii) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with aggregate costs of RM17,633,898 (2010: RM15,171,428), of which RM4,117,800 (2010: RM1,552,000), were acquired by means of finance leases.

The notes set out on pages 45 to 108 are an integral part of these financial statements.

Notes to the financial statements

31 December 2011

Loh & Loh Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of its principal place of business and registered office of the Company are as follows:

PRINCIPAL PLACE OF BUSINESS
19 & 21, Jalan Sri Hartamas 7
Taman Sri Hartamas
50480 Kuala Lumpur

REGISTERED OFFICE
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in jointly controlled assets and operations. The financial statements of the Company as at and for the financial year ended 31 December 2011 do not include other entities.

The Company is principally engaged in investment holding and civil construction, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

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

These financial statements were authorised for issue by the Board of Directors on 29 May 2012.

1. BASIS OF PREPARATION

1.1 Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

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

1. BASIS OF PREPARATION (CONTINUED)

1.1 Statement of compliance (continued)

a. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

b. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets

c. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

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

d. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)
- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Government Loans

e. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

f. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

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

The Group's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretations and amendments.

1. BASIS OF PREPARATION (CONTINUED)

1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

1.4 Use of estimates and judgements

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

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

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

- Note 2.16 c and Note 2.16 d – Revenue from construction contract and property development
- Note 3 – Revaluation of property, plant and equipment
- Note 4 – Valuation of investment properties
- Note 8 – Valuation of recoverability and impairment of receivables

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities.

2.1 Basis of consolidation

a. Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries that were acquired from a company with common control are consolidated using the merger method of accounting. Other subsidiaries are consolidated using the acquisition method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

b. Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group except for certain subsidiaries, which have been accounted using the merger method of accounting.

Under the merger method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts in the consolidated statement of financial position. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011, the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of consolidation (continued)

b. Accounting for business combinations (continued)

Acquisitions on or after 1 January 2011

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of consolidation (continued)

b. Accounting for business combinations (continued)

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

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.

c. Accounting for acquisitions of non-controlling interests

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

d. Loss of control

The Group applied FRS 127, Consolidated and Separate Financial Statements (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

e. Joint ventures

Jointly-controlled operations and assets

The interest of the Company or of the Group in unincorporated joint ventures and jointly-controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of consolidation (continued)

f. Non-controlling interests

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

Since the beginning of the reporting period, the Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

g. Transactions eliminated on consolidation

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

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

2.2 Foreign currency

a. Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments

a. Initial recognition and measurement

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

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

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

b. Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

i. Financial assets at fair value through profit or loss

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

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

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

ii. Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

iii. Loans and receivables

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2.12).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (continued)

b. Financial instrument categories and subsequent measurement (continued)

Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

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

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

c. Financial guarantee contracts

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

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

d. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

i. the recognition of an asset to be received and the liability to pay for it on the trade date, and
ii. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (continued)

e. Derecognition

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

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

2.4 Property, plant and equipment

a. Recognition and measurement

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

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Property, plant and equipment where no revaluation policy is adopted

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

b. Subsequent costs

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

c. Depreciation

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

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

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

• buildings	50 years
• plant and machinery	10-20 years
• office equipment, furniture and fittings	5-10 years
• motor vehicles	5-8 years

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

2.5 Leased assets

a. Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Leased assets (continued)

b. Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2.6 Investment properties

a. Investment properties carried at fair value

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

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

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

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

b. Reclassification to/from investment property

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties (continued)

c. Determination of fair value

The Directors estimate the fair values of the Company's investment property without involvement of independent valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 4.

2.7 Inventories

Inventories of completed properties are measured at the lower of cost and net realisable value. The cost of inventories includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

Other inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

2.8 Non-current assets held for sale

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

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

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

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Construction work-in-progress

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

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

2.10 Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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 is recognised as an asset and is stated at the lower of cost and net realisable value. The excess of revenue recognised in profit or loss over billings to the purchasers is shown as progress billings receivable under trade and other receivables while the excess billing to purchasers over revenue recognised in profit or loss is shown as progress billings under trade and other payables.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment

a. Financial assets

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

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

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

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

b. Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, deferred tax assets, investment properties that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit).

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment (continued)

b. Other assets (continued)

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

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

2.13 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

a. Issue expenses

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

2.14 Employee benefits

a. Short term employee benefits

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

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

b. State plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions

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

a. Contingent liabilities

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

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2.16 Revenue and other income

a. Goods sold

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

b. Services

Revenue from services rendered is recognised in profit or loss when services are rendered.

c. Construction contracts

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue and other income (continued)

d. Property development

Revenue from property development activities are recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for works performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including cost to be incurred over the defect liability period, is recognised immediately in profit or loss.

e. Rental income

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

f. Dividend income

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

g. Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income tax

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

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

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

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

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

2.18 Earnings per ordinary share

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

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

2.19 Operating segments

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

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	NOTE	FREEHOLD LAND	BUILDING ON FREEHOLD LAND	BUILDING ON LEASEHOLD LAND	PLANT & MACHINERY	OFFICE EQUIPMENT, FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
		RM	RM	RM	RM	RM	RM	RM
COST/VALUATION								
At 1 January 2010		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
Disposal		-	-	-	(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		-	-	-	-	(147,046)	(135,000)	(282,046)
Revaluation surplus recognised in other comprehensive income		2,253,629	404,927	-	-	-	-	2,658,556
Transfer from investment properties		-	142,672	-	-	-	-	142,672
Reclassification		(4,971)	4,971	135,838	(135,838)	-	-	-
Reclassified to non-current assets classified as held for sale	12	-	-	(15,394,735)	-	-	-	(15,394,735)
At 31 December 2010/ 1 January 2011		12,133,173	2,940,727	-	47,606,579	6,251,679	17,149,578	86,081,736

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
COST/VALUATION (CONTINUED)							
At 31 December 2010/ 1 January 2011	12,133,173	2,940,727	-	47,606,579	6,251,679	17,149,578	86,081,736
Additions	-	-	-	12,601,705	1,183,524	3,848,669	17,633,898
Disposals	-	-	-	(4,356,411)	(36,954)	(1,690,315)	(6,083,680)
Written off	-	-	-	(1,228,408)	(638,197)	(68,528)	(1,935,133)
At 31 December 2011	12,133,173	2,940,727	-	54,623,465	6,760,052	19,239,404	95,696,821
Representing items at:							
Cost	-	-	-	54,623,465	6,760,052	19,239,404	80,622,921
Valuation	12,133,173	2,940,727	-	-	-	-	15,073,900
At 31 December 2011	12,133,173	2,940,727	-	54,623,465	6,760,052	19,239,404	95,696,821

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	NOTE	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
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	19	-	342,085	1,019,232	336,663	591,870	522,238	2,812,088
- Capitalised in property development costs	10	-	-	-	-	900	486	1,386
- Capitalised in construction contract costs	8	-	-	-	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		-	-	-	-	(74,341)	(32,311)	(106,652)
Impairment loss recognised in profit or loss	19	-	3,696	1,192,151	-	-	-	1,195,847
Reclassification		-	-	175,247	(157,589)	47,717	(65,375)	-
Reclassified to non-current assets classified as held for sale	12	-	-	(9,384,188)	-	-	-	(9,384,188)
At 31 December 2010 / 1 January 2011		-	3,696	-	27,580,815	3,791,184	7,068,592	38,444,287

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	NOTE	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
DEPRECIATION (CONTINUED)								
At 1 January 2011		-	3,696	-	27,580,815	3,791,184	7,068,592	38,444,287
Depreciation charge for the year:								
- Recognised in profit or loss	19	-	31,233	-	1,088,868	577,641	704,528	2,402,270
- Capitalised in property development costs	10	-	-	-	-	3,055	-	3,055
- Capitalised in construction contract costs	8	-	-	-	694,599	180,312	400,258	1,275,169
		-	31,233	-	1,783,467	761,008	1,104,786	3,680,494
Disposals		-	-	-	(3,334,423)	(28,356)	(1,151,541)	(4,514,320)
Written off		-	-	-	(1,219,574)	(628,818)	(68,526)	(1,916,918)
At 31 December 2011		-	34,929	-	24,810,285	3,895,018	6,953,311	35,693,543
CARRYING AMOUNTS								
At 1 January 2010		9,884,515	2,730,242	8,261,339	9,923,669	2,273,642	8,562,291	41,635,698
At 31 December 2010/ 1 January 2011		12,133,173	2,937,031	-	20,025,764	2,460,495	10,080,986	47,637,449
At 31 December 2011		12,133,173	2,905,798	-	29,813,180	2,865,034	12,286,093	60,003,278

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Property, plant and equipment under the revaluation model

Had the freehold land and building been carried under the cost model, their carrying amounts would have been as follows:

	GROUP	
	2011 RM	2010 RM
Freehold land	5,763,816	5,763,816
Freehold building	2,247,554	2,278,787
	8,011,370	8,042,603

3.2 Assets under hire purchase

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

	GROUP	
	2011 RM	2010 RM
Motor vehicles	2,536,462	2,371,323
Plant and machinery	2,800,946	-
	5,337,408	2,371,323

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

	GROUP	
	2011 RM	2010 RM
Motor vehicles	4,836,335	5,158,107
Plant and machinery	2,592,044	1,286,204
	7,428,379	6,444,311

3.3 Assets not available for use

In 2010, included in plant and machinery were certain machinery amounting to RM4,140,309 purchased by the Group 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 31 December 2010. Subsequently, the assets were available for use on 11 January 2011 (upon the payment of custom duty).

4. INVESTMENT PROPERTIES

	GROUP	
	2011 RM	2010 RM
At 1 January	14,900,100	15,066,927
Additions	160,000	-
Transfer to property, plant and equipment (Note 3)	-	(142,672)
Net loss from fair value adjustments recognised in profit or loss (Note 19)	-	(24,155)
At 31 December	15,060,100	14,900,100

Included in the above are:

	GROUP	
	2011 RM	2010 RM
At fair value		
Freehold land	13,944,000	13,944,000
Buildings	1,116,100	956,100

4.1 Valuation of investment property

The Directors estimate the fair value of investment properties based on comparable market value of similar properties. Based on the Directors' estimation, the fair value of the investment properties approximates their carrying amounts at 31 December 2011 and 31 December 2010.

4.2 Titles

The Group is in the midst of transferring the titles of investment properties amounting to RM160,000.

5. INVESTMENTS IN SUBSIDIARIES

	COMPANY 2011 RM	COMPANY 2010 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	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST 2011 %	EFFECTIVE OWNERSHIP INTEREST 2010 %
Direct subsidiaries				
Loh & Loh Constructions Sdn. Bhd.	Malaysia	Building and civil construction and investment holding	100	100
Loh & Loh Development Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Water Engineering Technology Sdn. Bhd.	Malaysia	Trading, contracting and mechanical and electrical engineering related activities	100	100
Central Icon Sdn. Bhd.	Malaysia	Investment holding and provision of management services	90	90
Subsidiaries of Loh & Loh Constructions Sdn. Bhd.				
Jutakim Sdn. Bhd.	Malaysia	Civil engineering	100	100
Loh & Loh Sato Kogyo JV Sdn. Bhd.	Malaysia	Civil engineering	-	100
Quality Quarry Sdn. Bhd.	Malaysia	Quarry operation	68	68
Loh & Loh Ikhmas Sdn. Bhd.	Malaysia	Civil engineering	100	70

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST 2011 %	EFFECTIVE OWNERSHIP INTEREST 2010 %
Subsidiaries of Loh & Loh Development Sdn. Bhd.				
Turf-Tech Sdn. Bhd.	Malaysia	Property development	100	100
Green Heights Developments Sdn. Bhd.	Malaysia	Property development	100	100
Loh & Loh Sato Kogyo JV Sdn. Bhd.	Malaysia	Civil engineering	100	-
Subsidiaries of Water Engineering Technology Sdn. Bhd.				
WET Sales and Services Sdn. Bhd.	Malaysia	Trading and contracting in water related equipment	90	100
WET O&M Sdn. Bhd.	Malaysia	Maintenance and operation of water and waste water treatment facilities	100	100
Subsidiary of Central Icon Sdn. Bhd.				
Ladang Impian Sdn. Bhd.	Malaysia	Cultivation and selling of agricultural produce and investment holding	100	100
Subsidiaries of Ladang Impian Sdn. Bhd.				
Ladang Impian 1 Sdn. Bhd.*	Malaysia	Cultivation and selling of agricultural produce	100	100
Ladang Impian 2 Sdn. Bhd.*	Malaysia	Cultivation and selling of agricultural produce	100	100
Subsidiary of Ladang Impian 1 Sdn. Bhd.				
Pasarakyat Sdn. Bhd.*	Malaysia	Wholesale and retailing	100	100

* The subsidiaries have ceased operations during the financial year.

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 ("MAS2") 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.

c. On 11 November 2011, Water Engineering Technology Sdn. Bhd. ("WETSB"), a wholly-owned subsidiary of the Group, entered into a Sale and Purchase Agreement with Alek Tee Chuan Aik to dispose 100,000 ordinary shares of RM 1 each representing 10% of the equity interest in WET Sales & Services Sdn. Bhd. ("WSS"), a wholly-owned subsidiary of WETSB for a total consideration of RM254,800. The sale of the 10% equity interest in WSS did not result in the loss of control.

d. On 5 July 2011, Loh & Loh Constructions Sdn. Bhd. ("LLCSB"), a wholly-owned subsidiary of the Group, entered into a Sale and Purchase Agreement with Ikhmas Jaya Sdn. Bhd. to acquire 400,000 ordinary shares of RM 1 each, representing the remaining 30% of the equity interest in Loh & Loh Ikhmas Sdn. Bhd. ("LLI"), a subsidiary of LLCSB for a total consideration of RM1. Pursuant to the acquisition, LLI became a wholly-owned subsidiary of the Group.

6. OTHER INVESTMENTS

GROUP	TOTAL RM	UNQUOTED RM	QUOTED IN MALAYSIA RM
2011			
CURRENT			
Financial assets at fair value through profit or loss:			
- Held for trading investments	8,163,518	-	8,163,518
Held-to-maturity investments	500,000	500,000	-
	8,663,518	500,000	8,163,518
Representing items at:			
Fair value	8,163,518	-	8,163,518
Amortised costs	500,000	500,000	-
Market value of quoted investments		500,000	8,163,518
2010			
NON-CURRENT			
Held-to-maturity investments	500,000	500,000	-
CURRENT			
Financial assets at fair value through profit or loss:			
- Held for trading investments	18,578,631	-	18,578,631
Representing items at:			
Fair value	18,578,631	-	18,578,631
Amortised costs	500,000	500,000	-
Market value of quoted investments		500,000	18,578,631

6. OTHER INVESTMENTS (CONTINUED)

COMPANY	UNQUOTED RM	QUOTED IN MALAYSIA RM
2011		
CURRENT		
Financial assets at fair value through profit or loss:		
- Held for trading investments	8,158,118	8,158,118
Representing items at:		
Fair value	8,158,118	8,158,118
Market value of quoted investments		8,158,118
2010		
CURRENT		
Financial assets at fair value through profit or loss:		
- Held for trading investments	18,573,231	18,573,231
Representing items at:		
Fair value	18,573,231	18,573,231
Market value of quoted investments		18,573,231

7. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM
GROUP						
Property, plant and equipment	-	-	6,208,812	3,831,779	6,208,812	3,831,779
Leasehold land	-	-	-	1,039,744	-	1,039,744
Provisions	(5,225,754)	(3,473,997)	-	-	(5,225,754)	(3,473,997)
Other items	(658,214)	(658,214)	948,615	616,517	290,401	(41,697)
Net tax (assets)/liabilities	(5,883,968)	(4,132,211)	7,157,427	5,488,040	1,273,459	1,355,829
Set-off of tax	4,593,328	3,831,342	(4,593,328)	(3,831,342)	-	-
Net tax (assets)/liabilities	(1,290,640)	(300,869)	2,564,099	1,656,698	1,273,459	1,355,829

Unrecognised deferred tax assets

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

	GROUP	
	2011 RM	2010 RM
Unused tax losses	10,985,952	10,842,435
Unabsorbed capital allowances	1,147,208	1,121,761
Other deductible temporary differences	8,446	8,446
	12,141,606	11,972,642

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.

7. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Movement in temporary differences during the year

	AT 1.1.2010 RM	RECOGNISED IN PROFIT OR LOSS RM	RECOGNISED IN OTHER COMPREHENSIVE INCOME RM	ARISING FROM DISPOSAL OF A SUBSIDIARY RM	AT 31.12.2010 RM	RECOGNISED IN PROFIT OR LOSS RM	RECOGNISED IN EQUITY RM	AT 31.12.2011 RM
Property, plant and equipment	2,971,653	876,010	-	(15,884)	3,831,779	2,377,033	-	6,208,812
Leasehold land	1,236,766	(197,022)	-	-	1,039,744	(1,039,744)	-	-
Provisions	(2,805,093)	(668,904)	-	-	(3,473,997)	(1,751,757)	-	(5,225,754)
Others	(50,461)	(77,275)	86,039	-	(41,697)	196,304	135,794	290,401
	1,352,865	(67,191)	86,039	(15,884)	1,355,829	(218,164)	135,794	1,273,459

8. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Non-current Trade					
Trade receivables	8.1	18,705,275	5,673,970	-	-
Current Trade					
Trade receivables	8.1	31,802,862	69,837,320	-	-
Less: Allowance for impairment loss		(10,070,331)	(6,790,463)	-	-
		21,732,531	63,046,857	-	-
Amount due from contract customers	8.2	38,436,230	52,777,649	-	-
Progress billings receivables	8.3	51,929,547	22,332,621	-	-
		112,098,308	138,157,127	-	-
Non-trade					
Amount due from subsidiaries	8.4	-	-	24,647,051	16,283,521
Deposits		950,020	1,163,006	-	-
Prepayments		807,039	746,898	-	-
Other receivables	8.5	14,541,742	11,796,632	2,000	2,000
		16,298,801	13,706,536	24,649,051	16,285,521
Less: Allowance for impairment loss		(657,039)	(1,081,456)	-	-
		15,641,762	12,625,080	24,649,051	16,285,521
		127,740,070	150,782,207	24,649,051	16,285,521

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.1 Trade receivables

Included in trade receivables at 31 December 2011 are retentions of RM26,434,861 (2010: RM14,830,544) relating to construction work-in-progress.

Retentions are unsecured, interest-free and are expected to be collected as follows:

	GROUP	
	2011	**2010**
	RM	**RM**
Within 1 year	7,729,586	9,156,574
1 - 2 years	4,790,781	1,130,230
2 - 3 years	7,009,494	3,829,008
3 - 4 years	2,669,560	357,366
4 – 5 years	4,235,440	357,366
	26,434,861	14,830,544

8.2 Amount due from contract customers

	GROUP	
	2011	**2010**
	RM	**RM**
Aggregate costs incurred to date	1,462,030,632	879,880,883
Add: Attributable profit	229,108,272	157,697,010
Less: Provision for foreseeable losses	(1,257,025)	-
	1,689,881,879	1,037,577,893
Less: Progress billings	(1,675,006,414)	(1,048,779,890)
	14,875,465	(11,201,997)
Amount due to contract customers (Note 15)	23,560,765	63,979,646
Amount due from contract customers	38,436,230	52,777,649

Included in aggregate costs incurred during the financial year are the following significant changes:

- Depreciation of property, plant and equipment (Note 3)	1,275,169	1,009,812

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.3 Progress billings receivables/payables

Progress billings receivables and progress billings payables (Note 15) are in respect of property development activities.

8.4 Amount due from subsidiaries

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

8.5 Other receivables

Included in other receivables of the Group are:

a. Advance payments of RM5,688,146 (2010: RM992,620) to sub-contractors/suppliers of subsidiaries which was paid in accordance with the terms of the contract.

b. Deposit of RM3,359,561 paid for the purchase of land by a subsidiary of the Group. Subsequent to year end, the deposit has been fully refunded as the purchase was aborted.

9. INVENTORIES

	GROUP	
	2011	2010
	RM	RM
At cost:		
Consumables	-	251,906
Water related equipment	248,329	258,582
Properties held for sale (Note 10)	-	2,811,288
	248,329	3,321,776

10. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2011	2010
	RM	RM
CUMULATIVE PROPERTY DEVELOPMENT COSTS		
At 1 January	107,032,929	129,140,458
Costs incurred during the year	71,480,425	42,966,803
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 9)	-	(2,811,288)
At 31 December	178,513,354	107,032,929
CUMULATIVE COSTS RECOGNISED IN PROFIT OR LOSS		
At 1 January	(38,811,820)	(86,040,107)
Recognised during the year	(76,676,454)	(43,016,331)
Reversal of completed projects	-	90,244,618
At 31 December	(115,488,274)	(38,811,820)
Property development costs	63,025,080	68,221,109
DEVELOPMENT COSTS ARE ANALYSED AS FOLLOWS		
Freehold land, at cost	67,622,924	66,128,657
Development costs	110,890,430	40,904,272
Costs recognised in profit or loss		
- prior year	(38,811,820)	(86,040,107)
- current year (Note 17)	(76,676,454)	(43,016,331)
Reversal of completed projects	-	90,244,618
	63,025,080	68,221,109
Included in development costs incurred during the financial year are:		
- Depreciation of property, plant and equipment (Note 3)	3,055	1,386

11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deposits placed with licensed banks	15,392,421	57,633,065	2,671,437	37,483,158
Cash and bank balances	121,879,756	58,209,741	629,328	3,895,621
	137,272,177	115,842,806	3,300,765	41,378,779

Included in the Group and the Company's cash and cash equivalents is an amount of RM2,691,378 (2010: RM2,363,110) held in trust by a trustee under an investment management agreement for discretionary accounts and are not available for use.

Included in cash at banks of the Group are amounts of RM11,270,962 (2010: RM11,916,021) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

12. ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP	
	2011	2010
	RM	RM
Property, plant and equipment	-	6,010,547
Interest in leasehold land	-	2,727,942
	-	8,738,489

In the previous financial year, asset classified as held for sale was in relation to the interest in leasehold land and building on leasehold land owned by a subsidiary of the Group.

On 6 December 2010, Ladang Impian 1 Sdn. Bhd. ("LI1"), a subsidiary of the Group, 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 was required to terminate the lease.

During the year, LI1 entered into a Mutual Settlement Agreement with the registered proprietor of the land that resulted in the discharge of the of its interest in the land and building for a total compensation of RM35,000,000.

Consequently, a gain on disposal of assets classified as held for sale amounting to RM26,261,511 was recognised during the year.

13. SHARE CAPITAL AND RESERVES

GROUP AND COMPANY

	GROUP		COMPANY	
	AMOUNT 2011 RM	NUMBER OF SHARES 2011	AMOUNT 2010 RM	NUMBER OF SHARES 2010
Authorised:				
Ordinary shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares of RM1 each	68,000,000	68,000,000	68,000,000	68,000,000

ORDINARY SHARES

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

REVALUATION RESERVE

The revaluation reserve relates to the revaluation of the Group's property, plant and equipment.

SECTION 108 TAX CREDIT

Since 2008, the Company has chosen to frank dividends under the single tier company income tax system. As such, the remaining Section 108 tax credit of the Company is no longer available to the Company.

14. LOANS AND BORROWINGS

	GROUP 2011 RM	GROUP 2010 RM
NON-CURRENT		
Finance lease liability	2,454,017	1,029,970
CURRENT		
Finance lease liability	1,861,616	946,024
	4,315,633	1,975,994

The average discount rate implicit in the leases ranging between 4.16% and 7.42% (2010: 2.46% and 7.10%) per annum

Finance lease liabilities are payable as follows:

GROUP	FUTURE MINIMUM LEASE PAYMENTS 2011 RM	INTEREST 2011 RM	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2011 RM	FUTURE MINIMUM LEASE PAYMENTS 2010 RM	INTEREST 2010 RM	PRESENT VALUE OF MINIMUM LEASE PAYMENTS 2010 RM
Less than one year	2,042,744	181,128	1,861,616	1,035,119	89,095	946,024
Between one and five years	2,661,905	207,888	2,454,017	1,082,692	52,722	1,029,970
	4,704,649	389,016	4,315,633	2,117,811	141,817	1,975,994

15. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
		2011	2010	2011	2010
		RM	RM	RM	RM
NON-CURRENT TRADE					
Trade payables	15.1	20,229,838	13,147,401	-	-
CURRENT TRADE					
Trade payables	15.1	21,502,935	41,547,530	-	-
Amount due to contract customers	8.2	23,560,765	63,979,646		
Progress billings payables	8.3	-	1,914,853		
Amounts due to related party	15.2	345,839	1,500,000	-	-
		45,409,539	108,942,029	-	-
NON-TRADE					
Other payables	15.3	109,820,997	53,370,766	25,336,783	4,006,957
Accruals and provisions		6,321,819	7,151,498	397,013	1,800
Amount due to subsidiaries	15.2	-	-	9,494,149	39,698,440
		116,142,816	60,522,264	35,227,945	43,707,197
		161,552,355	169,464,293	35,227,945	43,707,197

15.1 Trade payables

Included in trade payables at 31 December 2011 are:

a. Retention sums payable amounting to RM20,229,838 (2010: RM13,147,401).
b. Provision for liquidated and ascertained damages (LAD) amounting to RM3,427,000 (2010: RM3,427,000)

15. TRADE AND OTHER PAYABLES (CONTINUED)

15.2 Amount due to subsidiaries and related party

The amounts due to subsidiaries and related party (non-controlling interest of certain subsidiaries of the Group) are unsecured, interest free and repayable on demand.

15.3 Other payables

Included in other payables of the Group are advances received from contract customers of a subsidiary amounting to RM74,426,486 (2010: RM46,247,506) in accordance with terms of the contracts.

16. REVENUE

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Construction contracts	190,039,003	173,409,926	-	-
Property development	110,880,189	57,243,523	-	-
Sale of goods	14,298,544	16,698,116	-	-
Sale of investments	312,391	50,870,318	312,391	50,870,318
Rental income from revenue generating investment property	101,000	96,000	-	-
Finance income	357,308	988,321	357,308	988,321
Dividends:				
- subsidiaries	-	-	24,000,000	36,000,000
- other investments, quoted in Malaysia	174,488	162,051	174,488	162,051
	316,162,923	299,468,255	24,844,187	88,020,690

17. COST OF SALES

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Construction contract costs	153,930,513	125,717,922	-	-
Property development costs (Note 10)	76,676,454	43,016,331	-	-
Sale of goods sold	10,009,556	13,483,866	-	-
Cost relating to investing activity	112,161	49,146,164	112,161	49,146,164
Rental expense from revenue generating investment property	58,386	33,497	-	-
	240,787,070	231,397,780	112,161	49,146,164

18. OTHER INCOME

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Rental income	365,184	1,535,346	-	-
Finance income from:				
- short term deposits	2,092,666	761,549	-	-
- loans and receivables	50,469	1,204,604	-	-
Net fair value gains on financial instruments				
- held for trading investment securities	-	743,835	-	743,835
Gain on disposal of non-current assets held for sale	26,261,511	-	-	-
Gain on disposal of property, plant and equipment	352,786	101,078	-	-
Reversal of impairment loss on				
- quoted investment	-	37,395	-	37,395
- trade receivables	1,484,215	65,599	-	-
- other receivables	424,417	18,630	-	-
Unrealised foreign exchange gain	728,479	-	-	-

19. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
PROFIT BEFORE TAX IS ARRIVED AFTER CHARGING:				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia	242,500	-	25,000	-
Other auditors	-	212,000	-	22,000
- Under provision in prior years	42,000	19,450	10,000	10,450
Amortisation of interest in leasehold land	-	467,647	-	-
Impairment loss on interest in leasehold land	-	545,588	-	-
Allowance for impairment of trade receivables	4,764,083	279,839	-	-
Loss on disposal of a subsidiary	-	149,588	-	-
Property, plant and equipment				
- depreciation	2,402,270	2,812,088	-	-
- written off	18,215	83,254	-	-
- impairment loss	-	1,195,847	-	-
Personnel expenses				
- wages, salaries and others	25,371,939	24,530,396	350,834	311,000
- contribution to state plans	2,576,338	2,521,794	-	-
Provision for foreseeable losses	1,257,025	-	-	-
Provision for contingent liabilities	-	125,000	-	-
Rental of plant and equipment	-	52,300	-	-
Rental of premises	85,800	54,900	-	-
Net fair value loss on financial instruments				
- held for trading investment securities	451,602	-	451,602	-
Fair value loss on a investment property	-	24,155	-	-
Loss on disposal of other long term investments	-	144,525	-	-
AND AFTER CREDITING (OTHER INCOME DISCLOSURE ITEMS DISCLOSED IN NOTE 18) :				
Reversal of provision for foreseeable losses	-	(294,989)	-	-

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors:				
- Fees	453,834	431,000	350,834	311,000
- Remuneration	5,387,977	3,536,914	-	-
- Contributions to state plans	654,165	403,816	-	-
	6,495,976	4,371,730	350,834	311,000

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind is RM134,546 (2010: RM80,392).

21. INCOME TAX EXPENSE

RECOGNISED IN PROFIT OR LOSS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
CURRENT TAX EXPENSE				
Malaysian - current	12,951,233	10,091,932	-	-
- prior year	557,653	(635,845)	191,111	(203,995)
Total current tax recognised in the profit or loss	13,508,886	9,456,087	191,111	(203,995)
DEFERRED TAX ASSETS				
Origination and reversal of temporary differences				
- current	1,772,247	1,192,331	-	-
- prior year	(1,990,411)	(1,259,522)	-	-
Total deferred tax recognised in profit or loss	(218,164)	(67,191)	-	-
Total income tax	13,290,722	9,388,896	191,111	(203,995)
RECONCILIATION OF TAX EXPENSE				
Profit before tax	74,673,516	44,108,381	23,400,428	38,661,835
Tax at Malaysian tax rate of 25%	18,668,379	11,027,095	5,850,107	9,665,459
Non-deductible expenses	1,820,530	1,539,776	219,373	96,559
Non-taxable income	(6,057,546)	(950,180)	(6,155,940)	(9,843,376)
Deferred tax assets not recognised in respect of deductible temporary differences	357,906	81,971	86,460	81,358
Utilisation of previously unrecognised deferred tax assets	(65,790)	(414,399)	-	-
(Over)/Underprovision of income tax in prior years	557,653	(635,845)	191,111	(203,995)
Overprovision of deferred tax in prior year	(1,990,411)	(1,259,522)	-	-
	13,290,722	9,388,896	191,111	(203,995)

Non taxable income of the Group and of the Company mainly relates to gain on disposal of non-current asset held for sale amounting to RM26,261,511 (2010:Nil) and dividend income of RM24,000,000 (2010: RM35,000,000) respectively.

22. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	GROUP	
	2011	2010
	RM	RM
Profit for the year attributable to ordinary shareholders	58,780,514	34,786,467

Weighted average number of ordinary shares

	2011	2010
Issued ordinary shares at 1 January	68,000,000	68,000,000
Effect of treasury shares held	-	-
Weighted average number of ordinary shares at 31 December	68,000,000	68,000,000

	2011	2010
	SEN	SEN
Basic earnings per ordinary share	86	51

23. DIVIDENDS

Dividends recognised by the Company are as follows:

	SEN PER SHARE (NET OF TAX)	TOTAL AMOUNT RM	DATE OF PAYMENT
2011			
Interim 2010 ordinary	44.11	30,000,000	11 March 2011
Interim 2011 ordinary	36.76	25,000,000	3 January 2012
Total amount		55,000,000	
2010			
Final 2009 ordinary	10.00	5,099,998	18 June 2010

24. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Construction
- Investment holdings
- Trading
- Property development

Non-reportable segment of the Group comprise operations related to rental of investment property.

There are varying levels of integration between reportable segments. This integration includes construction of buildings. Inter-segment pricing is determined on negotiated basis. The accounting policies of the reportable segments are the same as described in Note 2.19.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the 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 certain segments relative to other entities that operate within these industries.

SEGMENT ASSETS

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

SEGMENT LIABILITIES

The total segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

SEGMENT CAPITAL EXPENDITURE

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

24. OPERATING SEGMENTS (CONTINUED)

2011	CONSTRUCTION RM	INVESTMENTS RM	TRADING RM	PROPERTY DEVELOPMENT RM	ELIMINATIONS RM	TOTAL RM
REVENUE						
External customers	190,039,003	945,187	14,298,544	110,880,189	-	316,162,923
Inter-segment	81,206,412	24,372,000	340	(1,119,783)	(104,458,971)	-
Total revenue	271,245,415	25,317,187	14,298,884	109,760,406	(104,458,971)	316,162,923
RESULTS						
Segment results (external)	21,883,272	23,400,428	53,524,147	28,736,445	(52,597,319)	74,946,975
Finance costs						(273,457)
Income tax expense						(13,290,722)
Segment profit						61,382,796
ASSETS						
Segment assets	207,950,805	201,288,872	50,740,879	142,849,200	(170,994,255)	431,835,501
Unallocated assets						16,912,853
Total assets						448,748,354
LIABILITIES						
Segment liabilities	163,239,333	26,917,057	5,956,192	809,164	(10,744,184)	186,177,562
Unallocated liabilities						3,117,048
Total liabilities						189,294,610

24. OPERATING SEGMENTS (CONTINUED)

2011	CONSTRUCTION RM	INVESTMENTS RM	TRADING RM	PROPERTY DEVELOPMENT RM	ELIMINATIONS RM	TOTAL RM
OTHER INFORMATION						
Capital expenditure	16,831,469	-	354,825	447,604	-	17,633,898
Property, plant and equipment written off (Note 3)	18,219	-	-	-	-	18,219
Depreciation of property, plant and equipment						
- profit or loss (Note 3)	2,082,426	-	184,190	135,654	-	2,402,270
- capitalised in construction contract costs (Note 8)	1,275,169	-	-	-	-	1,275,169
- capitalised in property development costs (Note 10)	-	-	-	3,055	-	3,055
2010						
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
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

24. OPERATING SEGMENTS (CONTINUED)

2010	CONSTRUCTION RM	INVESTMENTS RM	TRADING RM	PROPERTY DEVELOPMENT RM	ELIMINATIONS RM	TOTAL RM
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 3)	83,254	-	-	-	-	83,254
Depreciation of property, plant and equipment						
- profit or loss (Note 3)	1,714,619	-	1,019,232	78,237	-	2,812,088
- capitalised in construction contract costs (Note 8)	1,099,812	-	-	-	-	1,009,812
- capitalised in property development costs (Note 10)	-	-	-	1,386	-	1,386
Amortisation of interest in leasehold land	-	-	467,647	-	-	467,647

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

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

a. Loans and receivables (L&R);
b. Fair value through profit or loss (FVTPL):
  - Held for trading (HFT),
c. Held-to-maturity investment (HTM), and
d. Other financial liabilities measured at amortised cost (OL).

2011	CARRYING AMOUNT RM	L&R RM	FVTPL - HFT RM	HTM RM
FINANCIAL ASSETS				
GROUP				
Other investments	8,663,518	-	8,163,518	500,000
Trade and other receivables	145,638,310	145,638,310	-	-
Cash and cash equivalents	137,272,177	137,272,177	-	-
	291,574,005	282,910,487	8,163,518	500,000
COMPANY				
Other investments	8,158,118	-	8,158,118	-
Trade and other receivables	24,649,051	24,649,051	-	-
Cash and cash equivalents	3,300,765	3,300,765	-	-
	36,107,934	27,949,816	8,158,118	-

2011	CARRYING AMOUNT RM	OL RM
FINANCIAL LIABILITIES		
GROUP		
Loans and borrowings	4,315,633	4,315,633
Trade and other payables	181,782,193	181,782,193
	186,097,826	186,097,826
COMPANY		
Trade and other payables	35,227,945	35,227,945

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.1 Categories of financial instruments (continued)

2010	CARRYING AMOUNT RM	L&R RM	FVTPL - HFT RM	HTM RM
FINANCIAL ASSETS				
GROUP				
Other investments	19,078,631	-	18,578,631	500,000
Trade and other receivables	155,709,279	155,709,279	-	-
Cash and cash equivalents	115,842,806	115,842,806	-	-
	290,630,716	271,552,085	18,578,631	500,000
COMPANY				
Other investments	18,573,231	-	18,573,231	-
Trade and other receivables	16,285,521	16,285,521	-	-
Cash and cash equivalents	41,378,779	41,378,779	-	-
	76,237,531	57,664,300	18,573,231	-

2010	CARRYING AMOUNT RM	OL RM
FINANCIAL LIABILITIES		
GROUP		
Loans and borrowings	1,975,994	1,975,994
Trade and other payables	182,611,694	182,611,694
	184,587,688	184,587,688
COMPANY		
Trade and other payables	43,707,197	43,707,197

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.2 Net gains and losses arising from financial instruments

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Net gains/(losses) on:				
Fair value through profit or loss:				
- Held for trading	(451,602)	781,230	(451,602)	781,230
Loans and receivables	373,471	2,758,864	357,308	988,321
Financial liabilities	(273,457)	(337,769)		
	(351,588)	3,202,325	(94,294)	1,769,551

25.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade and other receivables. The Company's exposure to credit risk arises principally from balances outstanding from subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

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

The Group 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 trade receivables at the reporting date are as follows:

	GROUP	
	2011	2010
	RM	RM
Constructions	30,908,202	60,530,130
Property development	7,415,276	6,158,161
Trading	1,194,332	1,568,151
Others	919,996	464,385
	40,437,806	68,720,827

Approximately 65% (2010: 76%) of the Group's trade receivables were due from 5 major customers located in Malaysia.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Impairment losses

The ageing of receivables as at the end of the reporting period was:

GROUP	GROSS RM	INDIVIDUAL IMPAIRMENT RM	NET RM
2011			
Not past due	24,883,078	-	24,883,078
Past due 0 – 30 days	12,360,233		12,360,233
Past due 31 – 120 days	-	-	-
Past due more than 120 days	13,264,826	(10,070,331)	3,194,495
	50,508,137	(10,070,331)	40,437,806
2010			
Not past due	48,793,772		48,793,772
Past due 0 – 30 days	10,325,287		10,325,287
Past due 31 – 120 days	3,942,258		3,942,258
Past due more than 120 days	12,449,973	(6,790,463)	5,659,510
	75,511,290	(6,790,463)	68,720,827

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

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

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
At 1 January	6,790,463	6,576,223	-	-
Impairment loss recognised	4,764,083	279,839	-	-
Impairment loss reversed	(1,484,215)	(65,599)	-	-
At 31 December	10,070,331	6,790,463	-	-

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

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk
Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Inter company balances

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses
As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

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

GROUP	CARRYING AMOUNT RM	CONTRACTUAL INTEREST RATE/ COUPON	CONTRACTUAL CASH FLOWS RM	UNDER 1 YEAR RM	1 - 5 YEARS RM
2011					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Finance lease liabilities	4,315,633	4.16% - 7.42%	4,704,649	2,042,744	2,661,905
Trade and other payables	181,782,193	-	180,446,680	161,552,355	18,894,325
	186,097,826		185,151,329	163,595,099	21,556,230
2010					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Finance lease liabilities	1,975,994	2.46% - 7.10%	2,117,811	1,035,119	1,082,692
Trade and other payables	182,611,694	-	182,372,979	169,464,293	12,908,686
	184,587,688		184,490,790	170,499,412	13,991,378
COMPANY					
2011					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables	35,227,945	-	35,227,945	35,227,945	-
2010					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables	43,707,197	-	43,707,197	43,707,197	-

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk

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

a. Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD), and Japanese Yen (JPY).

Risk management objectives, policies and processes for managing the risk

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not use any forward contracts to hedge against its exposure to foreign currency risk as the foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level.

Exposure to foreign currency risk

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

	DENOMINATED IN	
	USD	JPY
GROUP	RM	RM
2011		
Trade receivables	826,020	3,366,096
Cash and bank balances	-	3,474,789
NET EXPOSURE	826,020	6,840,885
2010		
Cash and bank balances	-	6,684,491
NET EXPOSURE	-	6,684,491

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

a. Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2010: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	PROFIT OR LOSS	
	2011	**2010**
GROUP	**RM**	**RM**
USD	(61,951)	-
JPY	(513,066)	(501,337)

A 10% (2010: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

b. Interest rate risk

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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

c. Other price risk

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

Risk management objectives, policies and processes for managing the risk
Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Equity price risk sensitivity analysis
This analysis assumes that all other variables remained constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI (FBMKLCI).

A 10% (2010: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased post-tax profit or loss by RM612,264 for investment classified as fair value through profit or loss (2010: RM1,393,397). A 10% (2010: 10%) weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

25.7 Fair value of financial instruments

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

For non-current receivables and payables, the fair value is estimated by discounting the estimated future cash flows at the applicable discounting rates.

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

	2011		2010	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
GROUP	RM	RM	RM	RM
Held for trading investments	8,163,518	8,163,518	18,578,631	18,578,631
Finance lease liabilities	(4,315,633)	(4,704,649)	(1,975,994)	(2,117,811)
COMPANY				
Held for trading investments	8,158,118	8,158,118	18,573,231	18,573,231

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value of financial instruments (continued)

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

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

Non-derivative financial liabilities
For finance leases the market rate of interest is determined by reference to similar lease agreements.

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

	2011	2010
Finance leases	4.16% – 7.42%	2.46% – 7.10%

a. Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of the exemption provided in paragraph 44G of FRS 7.

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

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2011	**RM**	**RM**	**RM**	**RM**
GROUP FINANCIAL ASSETS				
Held for trading investments	231,843	7,931,675	-	8,163,518
COMPANY FINANCIAL ASSETS				
Held for trading investments	226,443	7,931,675	-	8,158,118

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2011 and at 31 December 2010 were as follows:

	GROUP	
	2011	2010
GROUP	RM	RM
Total borrowings (Note 14)	4,315,633	1,975,994
Trade and other payables (Note 15)	181,782,193	182,611,694
Less: Cash and cash equivalents (Note 11)	(137,272,177)	(115,842,806)
Net debt	48,825,649	68,744,882
Total equity	259,453,742	251,550,058
Debt-to-equity ratios	0.19	0.27

There were no changes in the Group's approach to capital management during the financial year.

27. CONTINGENT LIABILITIES

	GROUP	
	2011	2010
	RM	RM
Guarantees given to banks for Group's performance/tender guarantees granted to customers	275,855,604	121,495,779

The Company had given guarantee to banks amounting to RM497,575,000 (2010: RM321,950,000) for banking facilities extended to subsidiaries of which RM275,855,604 (2010: RM121,495,779) have been utilised as at 31 December 2011.

28. JOINTLY CONTROLLED ENTITY

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

NAME OF JOINTLY CONTROLLED ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST 2011 %	EFFECTIVE OWNERSHIP INTEREST 2010 %
Water Engineering Technology Sdn. Bhd.- Envitech Sdn. Bhd. JV	Malaysia	Project management in relation to sewage treatment plants	50	50

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

	COMPANY	
	2011 RM	2010 RM
Current assets	894,453	1,492,792
Current liabilities	(63,266)	(132,719)
Net assets	831,187	1,360,073
Revenue	-	41,725
Expenses	-	(46,041)

29. RELATED PARTIES

Identity of related parties

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

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

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 20), are as follows:

a. Transaction with related parties

	GROUP	
	2011	**2010**
	RM	**RM**
Purchase of goods from Swisslane Granite Sdn. Bhd., a company in which directors of a subsidiary have equity interest	22,394	216,639
Reimbursable expenses paid to UBG Berhad, the holding company of Loh & Loh Corporation Berhad	-	126,140
Progress billings payable to Saroma Engineering Sdn. Bhd., corporate shareholder of a subsidiary	1,447,277	-

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and the terms have been established on a negotiated basis.

Statement by directors

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

In the opinion of the Directors, the financial statements set out on pages 45 to 108 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

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

Y.A.M. TENGKU DATO' RAHIMAH BINTI ALMARHUM SULTAN MAHMUD

LOH KIM KAH

Kuala Lumpur,
Date: 29 May 2012

Statutory declaration

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

I, Loh Kim Kah, the Director primarily responsible for the financial management of Loh & Loh Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LOH KIM KAH

Subscribed and solemnly declared by the above named in Kuala Lumpur on 29 May 2012 before me.

COMMISSIONER FOR OATHS
W 378
K.NERMALA
No.50-10-1, Tingkat 10,
Wisma UOA Damansara,
No.50, Jalan Dungun,
Bukit Damansara,
50490 Kuala Lumpur

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 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 108.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements 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 of 31 December 2011 and of their financial performance and cash flows for the year then ended.

Independent auditors' report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

c. Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

The financial statements of the Group and of the Company as at and for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those statements on 27 April 2011.

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

KPMG
Firm Number: AF 0758
Chartered Accountants

AHMAD NASRI ABDUL WAHAB
Approval Number: 2919/03/14(J)
Chartered Accountant

Petaling Jaya,
Date: 29 May 2012

List of properties

As at 31 December 2011

LOCATION	DESCRIPTION AND EXISTING USE	TENURE	APPROX. AGE OF BUILDING (YEARS)	APPROXIMATE LAND AREA/ UNITS	NET BOOK VALUE AS AT 31.12.2011 (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, building 50480 Kuala Lumpur	Two units adjoining four storey shophouses used as office	Freehold	20.5	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 acre	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	20	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 building for rent	Freehold	10.6	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	20.5	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.

Group directory

LOH & LOH CORPORATION BERHAD

LOH & LOH CONSTRUCTIONS SDN BHD

LOH & LOH DEVELOPMENT SDN BHD

19, 21 & 23, Jalan Sri Hartamas 7,
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50480 Kuala Lumpur, Malaysia.
Tel : +603 - 6201 3888, 6201 4777
Fax : +603 - 6201 2112, 6201 1010
Email: info@loh-loh.com.my
Website: www.loh-loh.com.my

WATER ENGINEERING TECHNOLOGY SDN BHD

WET SALES & SERVICES SDN BHD

WET O&M SDN BHD

20, Jalan Astaka U8/83, Seksyen U8,
Bukit Jelutong, 40150 Shah Alam,
Selangor, Malaysia.
Tel : +603 - 7846 9888
Fax : +603 - 7846 8168
Email: wet@wetsb.com
Website: www.wetsb.com

Notes

LOH & LOH
CORPORATION BERHAD

Wholly owned subsidiaries of LOH & LOH Corporation Berhad

LOH & LOH
CONSTRUCTIONS SDN BHD

Water Engineering
Technology Sdn. Bhd.

ISO 9001: 2008
Certificate Number SP003

MS ISO 9001:2008 REG. NO. AR1025

MS ISO 9001 REG. NO. AR2941

MS ISO 9001 REG. NO. AR2941

LOH & LOH CORPORATION BERHAD
(Company Number 389765-V)