ASEANA PROPERTIES LIMITED

ANNUAL REPORT 2010

CONTENTS

INTRODUCTION

ASEANA PROPERTIES LIMITED ("ASEANA PROPERTIES") IS A PROPERTY DEVELOPMENT COMPANY ESTABLISHED TO TAKE ADVANTAGE OF OPPORTUNITIES IN MALAYSIA AND VIETNAM. PRODUCT INNOVATION AND COMMITMENT TO EXCELLENCE ARE HALLMARKS OF ASEANA PROPERTIES. WITH A FOCUS ON THE UPMARKET SEGMENT OF THE PROPERTY MARKET, ASEANA PROPERTIES AIMS TO BE THE PREMIER INVESTMENT GATEWAY FOR INVESTORS INTO MALAYSIA AND VIETNAM.

CORPORATE STRATEGY

KEY FACTS

Exchange
London Stock Exchange
Main Market

Symbol
ASPL

Lookup
Reuters – ASPL.L ;
Bloomberg – ASPL:LN

Domicile
Jersey

Shares Issued
212,525,000

Share Denomination
US Dollars

Management Fee
2% of NAV

Performance Fee
20% of the out performance NAV over a total return hurdle rate of 10%

Admission Date
5 April 2007

ADVISER & SERVICE PROVIDER

Development Manager
Ireka Development Management Sdn. Bhd.

Financial Adviser & Broker
Panmure Gordon (UK) Ltd

Auditors
KPMG Audit Plc

Cover Rationale

INVESTMENT GATEWAY TO VIETNAM AND MALAYSIA

Building success involves more than just business acumen and investment expertise. It also means a dynamic and consistently forward-looking strategic approach. At Aseana Properties Limited we are constantly on the lookout for viable new business opportunities, while consolidating and strengthening existing revenue streams.

Aseana Properties Limited ("Aseana Properties") is a London-listed company incorporated in Jersey focusing on property development opportunities in Malaysia and Vietnam.

Ireka Development Management Sdn. Bhd. (*a wholly-owned subsidiary of Ireka Corporation Berhad*), the Development Manager for Aseana Properties, is responsible for the day-to-day management of its property portfolio as well as the introduction and facilitation of new investment opportunities.

Aseana Properties' investment objective is to provide shareholders with an attractive overall total return achieved primarily through capital appreciation by investing in properties in Malaysia and Vietnam. Aseana Properties seeks to achieve its investment objective through the acquisition, development and redevelopment of upscale residential, commercial and hospitality projects leveraging on the Development Manager's experience in these sectors.

Aseana Properties typically invests in development projects at the pre-construction stage. It will also selectively invest in projects under construction and completed projects with the potential for high capital appreciation.

Aseana Properties makes investments both as sole principal and, where appropriate, in joint arrangements with third parties, where management control resides with Aseana Properties. Such joint arrangements are only undertaken with parties who have demonstrable relevant experience or local knowledge.

Currently approximately 60% of Aseana Properties' investment portfolio is allocated to projects in Malaysia and approximately 40% to projects in Vietnam.

CHAIRMAN'S STATEMENT

Many view 2010 as a watershed year for the world economy after the tumultuous events in 2008 and 2009. The world's economies started to recover from negative growth, spearheaded by the Asian nations, followed by US stock markets reaching the levels before the Lehman Brothers' crash of 2008. The capital markets for the new issuance of stocks and bonds also began to see signs of recovery, especially in Asia. As this annual report goes to print, the hope of recovery continuing in 2011 may be punctuated by unprecedented events like the devastating earthquake in Japan and the political unrest in the Middle East. The world's economies once again have to contend with high oil prices, continuing inflationary pressures and the threat of recession.

> "THE BOARD REMAINS CONFIDENT THAT THE COMBINATION OF OUR EXPERIENCED DEVELOPMENT MANAGER AND THE QUALITY OF OUR PROPERTY PORTFOLIO WILL POSITION THE COMPANY AS THE INVESTMENT GATEWAY TO THE REAL ESTATE MARKETS OF MALAYSIA AND VIETNAM."

Closer to home for Aseana Properties and its group of companies ("the Group"), both the Malaysian and Vietnamese economies have fared well in 2010, with Gross Domestic Product growing by 7.2% and 6.8% respectively. Both economies are however facing challenges to sustain growth in the year ahead, not just from external pressures, but also from internal structural issues that the respective governments are dealing with.

In Malaysia, business activity in 2010 has been spurred by the introduction of the Government-initiated Economic Transformation Programme ("ETP"). The ETP initiative aims to lift the nation from being in a 'middle-income trap' by raising the Gross National Income per capita from US$6,700 to US$15,000 in nine years through a series of government-initiated, private sector-led investment projects. One significant project that will benefit Aseana Properties is the extension of the Kuala Lumpur rail system to key urban and suburban areas. This plan to extend the public transport system will certainly attract potential buyers or investors to suburban areas such as Mont' Kiara. The successful and timely implementation of these bold projects will weigh on the outlook for Malaysia until clear progress and results from these policies are evident.

In Vietnam, the Government continues to deal with a weak and devaluing local currency, the Vietnamese Dong, and high inflationary pressures. International investors' confidence had also been rocked in 2010 by the default of Vinashin, a state-owned ship builder, on a US dollar bond. The Government has made efforts to balance growth and inflation by raising the benchmark interest rate twice in early 2011. However, in the short to medium term, investors expect that the Government's priorities will be to instil greater confidence in the Vietnamese Dong and to demonstrate a clearer commitment to reforming and improving productivity of state-owned enterprises.

Against this economic backdrop, Aseana Properties has steadfastly continued to implement its development strategy, balancing between growth and managing near term risks. Key milestones achieved in 2010 and the year to date include:

- Start construction of the first phase of the International Hi-tech Healthcare Park in Binh Tan District, Ho Chi Minh City in May 2010, which comprises a 250-bed general hospital. In December 2010, the joint venture company, Hoa-Lam – Shangri-La Limited Liability Company entered into a long term hospital management agreement with Parkway Holdings Limited, one of Asia's largest and leading private healthcare groups, to manage the day-to-day operations of the hospital. Construction of the first phase residential development is expected to commence towards the end of 2011. Aseana Properties owns an effective 51% share of the International Hi-tech Healthcare Park project.

- Acquisition of the Kuala Lumpur Sentral Hotel from Excellent Bonanza Sdn. Bhd. ("EBSB") in July 2010. EBSB, the developer of the two office towers and a four-star business hotel at Kuala Lumpur Sentral, is jointly owned by Aseana Properties and Malaysian Resources Corporation Berhad on a 40:60 basis. Aseana Properties is currently in advanced negotiations with Starwood Hotel and Resorts Worldwide, Inc. to manage the hotel under the 'aloft' brand, offering business and leisure travellers easy access to and from anywhere around the city and the Kuala Lumpur International Airport.

- Disposal of the 1 Mont' Kiara office tower and retail mall, to ARA Asia Dragon Fund in July 2010. 1 Mont' Kiara was jointly developed by Aseana Properties and MCDF Investment Pte. Ltd., a private equity fund managed by CapitaLand Financial Limited. With the softening office market, the Board decided to sell the two properties and return capital to the Group instead of retaining them as investment assets. The disposal also removed the requirement to refinance development loans that were due in 2011.

- Withdrawal from the acquisition of development land in TM Mont' Kiara Commercial Development in January 2011 due to uncertainty of receiving the necessary approvals from the relevant authorities. The funds set aside for this project have now been reallocated to existing projects. Aseana Properties originally entered into a conditional agreement to purchase the land from a subsidiary of Ireka in August 2007, who itself had entered into a conditional acquisition agreement with a third party on behalf of Aseana Properties shortly before its London Stock Exchange listing.

In 2010, Aseana Properties also experienced a setback in launching its first residential development in Vietnam. The Tan Thuan Dong project in District 7, Ho Chi Minh City experienced unexpected delays in obtaining final master plan approvals from the relevant authorities due to changes in land usage. The project team is working closely with our local partner, Nam Long Investment Corporation, to resolve matters. Full approvals for the project are now expected towards the third quarter of 2011. In August 2010, Aseana Properties had entered into a conditional Sales & Purchase Agreement with PRUPIM Vietnam Property Fund, which is managed by Prudential Property Investment Management (Singapore) Pte. Ltd. ("PRUPIM Singapore") to dispose of an effective stake of 39.2% in the project. The completion of the disposal to PRUPIM Singapore is expected after full approvals from relevant authorities are obtained, which include the investment license and the transfer of the land use rights, hence enabling Aseana Properties to complete its original investment and the Nam Long joint venture to be established.

The Board expects 2011 to be another busy and eventful year for Aseana Properties as we work towards completing several key projects. Phase 1 of SENI Mont' Kiara achieved physical construction completion in February 2011, and the Certificate of Fitness was obtained in April 2011. The units will be delivered progressively to the end buyers from April 2011. Phase 2 of SENI Mont' Kiara is expected to be completed in September 2011. We are also looking forward to the completion of the Sandakan Harbour Square development, where the retail mall and Four Points by Sheraton Hotel are expected to commence operation in the fourth quarter of 2011.

The property sectors in Malaysia and Vietnam are expected to experience moderate growth in 2011. The long term nature of property development projects requires persistence and dexterity in managing through the various cycles of the economy. The Board remains confident that the combination of our experienced Development Manager and the quality of our property portfolio will position the company as the investment gateway to the real estate markets in Malaysia and Vietnam.

On the corporate front, the Board has appointed Panmure Gordon & Co as its financial adviser and broker, replacing Fairfax I.S. Plc, and has appointed KPMG Audit Plc as the Group auditor replacing Mazars. This demonstrates the Group's continual commitment in maintaining a high standard of corporate governance.

Finally, I would like to thank my fellow Directors for their commitment, support and guidance throughout the year. I also wish to extend my gratitude to the shareholders, Government authorities, financiers and business associates for their continued support and confidence in Aseana Properties.

MOHAMMED AZLAN HASHIM
Chairman
19 April 2011

DEVELOPMENT MANAGER'S REVIEW

BUSINESS OVERVIEW

2010 has been a busy year for the Board and the Development Manager as the Group worked towards completing two significant projects in the portfolio. In November 2010, the Group completed construction of the mixed office and retail development at 1 Mont' Kiara, followed by the completion of Phase 1 of the luxury condominiums at SENI Mont' Kiara in February 2011 and obtaining Certificate of Fitness in April 2011.

To return capital to the Group, the final two components of retail mall and office tower at 1 Mont' Kiara were sold to ARA Asia Dragon Fund, a Singapore-based real estate investment fund, the sale of which was completed in December 2010. 1 Mont' Kiara development was a 50:50 joint venture between Aseana Properties and MCDF Investment Pte Ltd., a private equity fund managed by CapitaLand Financial Limited. The joint venture received gross consideration of RM333 million (US$104 million). The third component of 1 Mont' Kiara development is a 34-storey building consisting of 186 office suites, which have been fully sold to individual buyers for total sales proceeds of RM200 million (US$62 million). The debt outstanding on the project as at 31 December 2010 of RM225.0 million (US$72.9 million) was fully repaid in January 2011. The final distribution from the joint venture is being finalised.

> "IN 2010, THE GROUP COMPLETED CONSTRUCTION OF THE MIXED OFFICE AND RETAIL DEVELOPMENT AT 1 MONT' KIARA IN MALAYSIA."

The Group also extended its involvement in the Kuala Lumpur Sentral project by acquiring the four-star business hotel that is currently being developed by Excellent Bonanza Sdn. Bhd., a 40:60 joint venture between Aseana Properties and Malaysian Resources Corporation Berhad. Kuala Lumpur Sentral, alongside the Kuala Lumpur City Centre ("KLCC"), has been a top performing hotel location in Malaysia for the past few years. Aseana Properties is currently in advanced negotiations with Starwood Hotel and Resorts Worldwide, Inc. to manage the hotel under its 'aloft' brand. With its prime location and a buoyant business travel market, the Development Manager believes this is a strategic investment for the Group, with sound capital appreciation potential in the medium term.

In May 2010, the Group achieved a significant milestone in Vietnam by commencing construction on the 250-bed tertiary care City International Hospital. The City International Hospital forms the first phase of the International Hi-tech Healthcare Park, with a residential development to commence in the latter part of 2011. City International Hospital will be managed by Parkway Health, Asia's largest and leading private healthcare group.

The Group, however, experienced some setbacks in launching its first residential development project in Vietnam. Construction of the Tan Thuan Dong project was planned to commence in early 2011 but has experienced delays in obtaining final approvals from the relevant authorities. Full approval for the project is now expected towards the third quarter of 2011.

1 1 Mont' Kiara, Kuala Lumpur, Malaysia

2 International Hi-Tech Healthcare Park, Ho Chi Minh City, Vietnam

1


2


> "THE GROUP ACHIEVED A SIGNIFICANT MILESTONE IN VIETNAM BY COMMENCING CONSTRUCTION ON THE 250-BED TERTIARY CARE CITY INTERNATIONAL HOSPITAL AT THE INTERNATIONAL HI-TECH HEALTHCARE PARK IN HO CHI MINH CITY."

Malaysia Economic Update

The Malaysian economy registered a strong gross domestic product ("GDP") growth of 7.2% in 2010 (2009: -1.7%), exceeding the Government's revised growth rate of 6%, which was forecasted in June 2010. The domestic economy is expected to remain strong with continued growth in private consumption and investment, augmented by public investment spending.

This was reflected by the Consumer Sentiments Index which stood firm at 117.2 points at the end of year 2010, backed by sustained employment. However, the Business Conditions Index declined to 99.5 points (value below the 100 points threshold represents expectations of contraction) because of lower demand and global inflationary pressures arising from higher commodities and food prices.

During the first seven months of 2010, the Central Bank of Malaysia increased the overnight policy rate three times by a total of 75 basis points to stabilise at 2.75%. Moving forward, while the stance on monetary policy is expected to remain supportive of growth, the Central Bank is expected to keep a close watch on balancing between inflation and sustained growth of the economy. In March 2011, the Central Bank decided to increase the statutory reserve requirement for banks by 100 basis points to 2.00%, effective from 1 April 2011, as a pre-emptive measure to manage the risk of increasing liquidity in the economy.

In November 2010, the Central Bank of Malaysia implemented a maximum loan-to-value ("LTV") ratio of 70% for borrowers seeking financing to purchase a third house. Financing for purchases of first and second homes are not affected, and borrowers will continue to be able to obtain financing for these purchases at the present prevailing LTV level applied by individual banks, based on their internal credit policies. This measure aims to support a stable and sustainable property market, and promote the continued affordability of homes for the general public.

In October 2010, the Government launched the Economic Transformation Programme ("ETP"). The ETP includes 131 high impact entry point projects spread across 12 national key economic areas which aim to transform the country into a high income nation by 2020. These projects range from improvements in public infrastructure and facilities, to tourism projects and to improving efficiencies and productivity in key industries in Malaysia. To date, 60 entry point projects with total investment of RM95.0 billion, aimed at contributing an additional RM137.2 billion to the nation's Gross National Income, have commenced.

Vietnam Economic Update

The Vietnamese economy grew by 6.8% in 2010, exceeding the Government's target growth rate of 6.5%, with most economic sectors posting higher growth than last year. Key sectors leading the growth include the industrial and construction sector, with 7.7% growth, followed by the services sector with 7.52%.

The State Bank of Vietnam ("SBV") maintained the prime interest rate at a low of 8% for the first 10 months of 2010. Subsequently on 5 November 2010, SBV increased the prime interest rate to 9%. In addition, the SBV increased the capital adequacy ratio for financial institutions from 8 to 9% in October 2010. Between February and April 2011, the refinancing rate was raised three times, from 9 to 13% as a part of the efforts to control rising prices. These actions resulted in lending rates for individual borrowers and companies increasing sharply during the fourth quarter of 2010 with rates reaching as high as 18 to 20%, making access to credit challenging for many developers and home buyers.

Year on year, inflation stood at 11.75% at the end of December 2010. Foodstuff, housing, construction materials and education were the main sectors that saw large price hikes. The inflation rate has been exacerbated by high food and crude oil prices globally. The Vietnamese Dong has also been the focus of the SBV. On 11 February 2011, the SBV devalued the Vietnamese Dong against the US Dollar by 9.3%, its third devaluation within the last 13 months. The SBV also narrowed the trading band for the Vietnamese Dong from 3 to 1%. The international financial community has been highly critical of the monetary and exchange rate policies of the SBV. However, the Government of Vietnam has reaffirmed its confidence in the SBV actions as long-term measures towards instilling stability in the exchange rate regime and promoting sustainable growth in the economy.

Despite the short term economic imbalances, Vietnam continues to attract Foreign Direct Investment ("FDI"), recording a total pledged FDI of US$18.6 billion in 2010. Whilst the total pledged FDI represents a 17.8% reduction from 2009, the FDI disbursement for 2010 hit US$11.0 billion, up 10% from a year earlier.

Sandakan Harbour Square, Sabah, Malaysia

DEVELOPMENT MANAGER'S REVIEW CONT'D

"PROPERTY PRICES AT THE HIGH-END SEGMENT OF THE MARKET HAVE REMAINED STABLE OVER THE PAST YEAR, A TREND THAT IS EXPECTED TO CONTINUE IN 2011 AS A RESULT OF A SCARCITY IN PRIME DEVELOPMENT LAND IN SOUGHT AFTER LOCATIONS SUCH AS KLCC, BANGSAR AND MONT' KIARA."

PORTFOLIO REVIEW

MALAYSIA

Residential Property Market

After a relatively quiet 2009, 2010 saw developers launching residential projects on the back of renewed buying confidence. However, the number of new launches of condominiums in the high-end market declined by 31% compared with 2009, while new landed and gated properties in sought after locations achieved new benchmark prices. The market for residential properties continues to be competitive for developers, where buyers are offered incentive schemes which may include price rebates, zero interest and principal repayment during construction and free legal fees. This trend of a 'buyers market' is expected to continue in 2011.

The surge in landed residential property prices in some locations has raised concerns of a property bubble. The Central Bank's swift action in imposing a 70% loan-to-value cap for financing of third residential properties, has led to a short-term pullback by investors. However, the effect on the property market is not expected to be significant as the market is largely dominated by primary as opposed to speculative buyers. Property prices at the high-end segment of the market have remained stable over the past year, a trend that is expected to continue in 2011 as a result of a scarcity in prime development land in sought after locations such as KLCC, Bangsar and Mont' Kiara.

Aseana Properties has three residential projects in Malaysia, located in sought after residential locations of Mont' Kiara and KLCC:

- **SENI Mont' Kiara**
  Owned 100% by Aseana Properties, SENI Mont' Kiara is an upmarket condominium development situated on one of the highest points in Mont' Kiara. Towering some 40-storeys above this vantage point, the majority of the units command impressive views of the city skyline, which includes the 88-storey Petronas Twin Towers and the KL Tower. The project consists of 605 residential units of which 67% have been sold to date, with sale and purchase agreements signed. Phase 1 of the project was physically completed in February 2011, and the Certificate of Fitness was obtained in April 2011. The units are expected to be handed over progressively to home buyers from April 2011. Phase 2 is due for completion in September 2011. Other than Malaysia, the remaining units are actively marketed overseas in China, South Korea, Taiwan, Bangladesh and Singapore. The development is funded by progressive payments from buyers and a bridging loan facility of RM92.9 million (US$30.1 million), of which RM42.9 million (US$13.9 million) was drawn down as at 31 December 2010.

- **Tiffani by i-ZEN**
  Tiffani by i-ZEN, wholly-owned by Aseana Properties, is a completed luxury condominium project located in Mont' Kiara. 95% of the 399 residential units have been sold to date, with sales and purchase agreements signed. The debt of the project has been fully repaid.

- **KLCC Kia Peng Residential Project**
  KLCC Kia Peng Residential Project is a project located in the heart of KLCC on Jalan Kia Peng, near neighbouring landmarks such as KLCC Convention Centre, Suria KLCC shopping mall, KLCC park and the world famous Petronas Twin Towers. With a development land area of approximately 43,559 square feet, the Group plans to develop an upmarket residential project. The project is currently in the process of obtaining development approvals from the authorities and construction is expected to start in the second half of 2011. This project is owned 70% by Aseana Properties and 30% by Ireka Corporation Berhad. The land was part financed by a term loan facility of RM65.3 million (US$21.2 million) obtained by the joint venture entity, which was fully drawn down at 31 December 2010, and Aseana Properties expects to secure further financing for the joint venture when the development commences.

1 KLCC Kia Peng Residences, Kuala Lumpur, Malaysia

2 SENI Mont' Kiara, Kuala Lumpur, Malaysia

1


2


Commercial Office and Retail Property Market

The Kuala Lumpur office market remained soft in 2010, with average rental rates facing downward pressure, as a result of an increase in supply during 2010 and beyond. Compounded by the effect of business confidence remaining tepid throughout the year, the take-up rate of new offices remained slow in 2010. The year, however, was relatively active for transactions in the office suites market. Office suites are typically stratified offices of various sizes, within an office block, that are sold to end buyers. Completed office suite units in prime locations such as Bangsar and Mont' Kiara, including Aseana Properties' recently completed 1 Mont' Kiara, are transacted at a 20 to 40% gain from the original selling prices. New office suite launches in Kuala Lumpur Sentral and other decentralised office areas such as Kelana Jaya and Bangsar South have also reported a healthy take-up rate.

Retailers and consumer sentiments were positive during the first half of 2010 as a result of solid GDP growth, consistently low unemployment, rising disposable incomes and a strong tourism industry. Despite moderate growth during the second half of the year, sentiment continued to remain positive because of the festive period and school holidays.

Key established shopping malls in Kuala Lumpur such as Bangsar Shopping Centre, Gardens, Pavilion, Farenheit 88 and Suria KLCC all saw active renewal of leases and the entry of new international retailers offering fresh retail concepts in Malaysia. The entrance of new market players as well as the numerous expansion plans announced by retailers suggested high levels of confidence in the local retail market. The Group's recently completed 1 Mont' Kiara mall has fared well in attracting various local and regional brands with more than 40% committed leases at the end of December 2010. With sound initial performance, the 1 Mont' Kiara mall is set to become the hub of leisure and retail activities in Mont' Kiara neighbourhoods over the coming years.

The ETP has also identified retail and tourism as one of the key drivers of growth for Malaysia. Various projects and incentives are expected to be announced in the coming years, providing a boost for the retail and tourism industries.

With the completion and disposal of the 1 Mont' Kiara mixed office and retail development in 2010, the Group currently has two ongoing commercial office, retail and hospitality developments and one hospitality development in the pipeline. These developments are set to benefit from the buoyant and improving sentiment in the retail and tourism markets.

- **Kuala Lumpur Sentral Project**
  Kuala Lumpur Sentral project is a mixed commercial and hospitality development project consisting of two office towers and a business class hotel, centrally located in Kuala Lumpur's urban transportation hub. The project is owned and developed by Excellent Bonanza Sdn. Bhd. ("EBSB"), which is jointly owned by Aseana Properties and Malaysian Resources Corporation Berhad on a 40:60 basis. The project is now under construction and is expected to be completed in the fourth quarter of 2012. Kuala Lumpur Sentral is currently the most sought after commercial centre in Kuala Lumpur with a number of multinational companies such as General Electric, Shell, BP and PricewaterhouseCoopers locating their headquarters there.

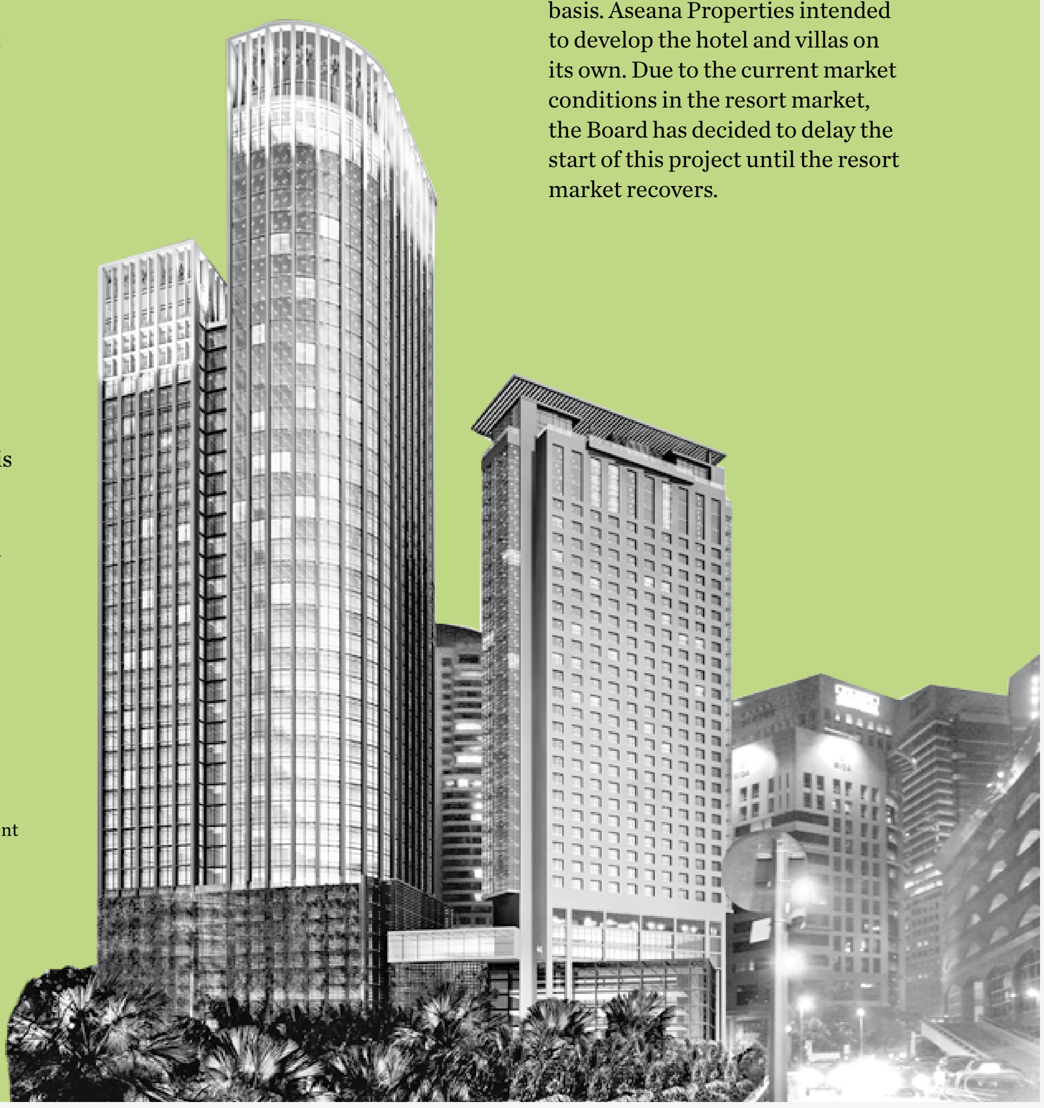
  The two office towers have been conditionally sold for approximately RM623 million (US$194 million), with the receipt of an initial deposit and the balance payable upon completion of the office towers, expected by the fourth quarter of 2012. Aseana Properties entered into an agreement to conditionally acquire the hotel in July 2010 from EBSB for a consideration of 112.5% of the total development cost. The consideration is expected to be in the region of RM217 million (approximately US$66 million), which is payable upon completion of the hotel, expected by the fourth quarter of 2012. Aseana Properties is currently in advanced negotiations with Starwood Hotel and Resorts Worldwide, Inc to manage the hotel under its 'aloft' brand.

" THE KUALA LUMPUR OFFICE MARKET REMAINED SOFT IN 2010, WITH AVERAGE RENTAL RATES FACING DOWNWARD PRESSURE, AS A RESULT OF AN INCREASE IN SUPPLY DURING 2010 AND BEYOND. THE YEAR, HOWEVER, WAS RELATIVELY ACTIVE FOR TRANSACTIONS IN THE OFFICE SUITES MARKET."

- **Sandakan Harbour Square**
  Sandakan Harbour Square, wholly-owned by Aseana Properties, is an urban redevelopment project in the commercial centre of Sandakan, Sabah. Sandakan is a city with a population of approximately 500,000, with eco-tourism and palm oil plantations as the main drivers of the local economy.

The completed Phases 1 and 2 comprise 129 shop lots, of which Phase 1 is fully sold and Phase 2 is 93% sold to date with sale and purchase agreements signed. Phases 3 and 4 consist of the first retail mall and the first international four-star hotel in Sandakan. The hotel will be managed by Starwood Hotels & Resorts Worldwide, Inc. under the 'Four Points by Sheraton' brand name. Both the third and fourth phases of the development are targeted to complete and open by December 2011. The development is funded by a syndicated term loan facility of RM212.0 million (US$68.7 million), of which RM116.1 million (US$37.6 million) had been drawn down as at 31 December 2010.

- **Kota Kinabalu Seafront resort & residences**
  Facing the South China Sea, this project is a resort-themed development consisting of a boutique resort hotel, resort villas and resort homes at the seaside area in Kota Kinabalu, Sabah. Aseana Properties acquired three contiguous plots of land of approximately 80 acres in September 2008. In August 2008, Aseana Properties entered into a joint venture agreement to develop the resort homes with Global Evergroup Sdn Bhd, a related party of the land owner on a 80:20 basis. Aseana Properties intended to develop the hotel and villas on its own. Due to the current market conditions in the resort market, the Board has decided to delay the start of this project until the resort market recovers.



Hotel & Office Development at Kuala Lumpur Sentral

DEVELOPMENT MANAGER'S REVIEW CONT'D

" WE CONTINUE TO REMAIN POSITIVE ON THE FUNDAMENTAL DEMAND THAT IS DRIVING THE RESIDENTIAL PROPERTY MARKET, AND WE BELIEVE THESE CONDITIONS WILL FAVOUR DEVELOPERS WITH SOUND EXPERIENCE AND FINANCIAL STANDING, SUCH AS ASEANA PROPERTIES."

" ALTHOUGH OFFICE RENTAL RATES HAVE BEEN RELATIVELY STABLE IN 2010, THEY ARE EXPECTED TO COME UNDER PRESSURE IN 2011. DEMAND FOR RETAIL SPACE IN THE CENTRAL BUSINESS DISTRICT REMAINS HIGH DUE TO A SCARCITY OF CHOICE LOCATIONS."

VIETNAM

Residential Property Market

In 2010, the residential property market in Ho Chi Minh City ("HCMC") continues to recover from the lows of the previous two years. Average prices of new apartments in HCMC increased by a healthy 10% in year 2010 to approximately US$1,079 per square metre. New landed residential villas in suburban locations such as District 7 and 9 have also fared well, in particular developments by strong and reputable developers.

Demand in the low to affordable segment is expected to continue to surpass other sectors. For example, the affordable housing segment continues to be the main revenue and earnings driver for Nam Long Investment Corporation, a HCMC-based property development company in which Aseana Properties owns a 16.4% strategic minority stake. The continual recovery of the residential property market in the coming year will hinge on the overall health of the economy. At the present time, high lending rates for buyers and scarcity of medium term financing to property developers is weighing down the property sector. We continue to remain positive on the fundamental demand that is driving the residential property market, and we believe these conditions will favour developers with sound experience and financial standing, such as Aseana Properties.

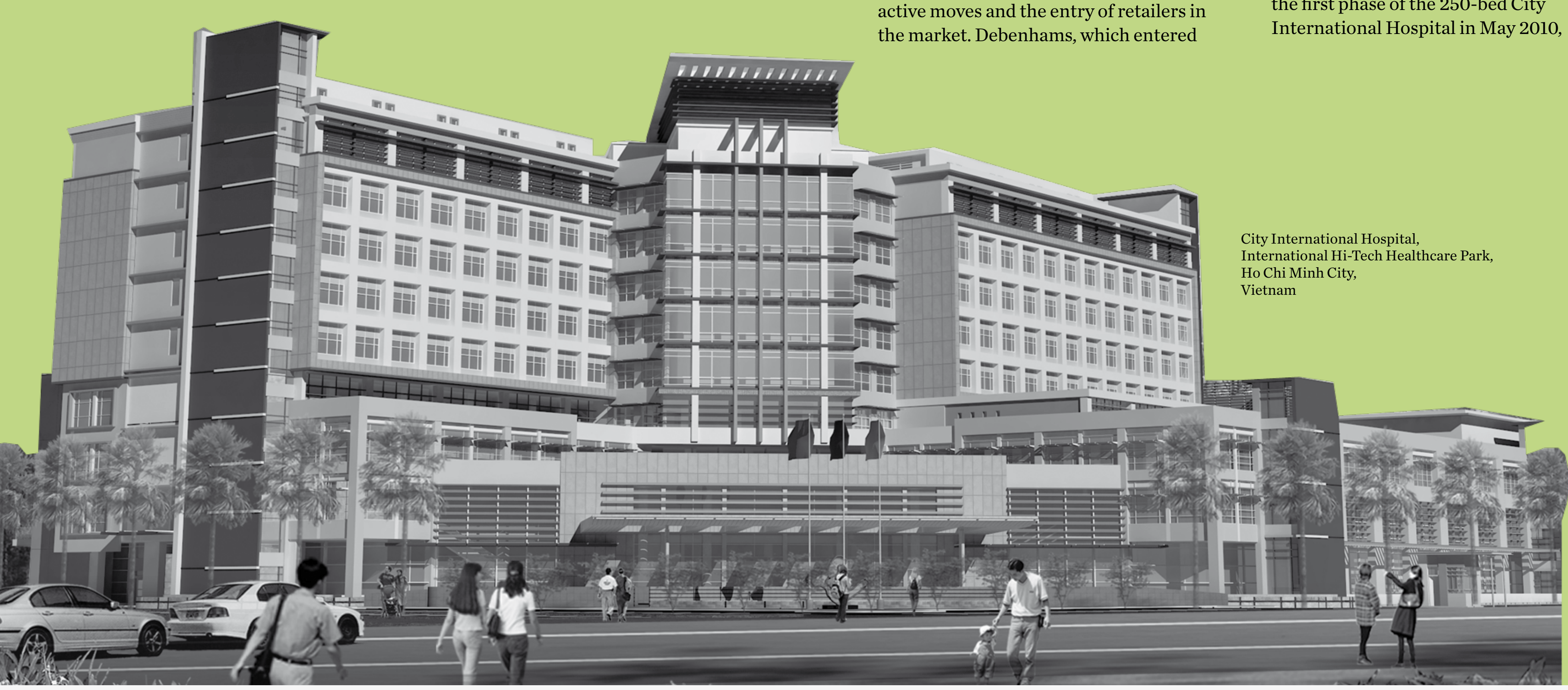
Commercial Office and Retail Property Market

In 2010, HCMC saw the completion of the landmark 68-storey Bitexco Financial Tower, which at 265 metres is the tallest building in HCMC. The completion of Bitexco Financial Tower added 37,000 square metres of new Grade A office space into the market, and reduced the average occupancy rate for Grade A office space in HCMC from 83% in fourth quarter of 2009 to 68% in 2010. The average occupancy rates for Grade B and Grade C offices in the fourth quarter of 2010 were 82 and 81% respectively. Although office rental rates have been relatively stable in 2010, they are expected to come under pressure in 2011 with completion of an additional 208,000 square metres of new office space, adding to the current stock of 1,055,000 square metres. With the increasing supply of office space in HCMC, multinational and foreign companies are expected to be more selective in assessing their office space requirements with quality of building, location and management and maintenance being key factors in the selection process.

The retail property market in HCMC remained buoyant throughout 2010, with rents recording an 11% increase year on year, reaching an average of US$74 per square metre, and occupancy levels remaining high at 90%. Demand for retail space in the Central Business District ("CBD") remains high due to a scarcity of choice locations. Constraints in land plot sizes in the CBD have so far limited the development of large shopping centres with sizable floor plates. Year 2010 also witnessed several active moves and the entry of retailers in the market. Debenhams, which entered the market in 2009, moved from Kumho Asiana Plaza to Vincom Centre Shopping Mall. Vincom Centre is also the home to the new Emporio Armani Café. Saigon Paragon in District 7, despite only opening in 2009, went through an internal layout revamp and was taken over by Parkson Holdings, a Malaysian-based retail chain owner.

Aseana Properties' investments in Vietnam have both residential and commercial components. With two ongoing investments and two investment pipeline projects in HCMC, the Group will continue to seek further growth opportunities in the city. Highlights of the investments include:

- **International Hi-Tech Healthcare Park**
  International Hi-Tech Healthcare Park ("IHTHP") is a planned mixed development over 37.54 hectares of land comprising world-class private hospitals, mixed commercial, hospitality and residential developments. This development is located in the Binh Tan District, close to the Chinatown and is approximately 11 km from District 1, the central business and commercial district of HCMC. Aseana Properties has a 51% stake in this development and its joint venture partner Hoa Lam Group holds a significant minority stake together with a consortium of investors from Singapore, Malaysia and Vietnam. Approximately 20 hectares will be dedicated to the hospital and commercial developments, and five hectares has been allocated for residential developments. Construction has commenced on the first phase of the 250-bed City International Hospital in May 2010,



City International Hospital, International Hi-Tech Healthcare Park, Ho Chi Minh City, Vietnam which is expected to complete by the fourth quarter of 2012, whilst the first residential apartment development in the IHTHP is due to commence construction in the fourth quarter of 2011. The City International Hospital will be managed by Parkway Health, Asia's leading and largest private healthcare group with a presence in Singapore, Malaysia, the Middle East and India. Aseana Properties is currently in discussions with several strategic investors to play a key role in the funding and development of the City International Hospital development and is expected to develop the residential properties on its own.

To part finance the payment for the land, the joint venture companies have secured total loan facilities of US$19.9 million, of which US$7.5 million had been drawn down as at 31 December 2010. In addition to the further equity requirements, the joint venture companies are currently in the process of securing further debt financing to part finance the construction of the City International Hospital and the residential development.

- **Nam Long Investment Corporation**
  In 2008, Aseana Properties acquired a strategic minority stake in Nam Long Investment Corporation ("Nam Long"), a private property development company in Vietnam with market leadership in the low to medium-end segment of the market. Nam Long's affordable housing projects, called "E-homes", continued to be the main revenue and earnings driver for the Company in 2010. Nam Long currently has a land bank of over 500 hectares, mainly in HCMC and its neighbouring provinces, making it one of the largest property developers by land bank in HCMC. Nam Long is currently undertaking a new township development in Long An Province, approximately 25 km south of HCMC. In 2010, Nam Long also welcomed Mekong Capital, a leading private equity investment fund in Vietnam as its third strategic institutional investor. The investment by Mekong Capital places Nam Long in a good position for a public listing in the coming years, subject to the conditions of the stock market. Through this partnership, Aseana Properties is expected to co-develop at least three projects with Nam Long, which are located in Tan Thuan Dong Ward in District 7 (as described below), District 9 and Binh Chanh District in Saigon South.

- **Tan Thuan Dong Residential Project**
  Tan Thuan Dong Residential Project is an upscale residential development in District 7 of HCMC, a prime suburban residential and commercial location of choice for many Vietnamese and expatriates. With a land area of approximately 20,158 square metres and a commanding view of the Phu My Bridge spanning the Saigon River, the development will consist of two residential towers and supporting commercial facilities. The development is expected to have a gross development value of approximately US$120 million. Detailed design and planning for the project are now in advanced stages and the project is currently waiting for investment license approval and approval for the transfer of the land use rights from the relevant authorities. Given the delays in obtaining the necessary approvals, construction for the project is expected to commence in the fourth quarter of 2011. Aseana Properties' US$9.6 million investment into the joint venture company can only occur on receipt of approvals from the relevant authorities and the transfer of the land use rights; the investment will reduce to US$4.9 million conditional on the disposal of the 39.2% stake to PRUPIM Vietnam Property Fund. Aseana Properties announced during the year that it had conditionally sold 39.2% stake in this project to PRUPIM Vietnam Property Fund, which is managed by Prudential Property Investment Management (Singapore) Pte. Ltd. ("PRUPIM Singapore"). The completion of the sale is also conditional on receiving all necessary approvals from the relevant authorities. Following completion, the shareholder structure of this project will be Aseana Properties (40.8%), PRUPIM Singapore (39.2%) and Nam Long (20.0%). The development is expected to be funded by progressive payments from buyers, debt and further equity contributions from shareholders of the project, and further details will be provided as the project moves toward construction commencement.

- **Queen's Place**
  Queen's Place is a planned mixed residential, office and retail development strategically located on the periphery of District 4, adjacent to District 1, the central business and commercial district of HCMC. This project received its investment license in June 2008. Aseana Properties has a 65% stake in this development, with Binh Duong Corporation, a Vietnam property development company owning the remaining 35%. Resettlement planning is currently underway for this project and is expected to take 18 months. Following resettlement, the joint venture company will apply for the issuance of the land use right certificate for the project. The development is expected to be funded by progressive payments from buyers, debt and equity contributions from shareholders of the project, and further details will be provided as the project moves toward construction commencement.

FUTURE OUTLOOK

2011 promises to be a busy and exciting year for the Development Manager and Aseana Properties. Not only is Aseana Properties completing two key projects in its portfolio, SENI Mont' Kiara and Sandakan Harbour Square in Malaysia, it also anticipates that a number of projects in Vietnam will commence development. We will continue to seek to realise Aseana Properties' earlier investments in Malaysia, whilst ensuring that ongoing projects follow a strict regime of prudent cash flow management and timely and cost-efficient delivery. In Vietnam, despite the initial set-backs resulting from an uncertain global and local economy, we are confident that we will be able to position Aseana Properties to capitalise on current and other growth opportunities in the near future. In closing, we would like to thank the Board of Aseana Properties, our advisers and business associates for their support and guidance throughout 2010, and we look forward to a greater year of achievement and success in 2011.

LAI VOON HON
President / Chief Executive Officer
Ireka Development Management Sdn. Bhd.
Development Manager
19 April 2011

1 Queen's Place, Ho Chi Minh City, Vietnam

2 Tan Thuan Dong Residential Project, Ho Chi Minh City, Vietnam

1


2

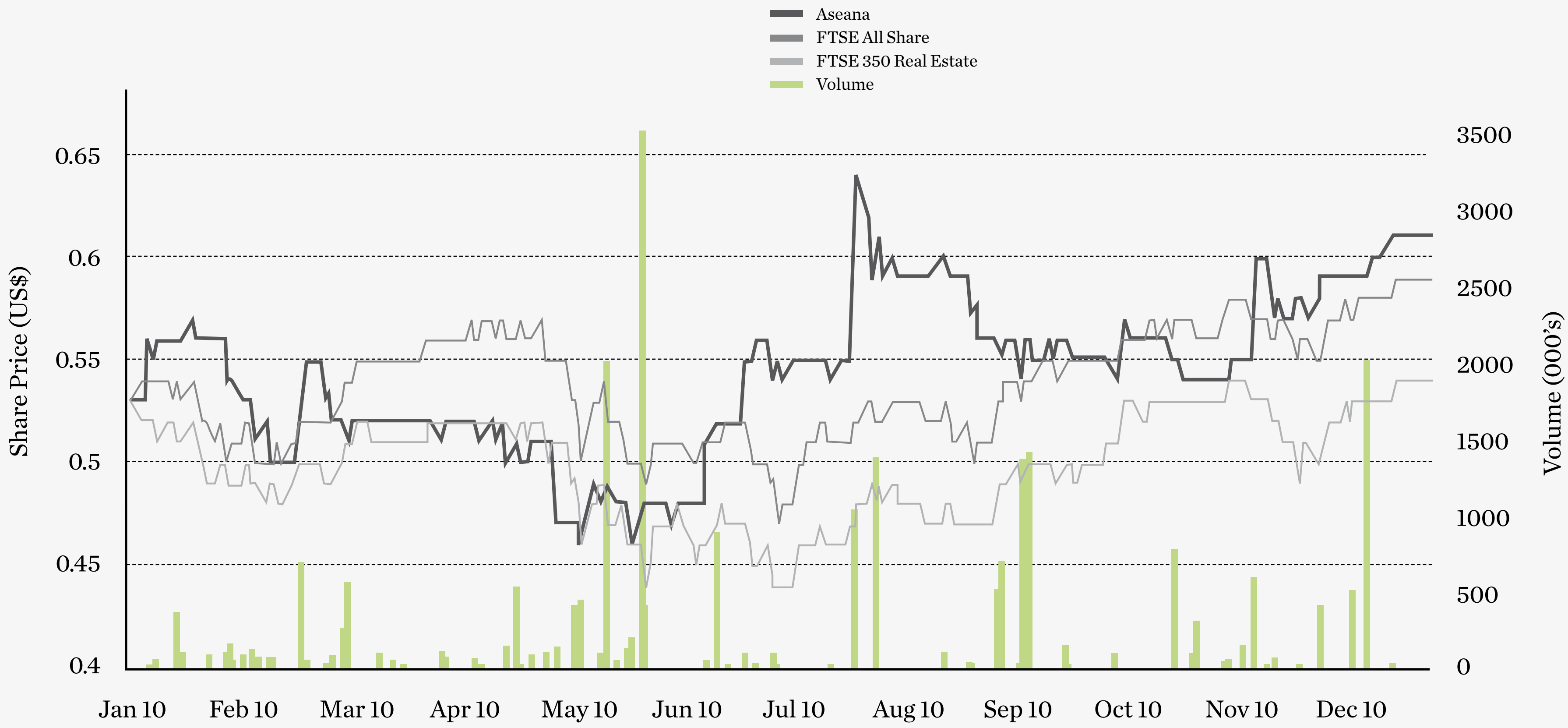

PROPERTY PORTFOLIO

AS AT 31 DECEMBER 2010

Project	Type	Effective Ownership	Approximate Gross Floor Area (sq m)	Approximate Land Area (sq m)	Scheduled completion of construction
Completed projects					
Tiffani by i-ZEN Kuala Lumpur, Malaysia	Luxury condominiums	100%	81,000	15,000	Completed August 2009
1 Mont' Kiara by i-ZEN Kuala Lumpur, Malaysia	Office suites, office tower and retail mall	100%	96,000	14,000	Completed November 2010
Projects under development					
SENI Mont' Kiara Kuala Lumpur, Malaysia	Luxury condominiums	100%	225,000	36,000	Phase 1: April 2011 Phase 2: September 2011
Kuala Lumpur Sentral Office Towers & Hotel Kuala Lumpur, Malaysia	Office towers and a business hotel	40%	107,000	8,000	Fourth quarter of 2012
aloft Kuala Lumpur Sentral Hotel Kuala Lumpur, Malaysia	Business-class hotel	100%	28,000	n/a	First quarter of 2013
Sandakan Harbour Square Sandakan, Sabah, Malaysia	Retail lots, hotel and retail mall	100%	126,000	48,000	Retail lots completed in 2009 Hotel & retail : fourth quarter of 2011
Phase 1: City International Hospital, International Hi-tech Healthcare Park, Ho Chi Minh City, Vietnam	Private general hospital	51%	48,000	25,000	Fourth quarter of 2012
Private equity investment					
Equity investment in Nam Long Investment Corporation, an established developer in Ho Chi Minh City, Vietnam	Private equity investment	16.4%	n/a	n/a	n/a
Pipeline projects					
KLCC Kia Peng Residential Project Kuala Lumpur, Malaysia	Luxury residential tower	70%	40,000	4,000	n/a
Kota Kinabalu seafront resort & residences Kota Kinabalu, Sabah, Malaysia	(i) Boutique resort hotel resort villas (ii) Resort homes	100% 80%	n/a n/a	142,000 185,000	n/a
Other developments in International Hi-tech Healthcare Park, Ho Chi Minh City, Vietnam	Commercial and residential development with healthcare theme	51%	972,000	351,000	n/a
Tan Thuan Dong Residential Project Ho Chi Minh City, Vietnam	Apartments and commercial development	80% (pre-conditional sale)	83,000	20,000	n/a
Queen's Place Ho Chi Minh City, Vietnam	Residential, offices and retail mall	65%	n/a	8,000	n/a

n/a: Not available / not applicable

SHARE PRICE CHART



PERFORMANCE SUMMARY

	Year ended 31 December 2010	Year ended 31 December 2009
Total Returns since listing		
Ordinary share price	-47.25%	-54.50%
FTSE All-share index	-8.07%	-17.14%
FTSE 350 Real Estate Index	-62.26%	-63.27%
One Year Returns		
Ordinary share price	15.30%	111.63%
FTSE All-share index	10.94%	24.96%
FTSE 350 Real Estate Index	2.74%	6.95%
Capital Values		
Total assets less current liabilities (US$ million)	221.44	295.21
Net asset value per share (US$)	0.91	0.96
Ordinary share price (US$)	0.53	0.46
FTSE 350 Real Estate Index	353.93	344.49
Debt-to-equity ratio		
Debt-to-equity ratio [1]	82.43%	57.23%
Net debt-to-equity ratio [2]	6.17%	27.65%
Earnings Per Share		
Earnings per ordinary share – basic (US cents)	-9.51	0.37
– diluted (US cents)	-9.51	0.37
Total Expense Ratio [3]		
As a percentage of total assets less current liabilities	8.07%	4.45%

Notes:
[1] Debt-to-equity ratio = (Total Borrowings ÷ Total Equity) x 100%
[2] Net debt-to-equity ratio = (Total Borrowings less Cash and Cash Equivalent ÷ Total Equity) x 100%
[3] Total expense ratio = Administrative expenses, Management fees, Marketing and Other Operating Expenses ÷ Total Assets less Current liabilities

FINANCIAL REVIEW

INTRODUCTION

The results for the year ended 31 December 2010 were affected by losses on the disposal of the 1 Mont' Kiara retail mall and office tower. The disposal was made to accelerate cash flow back to the Group and this was reflected in the healthy cash balances at year end.

The Group has adopted IFRIC 15 – Agreements for the Construction of Real Estate, which prescribes that revenue be recognised only when the properties are completed and occupancy permits are issued. This resulted in certain costs being recognised ahead of revenue during the year.

INCOME STATEMENT

The Group's revenue for the year ended 31 December 2010 was US$179.3 million, a 55.6% increase compared to 2009. The revenue was mainly attributable to the recognition of revenue upon completion of 1 Mont' Kiara of US$166.3 million and sale of completed properties in i-ZEN@ Kiara I, Tiffani by i-ZEN and Sandakan Harbour Square (Phase 2) totalling US$12.4 million.

The Group's net loss before taxation was US$15.4 million, compared to a profit before taxation of US$4.3 million in 2009. This included losses from disposal of 1 Mont' Kiara retail mall and office tower of US$6.7 million (2009: US$Nil) and marketing expenses of US$10.0 million (2009: US$4.8 million). The tax charge for 2010 was US$5.8 million, compared to US$3.6 million in 2009, reflecting sales of properties in 1 Mont Kiara.

The consolidated comprehensive loss for the year ended 31 December 2010 was US$13.3 million compared to US$0.5 million profit in 2009. This included gains arising from foreign currency translation differences for foreign operations of US$3.1 million (2009: loss of US$ 0.2) and gains arising from changes in the fair value of available-for-sale investments of US$4.8 million (2009: US$ Nil).

Basic and diluted loss per share for the year ended 31 December 2010 were both at US cents 9.51 (2009: Earning per share of US cents 0.37).

STATEMENT OF FINANCIAL POSITION

Total assets of US$676.9 million were US$148.1 million higher than 2009, mainly reflecting an increase in inventories and cash and cash equivalents. Cash and cash equivalents were significantly higher at US$150.4 million (2009: US$62.0 million) due to receipt of sales proceeds from the 1 Mont' Kiara retail mall and office tower.

Net asset value per share as at 31 December 2010 was US cents 90.8 (2009: US cents 96.5).

CASH FLOW AND FUNDING

Operating cash flow was positive at US$66.4 million, an improvement from the negative cash flow of US$13.9 million in 2009. Cash used in investing activities included a deposit paid of US$2.9 million for the acquisition of a hotel at KL Sentral.

The Group's subsidiaries borrow to fund property development projects. At 31 December 2010, the Group had gross borrowings of US$162.6 million (2009: US$119.9 million), a rise of 35.6% over the previous year, due to an increase in investment and business activities. Net debt-to-equity ratio reduced from 27.6% in 2009 to 6.2% in 2010 due to sale proceeds from 1 Mont' Kiara.

The Group has embarked on a programme to issue medium term notes of up to US$162 million, the details are stated in note 2.1 to the financial statements.

Finance income decreased from US$2.1 million in 2009 to US$0.8 million in 2010. Finance costs decreased from US$0.6 million in 2009 to US$0.5 million in 2010.

DIVIDEND

No dividend was paid in 2010.

PRINCIPAL RISKS AND UNCERTAINTIES

A review of the principal risks and uncertainties facing the Group is set out in the Directors' Report.

TREASURY AND FINANCIAL RISK MANAGEMENT

The Group undertakes risk assessments and identifies the principal risks that affect its activities. The responsibility for the management of each key risk has been clearly identified and delegated to the senior management of the Development Manager. The Development Manager's senior management team is involved in the day-to-day operation of the Group.

A comprehensive discussion on the Group's financial risk management policies is included in the notes to the financial statements in the Annual Report.

MONICA LAI VOON HUEY
Chief Financial Officer
Ireka Development Management Sdn. Bhd.
Development Manager
19 April 2011

1 Mont' Kiara Mall,
Kuala Lumpur,
Malaysia

CORPORATE SOCIAL RESPONSIBILITY

Aseana Properties' Corporate Social Responsibility ("CSR") guiding principles are built on the following areas that reflect the existing and emerging standards of CSR:

MANAGING CORPORATE RESPONSIBILITY

Aseana Properties believes in responsible business practice. This means having in place appropriate policies and procedures approved by the Board to ensure a consistent, fair and transparent standard that governs the manner in which it treats its customers, employees and shareholders. Aseana Properties manages its corporate responsibility through the development and management of sustainable, commercially viable properties that are attractive to customers and contributing higher returns to our shareholders. It reviews corporate responsibility issues as part of the risks of business, and ensure that the reputation of the Group is protected and shareholders' values are enhanced.

ENVIRONMENTAL MANAGEMENT

Aseana Properties is committed to environmental protection and stewardship. It recognises that development activities will have effects on the environment and always aims to operate in manners that mitigate the impact on the environment.

For example, Aseana Properties works with local authorities and planners to ensure that environmental protection and amenity improvement are key criteria in any project scheme. It also works with architects and designers to incorporate natural elements such as water, greenery, light and air into its schemes. It promotes best practice among contractors and suppliers in all issues relating to resource conservation and pollution control.

HEALTH AND SAFETY

Aseana Properties is committed to protecting the health and safety of its customers, employees, suppliers and the public by providing a safe and healthy environment.

As a property developer, health and safety at project sites is a top priority for Aseana Properties. It works very closely with contractors to ensure that effective health and safety measures are implemented at all work sites. It also ensures that contractors implement health and safety education and training programmes to promote health and safety policies and procedures to site personnel and ensure continuous improvement of health and safety standards.

EMPLOYEES

Aseana Properties has engaged Ireka Development Management Sdn. Bhd. as the Development Manager to oversee the day-to-day operation of the Group. The Company, however, works with the Development Manager to ensure that their employees are treated fairly and with dignity, are provided with an environment that is safe and healthy and where they may achieve their personal and career goals.

COMMUNITY

Aseana Properties believes in supporting social benefit work, and participates in community activities that enhance social progress and public welfare. Aseana Properties links its development projects closely with those of the societies it serves. During the year, the Group participated in various charity events that contributed in the areas of education, arts, as well as causes that benefit children.

STAKEHOLDERS

Aseana Properties is committed to meaningful dialogue and relevant actions with all stakeholders and will engage with them in a clear, honest and respectful way.

SENI Mont' Kiara,
Kuala Lumpur,
Malaysia

BOARD OF DIRECTORS

MOHAMMED AZLAN HASHIM

Non-Executive Chairman

Mohammed Azlan Hashim was appointed as Chairman (Non-Executive) of Aseana Properties in March 2007. Currently, Azlan is also Non-Executive Chairman of Parkway Holdings Limited, Asiasons Capital Limited and Asiasons WFG Financial Ltd, which are companies based in Singapore.

In Malaysia, Azlan serves as Chairman of several public entities, listed on Bursa Malaysia Securities Berhad, including D&O Green Technologies Berhad and SILK Holdings Berhad and director of Scomi Group Bhd.

He has extensive experience working in the corporate sector including financial services and investments. Among others, he has served as Chief Executive, Bumiputra Merchant Bankers Berhad, Group Managing Director, Amanah Capital Malaysia Berhad and Executive Chairman, Bursa Malaysia Berhad Group.

Azlan also serves as a Board Member of various government related organisations including Khazanah Nasional Berhad, Labuan Financial Services Authority and is a member of Employees Provident Fund and the Government Retirement Fund Inc. Investment Panels.

Azlan holds a Bachelor of Economics from Monash University, Melbourne and qualified as a Chartered Accountant in 1981. He is a Fellow Member of the Institute of Chartered Accountants, Australia, Member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Directors, Fellow Member of the Institute of Chartered Secretaries and Administrators and Hon. Member of The Institute of Internal Auditors, Malaysia.

CHRISTOPHER HENRY LOVELL

Non-Executive Director

Christopher Lovell was appointed as Director (Non-Executive) of Aseana Properties in March 2007. He was a partner in Theodore Goddard between 1983 and 1993 before setting up his own legal practice in Jersey. In 2000 he was one of the founding principals of Channel House Trustees Limited, a Jersey regulated trust company, which was acquired by Capita Group plc in 2005, when he became a director of Capita's Jersey regulated trust company. He joined Governance Partners LP, an independent corporate governance practice, on his retirement from Capita in January 2010.

Christopher was a director of BFS Equity Income & Bond plc between 1998 and 2004, BFS Managed Properties plc between 2001 and 2005 and Yatra Capital Limited between 2005 and 2010. His other current non-executive directorships include Treveria Plc, NR Nordic & Russia Properties Limited and Public Service Properties Investments Limited.

DAVID HARRIS

Non-Executive Director

David Harris was appointed as Director (Non-Executive) of Aseana Properties in March 2007. David is currently Chief Executive of InvaTrust Consultancy Ltd, a company that specialises in the provision of investment marketing services to the Financial Services Industry in both the UK and Europe. He was formerly Managing Director of Chantrey Financial Management Ltd, a successful investment and fund management company linked to Chartered Accountants, Chantrey Vellacott. From 1995 to 2000, he was Director of the Association of Investment Companies overseeing marketing and technical training.

He is currently a non-executive director of a number of quoted companies in the UK including Character Group plc, COBRA Holdings plc, Small Companies Dividend Trust plc, F&C Managed Portfolio Trust plc, Manchester & London Investment Trust plc and Core VCT V plc. He writes regularly for both the national and trade press and appears regularly on TV and Radio as an investment commentator. He is a previous winner of the award "Best Investment Adviser" in the UK.

ISMAIL SHAHUDIN
Non-Executive Director

Ismail Shahudin was appointed as Director (Non-Executive) of Aseana Properties in March 2007. Ismail is chairman of Maybank Islamic Berhad, Opus Group Berhad, SMPC Corporation Berhad and also serves as Independent Non-Executive board member of several Malaysia public listed entities, among others, Malayan Banking Berhad which is Malaysia's largest bank, Plus Expressways Berhad, Mutiara Goodyear Development Berhad, EP Manufacturing Berhad, UEM Group Berhad which is a non-listed wholly owned subsidiary of Khazanah Nasional Berhad, one of the Malaysia government's investment arm. He is also a Non-Independent Non-Executive Director of Opus International Consultants Limited, a company listed on the New Zealand Stock Exchange and a director of MCB Bank Limited, Lahore Pakistan, a company listed on the Karachi Stock Exchange.

Ismail started his career in ESSO Malaysia in 1974 before joining Citibank Malaysia in 1979. He was subsequently posted to Citibank's headquarters in New York in 1984, returning to Malaysia in 1986 as the Vice President & Group Head of Public Sector and Financial Institutions Group. Subsequently, he served as the Deputy General Manager for the then United Asian Bank Berhad before joining Maybank in 1992 in which he had spent 10 years. Ismail subsequently assumed the position of Group CEO of MMC Corporation Berhad in 2002. Ismail was the Non-Executive Chairman of Bank Muamalat (a full-fledged Islamic banking group in Malaysia) from March 2004 until his retirement in July 2008.

Ismail holds a bachelor of Economics (Hons) degree from University of Malaya.

JOHN LYNTON JONES
Non-Executive Director

John Lynton Jones was appointed as Director (Non-Executive) of Aseana Properties in March 2007. Lynton is chairman of Bourse Consult, a consultancy that advises clients on initiatives relating to exchange trading, regulation, clearing and settlement. He has an extensive background as a chief executive of several exchanges in London, including the International Petroleum Exchange, the OM London Exchange and Nasdaq International (whose operations he set up in Europe in the late 1980s). He was chairman of the Morgan Stanley/OMX joint venture Jiway in 2000 and 2001.

At the time of "Big Bang" in the mid-1980s he ran public affairs for the London Stock Exchange. He spent the first 15 years of his career in the British Diplomatic Service where he became private secretary to a minister of state and concluded this stage of his career as Financial Services Attaché at the British Embassy in Paris.

He spent several years as a board member of London's Futures and Options Association and of the London Clearing House. He is an advisor to the City of London Corporation and was the founding chairman of the Dubai International Financial Exchange (now known as Nasdaq Dubai) from 2003 until 2006. He serves on the board of Kenetics Group Limited and is a Trustee of the Horniman Museum in London. He studied at the University of Wales, Aberystwyth, where he took a first class honours in International Politics.

GERALD ONG CHONG KENG
Non-Executive Director

Gerald Ong was appointed as Director (Non-Executive) of Aseana Properties in September 2009. Gerald is Chief Executive Officer of PrimePartners Corporate Finance Group, has over 20 years of corporate finance related experience at various financial institutions providing a wide variety of services from advisory, M&A activities and fund raising exercises incorporating various structures such as equity, equity-linked and derivative-enhanced issues. He was appointed a Director of Metro Holdings Limited listed on the Singapore Exchange Securities Trading Limited in June 2007.

Gerald has been the Chairman of the Singapore Investment Banks Association Corporate Finance Committee since 2007 and has been granted the Financial Industry Certified Professional status. He is an alumnus of the National University of Singapore, University of British Columbia and Harvard Business School.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Group are acquisition, development and redevelopment of upscale residential, commercial and hospitality projects in the major cities of Malaysia and Vietnam.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The statement of comprehensive income for the year is set out on pages 25 to 26. A review of the development and performance of the business has been set out in the Chairman's Statement, the Development Manager's Review and the Financial Review reports.

OBJECTIVES AND STRATEGY

The Company's investment objective is to provide shareholders with an attractive overall total return achieved primarily through capital appreciation by investing in properties in Malaysia and Vietnam. The Company intends to achieve its investment objective through acquisition, development and redevelopment of upscale residential, commercial and hospitality projects leveraging on the Development Manager's experience in these sectors. The Company will typically invest in development projects at the pre-construction stage. It will also selectively invest in projects under construction and newly completed projects with the potential for high capital appreciation.

The Company will only invest in projects where, at the time the investment is made, both the Company and the Development Manager reasonably believe that there will be a minimum 30% annualised Return on Equity ("ROE") where the Company makes investments in Vietnam and a minimum of 20% ROE where the Company makes investments in Malaysia.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business is property development in Malaysia and Vietnam. Its principal risks are therefore related to the property market in these countries in general, and also the particular circumstances of the property development projects it is undertaking. More detailed explanations of these risks and the way they are managed are contained under the heading of Financial and Capital Risk Management Objectives and Policies in Note 4 to the financial statements.

Other risks faced by the Group in Malaysia and Vietnam include the following:

Economic	Inflation, economic recessions and movements in interest rates could affect property development activities.
Strategic	Incorrect strategy, including sector and geographical allocations and use of gearing, could lead to poor returns for shareholders.
Regulatory	Breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties.
Law and regulations	Changes in laws and regulations relating to planning, land use, development standards and ownership of land could have adverse effects on the business and returns for the shareholders.
Tax regimes	Changes in the tax regimes could affect the tax treatment of the Company and/or its subsidiaries in these jurisdictions.
Management and control	Changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.
Operational	Failure of the Development Manager's accounting system and disruption to the Development Manager's business, or that of a third party service providers, could lead to an inability to provide accurate reporting and monitoring leading to a loss of shareholders' confidence.
Financial	Inadequate controls by the Development Manager or third party service providers could lead to a misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations or a qualified audit report.
Going Concern	Failure of property development projects due to poor sales and collection, construction delay, inability to secure financing from banks may result in inadequate financial resources to continue operational existence and to meet financial liabilities and commitments.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual rights and obligations. It also regularly monitors the economic and investment environment in countries that it operates in and the management of the Group's property development portfolio. Details of the Group's internal controls are described on page 22.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2010 are set out in the attached financial statements.

No dividends were declared nor paid during the financial year under review.

PURCHASE OF OWN SHARES

The authority to purchase its own shares up to a total aggregate value of 14.99% of the issued ordinary shares capital of the Company was renewed in a resolution at its Annual General Meeting held on 19 May 2010. The authority shall expire 12 months from the date of passing of the resolution unless otherwise renewed, varied or revoked. No purchase of own shares by the Company accrued during the year ended 31 December 2010.

SHARE CAPITAL

No shares have been issued in 2010. Further details on share capital are stated in Note 26.

DIRECTORS

The following were directors of Aseana Properties who held office throughout the financial year and up to the date of this report:

- Mohammed Azlan Hashim – Chairman
- Christopher Henry Lovell
- David Harris
- Ismail Shahudin
- John Lynton Jones
- Gerald Ong Chong Keng

DIRECTORS' INTERESTS

The interests of the directors in the Company's shares at 31 December 2010 and at the date of this report were as follows:

Number of Shares held:

Director	Ordinary Shares of US$0.05 Each
Christopher Henry Lovell	48,000
John Lynton Jones	20,000
David Harris	79,000
Gerald Ong Chong Keng	570,000

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

MANAGEMENT

The Board has contractually delegated the development management of the property development portfolio to Ireka Development Management Sdn. Bhd. (the "Development Manager"). The Development Manager is a wholly-owned subsidiary of Ireka Corporation Berhad, a company listed on Bursa Malaysia since 1993 which has more than 40 years of experience in construction and property development. Under the management contract, the Development Manager will be principally responsible for, inter alia, implementing the real estate strategy for the Company, engaging, managing and coordinating third parties in relation to the management and development of properties to be acquired and lead the negotiation for the acquisition or disposal of assets and the financing of such assets.

SUBSTANTIAL SHAREHOLDERS

The Board was aware of the following direct and indirect interests comprising a significant amount of more than 3% issued share capital of the Company at the latest practicable date before the publication of this Report at 16 March 2011:

	Number of Ordinary Shares Held	Percentage of Issued Share Capital
Ireka Corporation Berhad	48,913,623	23.02%
Legacy Essence Limited	39,086,377	18.39%
Henderson New Star	26,246,171	12.35%
European Clearing	26,153,270	12.31%
Standard Life Investments	15,000,000	7.06%
Dr. Thong Kok Cheong	10,610,532	4.99%
Funds Managed by Cayenne Asset Management	9,575,000	4.51%

EMPLOYEES

The Company has no executive directors or employees. A management agreement exists between the Company and its Development Manager which sets out the role of the Development Manager in managing the operating units of the Company. The Development Manager had seventy-one managerial and technical staff under its employment in Malaysia and Vietnam at 31 December 2010.

GOING CONCERN

The Directors are confident that the Group has adequate financial resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements. Further details on going concern are provided in note 2.1 to the financial statements.

CREDITORS PAYMENT POLICY

The Group's operating companies are responsible for agreeing on the terms and conditions under which business transactions with their suppliers are conducted. It is the Group's policy that payments to suppliers are made in accordance with all relevant terms and conditions. Trade creditors at 31 December 2010 amounted to 98 days (2009: 217 days) of purchases made in the year.

DIRECTORS' REPORT CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash balances, balances with related parties and other payables and receivables that arise in the normal course of business. The Group's Financial and Capital Risk Management Objectives and Policies are set out in Note 4 to the financial statements.

DIRECTORS' LIABILITIES

Subject to the conditions set out in the Companies (Jersey) Law 1991, the Company has arranged appropriate Directors' and Officers' insurance to indemnify the directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with International Financial Reporting Standards ("IFRSs"), interpretations from the International Financial Reporting Interpretations Committee ("IFRIC") and Companies (Jersey) Law 1991.

Jersey Law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Company and of the Group for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, comparable, understandable and prudent;
- ensure that the financial statements comply with IFRS; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Jersey Law. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Group's website on the internet. However, information is accessible in many different countries where legislation governing the preparation and dissemination of financial statements may differ from that applicable in the United Kingdom and Jersey.

The Directors of the Company confirm that to the best of their knowledge that:

(a) the consolidated financial statement have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

(b) the sections of this Report, including the Chairman's Statement, Development Manager's Review, Financial Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Services Authority of the United Kingdom.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditors, each director has taken all the steps that he is obliged to take as a director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

RE-APPOINTMENT OF AUDITORS

The auditors, KPMG Audit Plc, have expressed their willingness to continue in office. A resolution proposing their re-appointment will be tabled at the forthcoming Annual General Meeting.

BOARD COMMITTEES

Information on the Audit Committee, Nomination Committee, Remuneration Committee, Management Engagement Committee and Investment Committee is included in the Corporate Governance section of the Annual Report on pages 20 to 22.

ANNUAL GENERAL MEETING

The tabling of the 2010 Annual Report and Financial Statements to shareholders will be at an Annual General Meeting ("AGM") to be held in June 2011.

During the AGM, investors will be given the opportunity to question the board and to meet with them thereafter. They will be encouraged to participate in the meeting.

On behalf of the Board

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director
19 April 2011

REPORT OF DIRECTORS' REMUNERATION

DIRECTORS' EMOLUMENTS

The Company has no executive directors or employees. Since all the directors are non-executive, the provisions of the Combined Code of Corporate Governance in respect of the directors' remuneration are not relevant except in so far as they relate specifically to non-executive directors.

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for all non-executive directors. The Remuneration Committee assesses the appropriateness of the emoluments on an annual basis by reference to market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board.

During the year ended 31 December 2010, the annual directors' fees were revised with effect from 1 October 2010 to reflect the market rates and commensurate with the level of responsibilities of each director. Details of the directors' emoluments were as follows:

Director	Annual Directors' Fees for year ended 31 December 2010 (US$)	Revised Annual Directors' Fees (US$)
Mohammed Azlan Hashim	52,549	70,000
Christopher Henry Lovell	42,958	55,000
David Harris	41,208	48,000
Ismail Shahudin	41,208	48,000
John Lynton Jones	41,208	48,000
Gerald Ong Chong Keng	41,208	48,000
Total	**260,339**	**317,000**

SHARE OPTIONS

The Company did not operate any share option schemes during the year ended 31 December 2010.

SHARE PRICE INFORMATION

- High for the year – US$0.555
- Low for the year – US$0.392
- Close for the year – US$0.527

PENSION SCHEMES

In view of the non-executive nature of the directorships, no pension schemes exist in the Company.

SERVICE CONTRACTS

In view of the non-executive nature of the directorships, there are no service contracts in existence between the Company and any of the directors. Each director was appointed by a letter of appointment that states his appointment subject to the Articles of Association of the Company which set out the main terms of his appointment.

JOHN LYNTON JONES
Chairman Of The Remuneration Committee
19 April 2011

CORPORATE GOVERNANCE STATEMENT

The Financial Services Authority requires all UK incorporated listed companies to comply with the Combined Code of Corporate Governance (the "Combined Code"). The Company is a Jersey incorporated company and is therefore not subject to the Combined Code, but this Report outlines the significant ways in which its corporate governance practices differ from those set out in the Combined Code. The Board is committed to the high standards of good corporate governance embodied in the Combined Code and voluntarily seeks to apply the principles of the Combined Code where practicable for a company of Aseana's size and nature.

THE BOARD

The Company currently has a Board of six non-executive directors, including the non-executive Chairman. The brief biographies of the following directors appear on pages 14 to 15 of this Report:

- Mohammed Azlan Hashim (Non-executive Chairman)
- Christopher Henry Lovell
- David Harris
- Ismail Shahudin
- John Lynton Jones
- Gerald Ong Chong Keng

The Board did not appoint a Chief Executive and a Senior Independent Director as set out in the Combined Code.

ROLE OF THE BOARD OF DIRECTORS

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective control which enables risk to be assessed and managed. The Board sets the Company's strategic objectives, monitors and reviews the Company's operational and financial performance, ensures the Company has sufficient funding, examines and approves all major potential investment, acquisitions and disposals. The Board also sets the Company's values and standards and ensures obligations to its shareholders and other stakeholders are met.

MEETINGS OF THE BOARD OF DIRECTORS

The Board meets at least four times a year and at such other times as the Chairman shall require. The Board met five times during the year ended 31 December 2010. The meetings were attended by all the directors except for Ismail Shahudin and Gerald Ong Chong Keng who were absent once respectively. To enable the Board to discharge its duties effectively, all directors receive accurate, timely and clear information, including Board papers distributed in advance of Board meetings. All directors have access to the advice and services of the Development Manager, Company Secretary and advisors, who are responsible to the Board on matters of corporate governance.

BOARD BALANCE AND INDEPENDENCE

Being an externally-managed company, the Board consists solely of non-executive directors of which Mohammed Azlan Hashim is the non-executive Chairman. The Board considers that the directors are independent.

The Chairman is responsible for leadership of the Board, ensuring effectiveness in all aspects of its role and setting its agenda. Together, the directors bring a wide range of experience and expertise in business, law, finance and accountancy, which are required to successfully direct and supervise the business activities of the Company.

PERFORMANCE APPRAISAL

The Board undertakes a formal annual evaluation of its own performance and that of its Committees and individual directors. A board governance analysis entitled Director and Board Development was carried out by the Institute of Directors and was completed in December 2010. The directors are encouraged to continually attend training courses at the Company's expense to enhance their skills and knowledge, where relevant.

RE-ELECTION OF DIRECTORS

The Company's Articles of Association provide that all Directors shall submit themselves for re-election at the first opportunity after their appointment, and shall not remain in office for longer than three years since their last election or re-election without submitting themselves for re-election. At the Annual General Meeting held on 19 May 2010, Ismail Shahudin and Christopher Henry Lovell who retired by rotation as directors and Gerald Ong Chong Keng, who was appointed by the Board on 16 September 2009 and submitted himself for re-election as director, were re-elected to the Board.

BOARD COMMITTEES

The Board has established Audit, Nomination, Remuneration, Management Engagement and Investment Committees which deal with specific aspects of the Company's affairs, each of which has written terms of reference which are reviewed annually. No one other than the committee chairman and members of the relevant committee is entitled to be present at a meeting of board committee, but others may attend at the invitation of the board committee. Copies of the terms of reference are kept by the Company Secretary and are available on request at the Company's registered office at 12 Castle Street, St. Helier, Jersey, JE2 3RT, Channel Islands.

AUDIT COMMITTEE

The Audit Committee consists of three members and is chaired by Christopher Henry Lovell. Its other members are Mohammed Azlan Hashim and Ismail Shahudin. The Committee members have no links with the Company's external auditors and are independent of the Company's management. The Board considers that collectively the Audit Committee has sufficient recent and relevant financial experience with the ability to discharge its duties properly, through extensive service on the Boards and Audit Committees of other listed companies.

The Committee meets at least twice a year and at such other times as the Chairman of the Audit Committee shall require. The Committee met twice during the year ended 31 December 2010. The meetings were attended by all the committee members except for Ismail Shahudin who was absent once. Any member of the Audit Committee or the auditors may request a meeting if they consider that one is necessary. A representative of the auditors, the Chief Financial Officer and Chief Executive Officer of the Development Manager may attend by invitation.

The Committee is responsible for:

- monitoring, in discussion with the auditors, the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's internal financial controls and risk management system;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors to be put to the shareholders for their approval in general meetings;
- reviewing and monitoring the external auditors' independence and objectivity and effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on engagement of the external auditors to supply non-audit services; and
- reporting to the Board any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

During the year ended 31 December 2010, the Audit Committee performed its duties as set out in the terms of reference. The main activities carried out by the Audit Committee encompassed the following:

- reviewed the interim financial statements, annual audited financial statements and results announcements together with the Company's Auditors before tabling to the Board for consideration and approval;
- reviewed the Audit Committee Reports with the Company's Auditors;
- reviewed Mazars LLP's engagement letter in relation to the specific service appendix-agreed upon procedures on the interim financial information for the period ended 30 June 2010; and
- reviewed the terms of engagement for the appointment of KPMG Audit Plc, including their remuneration, independence and objectivity.

NOMINATION COMMITTEE

The Nomination Committee is chaired by Mohammed Azlan Hashim. Its other members are David Harris and John Lynton Jones. The Committee meets at least twice a year and at any such times as the Chairman of the Nomination Committee shall require. The Committee met twice during the year ended 31 December 2010 and the meetings were attended by all the committee members as well as other board members at the invitation of the Nomination Committee.

During the year ended 31 December 2010, the Nomination Committee carried out its functions as set out in its terms of reference which are summarised below:

- regularly reviewing the structure, size and composition (including skills, knowledge and experience) of the Board and making recommendations to the Board with regard to any change;
- considering the re-appointment of any Directors at the conclusion of their specified term of office or retiring in accordance with the Company's Articles of Association;
- identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
- considering any matter relating to the continuation in office of any Director at any time.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by John Lynton Jones. Its other members are David Harris and Ismail Shahudin.

The Committee meets at least once a year and at any such times as the Chairman of the Remuneration Committee shall require. The Committee met twice during the year ended 31 December 2010. The meetings were attended by all the committee members except for Ismail Shahudin who was absent once. Other board members attended the meetings at the invitation of the Remuneration Committee.

During the year ended 31 December 2010, the Remuneration Committee carried out its duties as set out in its terms of reference which are summarised below:

- determining and agreeing with the Board the framework for the remuneration of the Directors;
- setting the remuneration for all Directors; and
- ensuring that provisions regarding disclosure of remuneration as set out in the Directors' Remuneration Report Regulations 2002, are fulfilled.

MANAGEMENT ENGAGEMENT COMMITTEE

The Management Engagement Committee is chaired by Mohammed Azlan Hashim. Its other members are David Harris and John Lynton Jones. The Committee meets at least twice a year and at any such times as the Chairman of the Management Engagement Committee shall require. The Committee met twice during the year ended 31 December 2010. The meetings were attended by all the committee members as well as other board members at the invitation of the Management Engagement Committee.

During the year ended 31 December 2010, the Management Engagement Committee carried out its duties as set out in its terms of reference which are summarised below:

- monitoring compliance by the Development Manager with the terms of the Management Agreement;
- reviewing the terms of the Management Agreement from time to time to ensure that the terms thereof conform with market and industry practice and remain in the best interest of shareholders;
- from time to time monitor compliance by providers of other services to the Company with the terms of their respective agreements; and
- review and consider the appointment and remuneration of providers of services to the Company.

CORPORATE GOVERNANCE STATEMENT CONT'D

INVESTMENT COMMITTEE

The Investment Committee is appointed by the Board and comprises five members, being Kumar Tharmalingam, Lai Voon Hon, Mai Xuan Loc, Monica Lai Voon Huey and Dang The Duc. Kumar Tharmalingam, Mai Xuan Loc and Dang The Duc are independent while Lai Voon Hon and Monica Lai are the Chief Executive Officer and the Chief Financial Officer of the Development Manager respectively. The Investment Committee meets at such time as required to review and evaluate potential investments for recommendation to the Board. All the committee members attended the two meetings held during the year ended 31 December 2010. The Investment Committee is responsible for providing advisory services to the Board to consider investment and disposal recommendations of the Development Manager. During the year, the Investment Committee had reviewed and recommended a disposal in Malaysia and two investments, one each in Malaysia and Vietnam.

FINANCIAL REPORTING

The Board aims to present a balanced and understandable assessment of the Company's position and prospects in all reports to shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, Development Manager's Review Statement, Financial Review Statement, Directors' Report and Auditors' Report.

The Audit Committee has reviewed the significant reporting issues and judgements made in connection with the preparation of the Company's financial statements including significant accounting policies, significant estimates and judgements. The Audit Committee has also reviewed the clarity, appropriateness and completeness of disclosures in the financial statements.

INTERNAL AUDIT

The Board has confirmed that the systems and procedures employed by the Development Manager, including the work carried out by the internal auditors of the Development Manager, provide sufficient assurance that a sound system of internal control is maintained. An internal audit function specific to the Company is therefore considered not necessary.

AUDITORS

The Audit Committee's responsibilities include monitoring and reviewing the performance and independence of the Company's Auditors, KPMG Audit Plc.

Pursuant to audit and ethical standards, the auditors are required to assess and confirm to the Board their independence, integrity and objectivity. The auditors have carried out assessment and consider themselves to be independent, objective and in compliance with the APB (Auditing Practices Board) Ethical Standards.

INTERNAL CONTROL

The Board is responsible for the effectiveness of the Company's internal control system and is supplied with information to enable it to discharge its duties. Internal control systems are designed to meet the particular needs of the Company and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The process is based principally on the Development Manager's existing risk-based approach to internal controls.

During the year, the Board discharged its responsibility for internal controls through the following key procedures:

- clearly defined delegation of responsibilities to the committees of the Board and to the Development Manager, including authorisation levels for all aspects of the business;
- regular and comprehensive information provided to the Board covering financial performance and key business indicators;
- a detailed system of budgeting, planning and reporting which is approved by the Board and monitoring of results against budget with variances being followed up and action taken, where necessary; and
- regular visits to operating units and projects by the Board.

RELATIONSHIP WITH SHAREHOLDERS

The Company has designated the Development Manager's Chief Executive Officer and designated members of its senior management as the principal spokesmen with investors, analysts, fund managers, the press and other interested parties. The Board is informed on material information provided to shareholders and are advised on their feedback.

To promote effective communication, the Company has a website, www.aseanaproperties.com that shareholders and investors can access for information.

ANNUAL GENERAL MEETING ("AGM")

The AGM is the principal forum for dialogue with shareholders. At and after the AGM, investors are given the opportunity to question the Board and seek clarification on the business and affairs of the Group.

Notices of the AGM and related papers are sent out to shareholders in good time to allow for full consideration prior to the AGM. Each item of special business included is accompanied by an explanation of the purpose and effect of a proposed resolution. The Chairman declares the number of proxy votes received for and against each resolution.

CHRISTOPHER HENRY LOVELL
Chairman of The Audit Committee
19 April 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASEANA PROPERTIES LIMITED

We have audited the group and parent company financial statements of Aseana Properties Limited for the year ended 31 December 2010 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's and the parent company's loss for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

WEJ Holland
for and on behalf of KPMG Audit Plc
Chartered Accountants
and Recognised Auditor

15 Canada Square
London E14 5GL

19 April 2011

Notes:

- The maintenance and integrity of Aseana's website is the responsibility of the directors; the work carried out by auditors does not involve consideration of these matters and accordingly, KPMG Audit Plc accepts no responsibility for any changes that may have occurred to the financial statements or our audit report since 19 April 2011. KPMG Audit Plc has carried out no procedures of any nature subsequent to 19 April 2011 which in any way extends this date.
- Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

Continuing activities	**Notes**	**2010 US$'000**	**2009 US$'000**
Revenue	5	**179,345**	115,256
Cost of sales	6	**(177,184)**	(100,746)
Gross profit		**2,161**	14,510
Other income	7	**679**	248
Administrative expenses		**(1,017)**	(1,064)
Foreign exchange (loss)/ gain	8	**(670)**	1,827
Goodwill Impairment	41	**–**	(7)
Management fees	9	**(3,994)**	(4,196)
Marketing expenses		**(10,036)**	(4,791)
Other operating expenses		**(2,816)**	(3,092)
Operating (loss)/ profit		**(15,693)**	3,435
Finance income		**794**	2,115
Finance costs		**(534)**	(595)
Net finance income	11	**260**	1,520
Share of results of associate, net of tax		**–**	(607)
Net (loss)/ profit before taxation	12	**(15,433)**	4,348
Taxation	13	**(5,795)**	(3,635)
(Loss)/ profit for the year		**(21,228)**	713
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations		**3,107**	(209)
Increase in fair value of available-for-sale investments		**4,828**	–
Total other comprehensive income/ (expense) for the year		**7,935**	(209)
Total comprehensive (expense)/ income for the year		**(13,293)**	504
(Loss)/ profit attributable to:			
Equity holders of the parent		**(20,205)**	835
Non-controlling interests		**(1,023)**	(122)
Total		**(21,228)**	713
Total comprehensive (expense)/ income attributable to:			
Equity holders of the parent		**(12,206)**	916
Non-controlling interests		**(1,087)**	(412)
Total		**(13,293)**	504
(Loss)/ earnings per share			
Basic and diluted (US cents)	14	**(9.51)**	0.37

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

Continuing activities	**Notes**	**2010 US$'000**	**2009 US$'000**
Revenue	5	**–**	–
Cost of sales	6	**–**	–
Gross profit/ (loss)		**–**	–
Other income	7	**–**	–
Gain on remeasurement of loan receivable	24	**14,518**	–
Administrative expenses		**(385)**	(396)
Foreign exchange (loss)/ gain	8	**(442)**	2,005
Management fees	9	**(1,380)**	(1,378)
Impairment of loans	24	**(14,957)**	–
Other operating expenses		**(710)**	(929)
Operating loss		**(3,356)**	(698)
Finance income		**298**	1,322
Finance costs		**(134)**	(188)
Net finance income	11	**164**	1,134
Net (loss)/ profit before taxation	12	**(3,192)**	436
Taxation		**–**	–
(Loss)/ profit for the year/ Total comprehensive income for the year		**(3,192)**	436

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	Notes	2010 US$'000	2009 Restated US$'000
Non-current assets			
Property, plant and equipment	15	**4,497**	1,070
Investment in an associate	16	**–**	–
Available-for-sale investments	18	**22,052**	17,224
Intangible assets	19	**17,174**	17,174
Deferred tax assets	20	**19,400**	7,167
Total non-current assets		**63,123**	42,635
Current assets			
Inventories	21	**431,473**	399,040
Trade and other receivables	22	**31,499**	24,392
Amount due from an associate	23	**382**	785
Cash and cash equivalents	25	**150,385**	61,957
Total current assets		**613,739**	486,174
TOTAL ASSETS		**676,862**	528,809
Equity			
Share capital	26	**10,626**	10,626
Share premium	27	**221,226**	221,226
Capital redemption reserve	29	**1,874**	1,874
Translation reserve	30	**3,171**	–
Fair value reserve	31	**4,828**	–
Accumulated losses	32	**(48,858)**	(28,653)
Shareholders' equity		**192,867**	205,073
Non-controlling interests		**4,346**	4,365
Total equity		**197,213**	209,438
Current liabilities			
Deferred revenue	33	**188,462**	109,802
Trade and other payables	34	**112,940**	84,504
Bank loans and borrowings	35	**68,463**	36,976
Medium term notes	38	**72,923**	–
Current tax liabilities		**12,637**	2,318
Total current liabilities		**455,425**	233,600
Non-current liabilities			
Amount due to non-controlling interests	36	**3,048**	2,887
Bank loans	37	**21,176**	20,147
Medium term notes	38	**–**	62,737
Total non-current liabilities		**24,224**	85,771
Total liabilities		**479,649**	319,371
TOTAL EQUITY AND LIABILITIES		**676,862**	528,809

The financial statements were approved on 19 April 2011 and authorised for issue by the Board and were signed on its behalf by

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director

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

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	Notes	2010 US$'000	2009 US$'000
Non-current assets			
Investment in subsidiaries	17	**80,946**	80,946
Amount due from subsidiaries	24	**–**	112,487
Total non-current assets		**80,946**	193,433
Current assets			
Trade and other receivables	22	**14**	38
Amounts due from subsidiaries	24	**131,056**	15,994
Cash and cash equivalents	25	**33,569**	38,287
Total current assets		**164,639**	54,319
TOTAL ASSETS		**245,585**	247,752
Equity			
Share capital	26	**10,626**	10,626
Share premium	27	**221,226**	221,226
Capital redemption reserve	29	**1,874**	1,874
Accumulated losses	32	**(13,912)**	(10,720)
Total equity		**219,814**	223,006
Current liabilities			
Trade and other payables	34	**588**	503
Amounts due to subsidiaries	24	**15,727**	–
Bank loans and borrowings	35	**9,456**	14,961
Total current liabilities		**25,771**	15,464
Non-current liabilities			
Amount due to subsidiaries	24	**–**	9,282
Total non-current liabilities		**–**	9,282
Total liabilities		**25,771**	24,746
TOTAL EQUITY AND LIABILITIES		**245,585**	247,752

The financial statements were approved on 19 April 2011 and authorised for issue by the Board and were signed on its behalf by

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

Consolidated	Share Capital US$'000	Share Premium US$'000	Fair Value Reserve US$'000	Capital Redemption Reserve US$'000	Translation Reserve US$'000	Accumulated Losses US$'000	Total Equity Attributable to Equity Holders of the Parent US$'000	Non-Controlling Interest US$'000	Total Equity US$'000
At 1 January 2009	12,500	227,233	–	–	(81)	(29,488)	210,164	5,929	216,093
Cancellation of shares	(1,874)	–	–	1,874	–	–	–	–	–
Purchase of own shares	–	(6,007)	–	–	–	–	(6,007)	–	(6,007)
Acquisition from non-controlling interest	–	–	–	–	–	–	–	(1,152)	(1,152)
Profit for the year	–	–	–	–	–	835	835	(122)	713
Total other comprehensive income	–	–	–	–	81	–	81	(290)	(209)
Total comprehensive income	–	–	–	–	81	835	916	(412)	504
At 31 December 2009/ 1 January 2010	10,626	221,226	–	1,874	–	(28,653)	205,073	4,365	209,438
Acquisition of a subsidiary	–	–	–	–	–	–	–	93	93
Non-controlling interest contribution	–	–	–	–	–	–	–	975	975
Loss for the year	–	–	–	–	–	(20,205)	(20,205)	(1,023)	(21,228)
Total other comprehensive income	–	–	4,828	–	3,171	–	7,999	(64)	7,935
Total comprehensive income	–	–	4,828	–	3,171	(20,205)	(12,206)	(1,087)	(13,293)
Shareholders' equity at 31 December 2010	**10,626**	**221,226**	**4,828**	**1,874**	**3,171**	**(48,858)**	**192,867**	**4,346**	**197,213**

Company	Share Capital US$ '000	Share Premium US$ '000	Capital Redemption Reserve US$ '000	Accumulated Losses US$ '000	Total Equity US$ '000
At 1 January 2009	12,500	227,233	–	(11,156)	228,577
Cancellation of shares	(1,874)	–	1,874	–	–
Purchase of own shares	–	(6,007)	–	–	(6,007)
Profit for the year/ Total comprehensive income	–	–	–	436	436
At 1 January 2010	10,626	221,226	1,874	(10,720)	223,006
Loss for the year/ Total comprehensive income	–	–	–	(3,192)	(3,192)
Shareholders' equity at 31 December 2010	**10,626**	**221,226**	**1,874**	**(13,912)**	**219,814**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 US$'000	2009 Restated US$'000
Cash Flows from Operating Activities		
Net (loss)/ profit before taxation	**(15,433)**	4,348
Finance income	**(794)**	(2,115)
Finance costs	**534**	595
Unrealised foreign exchange gain	**(618)**	(1,855)
Depreciation of property, plant and equipment	**117**	45
Share of results from associate	–	607
Goodwill impairment	–	7
Operating (loss)/ profit before working capital changes	**(16,194)**	1,632
Changes in working capital:		
Decrease/ (increase) in inventories	**520**	(58,266)
Increase in receivables	**(7,107)**	(236)
Increase/ (decrease) in deferred revenue	**78,660**	(9,167)
Increase in payables	**22,874**	65,069
Cash generated from/ (used in) operations	**78,753**	(968)
Interest paid	**(4,978)**	(7,449)
Tax paid	**(7,394)**	(5,489)
Net cash from/ (used in) operating activities	**66,381**	(13,906)
Cash Flows From Investing Activities		
Acquisition of subsidiaries, net of cash	**(18)**	(7,630)
Repayment from/ (advances to) associate	**403**	(785)
Proceeds from disposal of property, plant and equipment	**17**	59
Purchase of property, plant and equipment	**(3,573)**	(823)
Purchase of available-for-sale investments	–	(4,200)
Finance income received	**794**	2,115
Withdrawal of short term bank deposits	–	2,228
Net cash used in investing activities	**(2,377)**	(9,036)
Cash Flows From Financing Activities		
Repayment of borrowings	**(44,763)**	(37,838)
Drawdown of borrowings	**72,590**	49,063
Repayment of finance lease liabilities	–	(40)
Share buy back	–	(6,007)
Net cash from financing activities	**27,827**	5,178
NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**91,831**	(17,764)
Effect of changes in exchange rates	**2,102**	1,904
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**46,996**	62,856
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 25)	**140,929**	46,996

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

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 US$'000	**2009 Restated US$'000**
Cash Flows from Operating Activities		
Net (loss)/ profit before taxation	**(3,192)**	436
Gain on remeasurement of loan receivable	**(14,518)**	–
Impairment of loans	**14,957**	–
Finance income	**(298)**	(1,322)
Finance costs	**134**	188
Unrealised foreign exchange gain	**(295)**	(1,933)
Operating loss before working capital changes	**(3,212)**	(2,631)
Changes in working capital:		
Decrease in receivables	**24**	1,522
Increase/ (decrease) in payables	**85**	(2,143)
Cash used in operations	**(3,103)**	(3,252)
Interest paid	**(134)**	(188)
Net cash used in operating activities	**(3,237)**	(3,440)
Cash Flows From Investing Activities		
Advances to subsidiaries	**(3,014)**	(24,727)
Finance income received	**298**	1,322
Net cash used in investing activities	**(2,716)**	(23,405)
Cash Flows From Financing Activities		
Advances from subsidiaries	**6,445**	9,282
Share buy back	–	(6,007)
Net cash from financing activities	**6,445**	3,275
NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**492**	(23,570)
Effect of changes in exchange rates	**295**	1,933
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**23,326**	44,963
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 25)	**24,113**	23,326

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activities of the Group and the Company are acquisition, development and redevelopment of upscale residential, commercial and hospitality projects in the major cities of Malaysia and Vietnam. The Group typically invests in development projects at the pre-construction stage and also may selectively invests in projects in construction and newly completed projects with potential capital appreciation.

2 BASIS OF PREPARATION

2.1 Statement of compliance and going concern

The Group and the Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and IFRIC interpretations issued, and effective, or issued and early adopted, at the date of these financial statements.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Group's business activities.

The financial statements have been prepared on the historical cost basis except for available-for-sale investments which are measured at fair value and on the assumption that the Group and the Company are going concerns.

The Group has prepared and considered prospective financial information derived based on assumptions and events that may occur in the next twelve months and the possible actions to be taken by the Group. Prospective financial information includes the Group's profit and cash flow forecasts for the ongoing projects.

In its cash flow forecast, the Group considered its obligations to repay a significant portion of its borrowings within the next twelve months, as shown in the consolidated statement of financial position, and to fund the costs of ongoing construction works. As part of its financial planning, the Group has embarked on a programme to issue medium term notes ("MTN") of up to US$162 million. The Group has appointed two lead arrangers for the MTN programme and expects to complete the exercise by September 2011.

In the unlikely event that the MTN programme is delayed, the Group will obtain bridging finance from existing financiers to temporarily fund its obligations.

Should both the MTN programme and bridging finance be unsuccessful, due to unforeseen circumstances, the Group is able to generate adequate cash from the sale of completed properties and land in its portfolio, as well as from the deferral of its projects and hence meet its liabilities as they fall due.

The Directors are confident that the Group will not encounter significant setbacks in fulfilling either of the above.

On this basis, the Directors believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Group and the Company have not applied the following new/revised accounting standards and interpretations that have been issued by International Accounting Standards Board but are not yet effective.

New/ Revised International Financial Reporting Standards		Issued/ Revised	Effective Date
IFRS 9	Financial Instruments - Classification and Measurement	November 2009	Annual periods beginning on or after 1 January 2013
IAS 24	Related Party Disclosures - Revised definition of related parties	November 2009	Annual periods beginning on or after 1 January 2011
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues	2009	Annual periods beginning on or after 1 February 2010

IFRIC Interpretation		Effective Date
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Annual periods beginning on or after 1 July 2010

The Directors anticipate that the adoption of IAS 24, IAS 32, and IFRIC 19 in future periods will have no material impact on the financial information of the Group or Company. IFRS 9, which becomes mandatory for the Group's 2013 Consolidation Financial Statements, could change the classification and measurement of financial assets. The Directors are currently determining the impact of IFRS 9.

2 BASIS OF PREPARATION cont'd

2.2 Restatement

The comparative figures in the Consolidated Statement of Financial Position have been restated as follows:

(i) "Land held for property development", "Property development cost" and "Inventories" has been aggregated as "Inventories"; and
(ii) "Trade and other payables" has been further analysed into "Trade and other payables" and "Deferred revenue".

These restatements have been made to conform with current year presentation that has been amended to align with accepted disclosure practices of developers listed on recognised exchanges preparing accounts in accordance with IFRS. These restatements have also led to changes in the presentation of the following items in the Statement of Cash Flows: Increase in inventories, Increase in property development costs, Decrease in deferred revenue, Increase in payables and Purchase of land held for property development.

The comparative figures in the Consolidated Statement of Cash Flows have been restated to separately disclose interest paid of US$7,448,731. The comparative figure in the Company Statement of Cash Flows has been restated to separately disclose interest paid of US$187,891. These restatements have been made to comply with the requirements of paragraph 32 of IFRS 7.

The net effect of the statements on the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows is as follows:

Group	As restated US$'000	As previously stated US$'000
Statement of Financial Position		
Land held for property development	–	22,112
Property development costs	–	354,022
Inventories	**399,040**	22,906
Deferred revenue	**109,802**	–
Trade and other payables	**84,504**	194,306
Statement of Cash Flows		
Finance costs	**595**	–
Increase in inventories	**(58,266)**	(22,906)
Increase in property development costs	–	(37,707)
Decrease in deferred revenue	**(9,167)**	–
Increase in payables	**65,069**	55,902
Interest paid	**(7,449)**	–
Purchase of land held for property development	–	(4,507)

The Directors have not included a third balance sheet in these financial statements on the grounds of materiality.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below.

(a) Net realisable value of inventories

The Group assesses the net realisable of inventories under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(b) Fair value of available-for-sale financial assets

The fair value of available-for-sale investments which are not traded in an active market is determined based on the transaction price of the investment agreed between the shareholders of the investee company or based on the latest transacted price of the new issue of shares by the investee company whichever is higher.

(c) Amortisation of licence contracts and related relationships

Licence contracts and related relationships represent the rights to develop the Hi-Tech Healthcare Park venture with the operation period ending on 9 July 2077.

The Group amortises licence contracts and related realtionships when a component of the venture is disposed of.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 BASIS OF PREPARATION cont'd

2.5 Changes in accounting policies

(a) Accounting for business combinations

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combination. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010
For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized 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 acquire; 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 recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized 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 combinations 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.

Acquisitions prior to 1 January 2010
For acquisition prior to 1 January 2010, 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 recognized 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 capitalized as part of the cost of the acquisition.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

(a) Business combinations

The Group has changed its accounting policy with respect to accounting for business combinations. See note 2.5(a) for further details.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

(c) Associates

Associates are those companies in which the Group excercies significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Investments in associated companies (generally investments of between 20% and 50% in a company's equity) where significant influence is exercised by the Company are accounted for using the equity method.

The investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of the individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. Accounting policies of the associates have been changed where necessary to ensure consistency with the Group's policies.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement as gain or loss on disposal.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.1 Basis of Consolidation (cont'd)

(d) Transactions eliminated on consolidation

All inter-company balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation.

3.2 Foreign Currencies

(a) Foreign currency transactions

The Group financial statements are presented in United States Dollar ("US$"), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign curencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies 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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, which are recognised in other comprehensive income.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollar (US$) at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to US$ at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of development properties

Revenue from sales of properties is recognised when effective control of ownership of the properties is transferred to the purchasers when the completion certificate or occupancy permit has been issued as described in Note 5.

(b) Interest income

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

(c) Services

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

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.4 Property, Plant and Equipment

All property, plant and equipment are stated at cost less depreciation unless otherwise stated. Cost includes all relevant external expenditure incurred in acquiring the asset.

The Group selects its depreciation rates carefully and reviews them regularly to take account of any changes in circumstances. When determining expected economic lives, the Group considers the expected rate of technological developments and the intensity at which the assets are expected to be used. All assets are subject to annual review and where necessary, further write-downs are made for any impairment in value.

Property, plant and equipment are recorded at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of such plant and equipment when that cost is incurred if the recognition criteria are met. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a reducing balance basis over its expected useful life:

Leasehold building	6 - 25 years
Furniture, fittings and equipment	4 - 10 years
Motor vehicles	5 years

The initial cost of equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the equipment has been placed into operation, such as repairs and maintenance and overhaul costs, are normally charged to the statement of comprehensive income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of equipment beyond its original assessed standard of performance, the expenditures are capitalised as an additional cost of equipment. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognised.

3.5 Income tax

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

Current tax is the expected tax payable on the taxable income 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 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, and 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 apply 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.

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

3.6 Financial instruments

(a) Non-derivatives financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.6 Financial instruments (cont'd)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and at bank, deposits held at call and short term highly liquid investments that are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the current liabilities section on the statement of financial position.

(d) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

(e) Non-derivatives financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Accounting for interest income and finance cost is discussed in Note 3.3(b) and 3.11.

(f) Share capital

Equity instruments are measured at the proceeds received net of direct issue costs.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

Where treasure shares are cancelled, the equivalent will be credited to capital redemption reserves.

(g) Derecognition

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

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

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.7 Intangible Assets

Intangible assets comprise of licence contracts and related relationships and goodwill.

(a) Licence Contracts and Related Relationships

On acquisition, value is attributable to non-contractual relationships and other contracts of long-standing to the extent that future economic benefits are expected to flow from the relationships. Acquired licence contracts and related relationships have finite useful lives.

Subsequent measurement
When a component of the project to which the licence contracts and related relationships relate is disposed of, the part of the carrying amount of the licence contracts and related relationships that has been allocated to the component is recognised in profit or loss.

(b) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2.5(a).

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

3.8 Inventories

Inventories comprise land held for property development, work-in-progress and stock of completed units.

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated net selling price in the ordinary course of business, less estimated total costs of completion.

Land held for property development consists of reclaimed land, freehold land, leasehold land and land use rights on which development work has not been commenced along with related costs on activities that are necessary to prepare the land for its intended use. Land held for property development is transferred to work-in-progress when development activities have commenced.

Work-in-progress comprises all costs directly attributable to property development activities or that can be allocated on a reasonable basis to these activities.

Upon completion of development, unsold completed development properties are transferred to stock of completed units.

3.9 Impairment

(a) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economics conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(b) Loans and receivables

The Group considers evidence of impairment for loans and receivables at a specific asset level. All individually significant receivables is assessed for specific impairment. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the recoverability of receivables.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognised in the statement of comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.9 Impairment (cont'd)

(c) Impairment of available-for-sale investment

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

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

(d) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax asset) 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 or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

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

3.10 Employee Benefits

Defined contribution plan

Certain companies in the Group maintain a defined contribution plan in Malaysia and Vietnam for providing employee benefits, which is required by laws in Malaysia and Vietnam respectively. The retirement benefit plan is funded by contributions from both the employees and the companies to the employees' provident fund. The Group's contributions to employees' provident fund are charged to the statement of comprehensive income in the year to which they relate.

3.11 Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognised in the statement of comprehensive income in the period in which they are incurred.

3.12 Separately Disclosable Items

Items that are both material in size and unusual and infrequent in nature are presented as separately disclosable items in the statement of comprehensive income or separately disclosed in the notes to the financial statements. The Directors are of the opinion that the separate recording of these items provides helpful information about the Group's underlying business performance.

3.13 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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

3.15 Commitments and Contingencies

Commitments and contingent liabilities are disclosed in the financial statements and described in Note 43. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3.16 Segment reporting

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 Executive Management of Ireka Development Management Sdn. Bhd. (IDM), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Management of IDM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Group's administrative functions.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial Risk Management Objectives and Policies

The Group's international operations and debt financing arrangements expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and price risk). The Group's financial risk management policies and their implementation on a group-wide basis are under the direction of the Board of Aseana Properties Limited.

The Group's treasury policies are formulated to manage the financial impact of fluctuations in interest rates and foreign exchange rates to minimise the Group's financial risks. The Group has not use derivative financial instruments, principally interest rate swaps and forward foreign exchange contracts for hedging transactions. The Group do not envisage using these derivative hedging instruments in the short term as it is the Group's policy to borrow in the currency to match the revenue stream to give it a natural hedge against foreign currency fluctuation. The derivative financial instruments will only use under the strict direction of the Board. It is also the Group's policy not to enter into derivative transactions for speculative purposes.

4.2 Credit Risk

The Group's credit risk is primarily attributable to deposits with banks and credit exposures to customers. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis. The Group manages its deposits with banks and financial institutions by monitoring credit ratings and limiting the aggregate risk to any individual counterparty. At 31 December 2010, 100% (2009: 100%) of deposits and cash balances were placed at banks and financial institutions with credit ratings of no less than A (Moody's/ Rating Agency Malaysia) and with State Affiliated Banks, in the case of Vietnam. Management did not expect any counterparty to fail to meet its obligations.

In respect of credit exposures to customers, the Group receives progress payments from sales of commercial and residential properties to individual customers prior to the completion of transactions. In the event of default by customers, the Group companies undertake legal proceedings to recover the properties. The Group has limited its credit exposure to customers due to secured bank loans taken by the purchasers. At 31 December 2010, there was no significant concentration of credit risk within the Group except for amounts due from the purchasers of 1 Mont' Kiara retail mall and office tower.

Amount due from an associate is supported by underlying assets. The maximum exposure to credit risk was represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

The Group's exposure to credit risk arising from total debtors was set out in Note 22 and totalled US$31.5 million (2009: US$24.3 million). The Group's exposure to credit risk arising from deposits and balances with banks are set out in Note 25 and totalled US$150.3 million (2009: US$62.0 million).

4 FINANCIAL RISK MANAGEMENT cont'd

4.3 Liquidity Risk

The Group raises funds as required on the basis of budgeted expenditure and inflows for the next twelve months with the objective of ensuring adequate funds to meet commitments associated with its financial liabilities. When funds are sought, the Group balances the costs and benefits of equity and debt financing against the developments to be undertaken. At 31 December 2010, the Group's borrowings to fund the developments had tenors of less than five years.

Cash flows are monitored on an on-going basis. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long term and short term financial liabilities as well as cash out flows due in its day to day operations while ensuring sufficient headroom on its undrawn committed borrowing facilities at all times so that borrowing limits and covenants are not breached. Capital investments are committed only after confirming the source of funds, e.g. securing financial liabilities.

Management is of the opinion that most of the bank borrowings can be renewed or re-financed based on the strength of the Group's earnings, cash flow and asset base.

The maturity profile of the Group's and the Company's financial liabilities at the statement of financial position date, based on the contracted undiscounted payments, were as follows:

Group	Carrying amount US$'000	Contractual interest rate	Contractual cash flows US$'000	Under 1 year US$'000	1 – 2 years US$'000	2 – 5 years US$'000	More than 5 years US$'000
At 31 December 2010							
Interest bearing loans, borrowings and obligation under finance lease	**153,106**	**4.85% - 13%**	**162,992**	**139,991**	**9,217**	**13,784**	**–**
Bank overdraft	**9,456**	**0.84%**	**9,456**	**9,456**	**–**	**–**	**–**
Trade and other payables	**112,940**	**–**	**112,940**	**112,940**			
	275,502		**285,388**	**262,387**	**9,217**	**13,784**	**–**
At 31 December 2009							
Interest bearing loans, borrowings and obligation under finance lease	104,899	2.9% - 13%	116,401	28,893	53,434	34,074	–
Bank overdraft	14,961	1.05%	15,095	15,095	–	–	–
Trade and other payables	84,504	–	84,504	84,504	–	–	–
	204,364		216,000	128,492	53,434	34,074	–

Company	Carrying amount US$'000	Contractual interest rate	Contractual cash flows US$'000	Under 1 year US$'000	1 – 2 years US$'000	2 – 5 years US$'000	More than 5 years US$'000
At 31 December 2010							
Bank overdraft	**9,456**	**0.84%**	**9,456**	**9,456**	**–**	**–**	**–**
Trade and other payables	**588**	**–**	**588**	**588**	**–**	**–**	**–**
	10,044		**10,044**	**10,044**	**–**	**–**	**–**
At 31 December 2009							
Bank overdraft	14,961	1.05%	15,095	15,095	–	–	–
Trade and other payables	503	–	503	503	–	–	–
	15,464		15,598	15,598	–	–	–

The above table excludes current tax liabilities.

4 FINANCIAL RISK MANAGEMENT cont'd

4.4 Market Risk

(a) Foreign Exchange Risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency. The foreign currency exposure is not hedged.

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

Management monitors the foreign currency exposure closely and take necessary actions in consultation with the bankers to avoid unfavourable exposure.

The Group is exposed to foreign currency risk on cash and cash equivalents which are denominated in currencies other than the functional currency of the relevant Group entity. The Groups exposure to foreign currency risk on cash and cash equivalents at year end is as follows:

Group	2010 US$'000	2009 US$'000
Swiss Franks	**15,465**	–
Euros	**5,074**	405
Australian Dollars	**1,986**	4,032
Others	**9**	12
	22,534	4,449

At 31 December 2010, if cash and cash equivalents denominated in a currency other than the functional currency of the Group entity strengthened / (weakened) by 10% and all other variables were held constant, the effects on the Group profit and loss and equity expressed in US$ would have been US$2,254,000/ (US$2,254,000).

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Subsequent to year end, there are no significant monetary balances held by group companies that are denominated in a non-functional currency.

(b) Interest Rate Risk

The Group's policy is to minimise interest rate risk on bank loans and borrowings using a mix of fixed and variable rate debts that represent market rates. The Group prefers to maintain flexibility on the desired mix of fixed and variable interest rate as this will depend on the economic environment, the type of borrowings available and the funding requirements of the project when a decision is to be made.

4 FINANCIAL RISK MANAGEMENT cont'd

4.4 Market Risk (cont'd)

(b) Interest Rate Risk (cont'd)

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

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Fixed rate instruments:				
Financial assets	**150,385**	61,957	**33,569**	38,287
Financial liabilities	**72,923**	62,737	**–**	–
Floating rate instruments:				
Financial liabilities	**89,639**	57,123	**9,456**	14,961

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's liabilities with a floating interest rate. The fixed and floating interest rates were not hedged and would therefore expose the Group to cash flow interest rate risk. Borrowings at fixed rate represent 45% (2009: 52%)of the Group's borrowings at 31 December 2010.

Interest rate risk is reported internally to key management personnel via a sensitivity analysis, which is prepared based on the exposure to variable interest rate for non-derivative instruments at the statement of financial position date. For variable-rate borrowings, the analysis is prepared assuming that the amount of liabilities outstanding at the statement of financial position date will be outstanding for the whole year. A 100 basis point increase or decrease is used and represents the management's assessment of the reasonable possible change in interest rate.

Sensitivity analysis for floating rate instrument

At 31 December 2010, if interest rate had been 100 basis point higher/ lower and all other variables were held constant, this would increase/ (decrease) the Group's loss for the year by approximately US$896,390/ (US$896,390) (2009: increase/ decrease) by US$579,034/ (US$579,034).

(c) Price Risk

Equity price risk arises from the Group's investments in unquoted shares which are available-for-sale and held by the Group at fair value at reporting date. Gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income/expense.

The Group had no exposure to listed equity investments at the reporting date.

4.5 Fair Values

The carrying amount of trade and other receivables, deposits, cash and cash equivalents, trade and other payables, accruals and current bank loans and borrowings approximate their fair values in the current and prior years due to relatively short term in nature of these financial instruments.

Non current bank loans earn interest at floating rates and the fair value in the current and prior years approximates to the carrying value.

Medium term notes earn interest at fixed rates. In the current year the notes are due for repayment within one year and hence fair value approximates to the carrying value.

4.6 Management and Control

Changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.

4 FINANCIAL RISK MANAGEMENT cont'd

4.7 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consisted of bank and other borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves, were as follows:

	2010 US$'000	2009 US$'000
Capital structure analysis:		
Cash and cash equivalents	**150,385**	61,957
Bank loans	**(89,639)**	(57,123)
Medium term notes	**(72,923)**	(62,737)
Equity attributable to equity holders of the parent	**(192,867)**	(205,073)
Total capital	**(205,044)**	(262,976)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of net debt-to-equity ratio.

Net debt-to-equity ratio is calculated as a total of interest-bearing borrowings less cash and cash equivalents to the total equity.

The Group's policy is to maintain the net debt-to-equity ratio of less than 1.0. The net debt-to-equity ratios at 31 December 2010 and 31 December 2009 were as follows:

Group	2010 US$'000	2009 US$,000
Total borrowings	**162,562**	119,860
Less: Cash and cash equivalents (note 25)	**(150,385)**	(61,957)
Net debt	**12,177**	57,903
Total equity	**197,213**	209,438
Net debt-to-equity ratio	**0.06**	0.27

The Group has changed the formula of net debt-to-equity ratio in 2010 from using the total borrowings in 2009 to total borrowings less cash and cash equivalents in 2010 as this will be a more accurate basis.

5 REVENUE AND SEGMENTAL INFORMATION

The gross revenue represents the sales value of development properties where the effective control of ownership of the properties is transferred to the purchasers when the completion certificate or occupancy permit has been issued.

The Company is an investment holding company and has no operating revenue. The Group's operating revenue for the year was mainly attributable to the sale of development properties in Malaysia. The Company's property development investments in Vietnam have just commenced business at 31 December 2010.

5.1 Revenue recognised during the year as follows:

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Sale of development properties	**178,778**	114,492	–	–
Project management fee	**567**	764	–	–
	179,345	115,256	–	–

5 REVENUE AND SEGMENTAL INFORMATION cont'd

5.2 Segmental Information

The Group's assets and business activities are managed by Ireka Development Management Sdn. Bhd. ("IDM") as the Development Manager under a management agreement dated 27 March 2007.

Segmental information represents the level at which financial information is reported to the Executive Management of IDM, being the chief operating decision maker as defined in IFRS 8. The Executive Management consists of the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of IDM. The management determines the operating segments based on reports reviewed and used by the Executive Management for strategic decision making and resource allocation. For management purposes, the Group is organised into project units.

The Group's reportable operating segments are as follows:
(i) Ireka Land Sdn. Bhd. – develops i-ZEN@Kiara I, Tiffani by i-ZEN and 1 Mont' Kiara by i-ZEN;
(ii) ICSD Ventures Sdn. Bhd. – develops Sandakan Harbour Square; and
(iii) Amatir Resources Sdn. Bhd. – develops SENI Mont' Kiara.

Other non-reportable segments comprise the Group's Vietnam subsidiaries which develop the Hi-Tech Healthcare Park and other new development projects. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2010 and 2009.

Information regarding the operations of each reportable segment is included below. The Executive Management monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation. Performance is based on segment gross profit and profit before taxation, which the Executive Management believes are the most relevant in evaluating the results relative to other entities in the industry. Segment assets and liabilities are presented inclusive of inter-segment balances and inter-segment pricing is determined on an arm's length basis.

The Group's revenue generating development projects are currently only in Malaysia since development activities in Vietnam are at a preliminary stage.

5.3 Analysis of the group's reportable operating segments is as follows:

Operating Segments – ended 31 December 2010

	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Total US$'000
Segment loss before taxation	**(5,977)**	**(1,101)**	**(4,631)**	**(11,709)**
Included in the measure of segment loss are:				
Revenue	**176,337**	**2,441**	**-**	**178,778**
Cost of acquisition written down	**(28,329)**	**(1,276)**	**-**	**(29,605)**
Marketing expenses	**(6,219)**	**(204)**	**(3,613)**	**(10,036)**
Depreciation of property, plant and equipment	**(28)**	**(7)**	**-**	**(35)**
Finance costs	**-**	**(400)**	**-**	**(400)**
Finance income	**253**	**64**	**56**	**373**
Segment assets	**139,927**	**75,767**	**316,015**	**531,709**
Included in the measure of segment assets are:				
Addition to non-current assets other than financial instruments and deferred tax assets	**–**	**67**	**–**	**67**

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

Profit or loss	**US$'000**
Total profit or loss for reportable segments	**(11,709)**
Other non-reportable segments	**(3,929)**
Depreciation	**(82)**
Finance cost	**(134)**
Finance income	**421**
Consolidated loss before tax	**(15,433)**

5 REVENUE AND SEGMENTAL INFORMATION cont'd

5.3 Analysis of the group's reportable operating segments is as follows: (cont'd)

Operating Segments – ended 31 December 2009

	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Total US$'000
Segment profit/(loss) before taxation	5,349	3,183	(2,623)	5,909
Included in the measure of segment profit/(loss) are:				
Revenue	95,804	18,688	–	114,492
Cost of acquisition written down	(8,076)	(1,246)	–	(9,322)
Marketing expenses	(3,038)	(179)	(1,574)	(4,791)
Depreciation of property, plant and equipment	(27)	(7)	–	(34)
Finance costs	–	(2)	(148)	(150)
Finance income	136	21	15	172
Segment assets	159,970	51,677	204,095	415,742
Included in the measure of segment assets are:				
Addition to non-current assets other than financial instruments and deferred tax assets	18	1	–	19

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

Profit or loss	**US$'000**
Total profit or loss for reportable segments	5,909
Other non-reportable segments	(3,048)
Depreciation	(11)
Finance cost	(445)
Finance income	1,943
Consolidated profit before tax	4,348

2010 US$'000	**Revenue**	**Depreciation**	**Finance costs**	**Finance income**	**Segment assets**	**Addition to non-current assets**
Total reportable segment	**178,778**	**(35)**	**(400)**	**373**	**531,709**	**67**
Other non-reportable segments	**567**	**(82)**	**(134)**	**421**	**145,153**	**3,506**
Consolidated total	**179,345**	**(117)**	**(534)**	**794**	**676,862**	**3,573**

2009 US$'000	**Revenue**	**Depreciation**	**Finance costs**	**Finance income**	**Segment assets**	**Addition to non-current assets**
Total reportable segment	114,492	(34)	(150)	172	415,742	19
Other non-reportable segments	764	(11)	(445)	1,943	113,067	804
Consolidated total	115,256	(45)	(595)	2,115	528,809	823

Geographical Information – ended 31 December 2010

	Malaysia US$'000	**Vietnam US$'000**	**Others US$'000**	**Consolidated US$'000**
Revenue	**179,345**	**–**	**–**	**179,345**
Non-current assets	**29,267**	**33,856**	**–**	**63,123**

Others include Jersey, British Virgin Islands and Singapore.

5 REVENUE AND SEGMENTAL INFORMATION cont'd

Major customers exceed 10% of the Group's total revenues are as follows:

	Revenue		
US$'000	**2010**	**2009**	**Segments**
1MK Office Sdn Bhd	**31,150**	–	Ireka Land Sdn. Bhd.
1MK Retail Sdn Bhd	**72,580**	–	Ireka Land Sdn. Bhd.

Geographical Information – ended 31 December 2009

	Malaysia US$'000	Vietnam US$'000	Others US$'000	Consolidated US$'000
Revenue	115,256	–	–	115,256
Non-current assets	13,962	28,673	–	42,635

Others include Jersey, British Virgin Islands and Singapore.
In 2009, no single customer exceeded 10% of the Group's total revenue.

6 COST OF SALES

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Direct costs attributable to property development	**177,184**	100,746	–	–

7 OTHER INCOME

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Late payment interest income	**121**	77	–	–
Forfeiture income	**89**	120	–	–
Investment income	**93**	–	–	–
Sundry income	**139**	51	–	–
Dividend income	**237**	–	–	–
	679	248	–	–

8 FOREIGN EXCHANGE (LOSS)/ GAIN

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Foreign exchange (loss)/ gain comprises:				
Unrealised foreign exchange gain	**618**	1,855	**295**	1,933
Realised foreign exchange (loss)/ gain	**(1,288)**	(28)	**(737)**	72
	(670)	1,827	**(442)**	2,005

9 MANAGEMENT FEES

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Management fees	**3,994**	4,196	**1,380**	1,378

The management fees payable to the Development Manager is based on 2% of the Group's net asset value calculated on the last business day of March, June, September and December of each calendar year, and payable quarterly in advance. The management fees were allocated to the subsidiaries and Company based on where the service was provied.

In addition to the annual management fee, the Development Manager is entitled to a performance fee calculated at 20% of the out performance net asset value over a total return hurdle rate of 10%. No performance fee has been paid during the year.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

10 STAFF COSTS

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Wages, salaries and others	**918**	589	**–**	–
Employees' provident fund, social security and other pension costs	**30**	24	**–**	–
	948	613	**–**	–

The Company has no executive directors or employees under its employment. The Group's subsidiaries, ICSD Ventures Sdn. Bhd., Aseana-BDC Co Ltd and Hoa Lam–Shangri-La Healthcare Ltd Liability Co have a total of 46 (2009: 33) employees.

11 FINANCE COSTS

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Interest income from bank	**794**	2,115	**298**	1,322
Interest on bank overdraft	**(134)**	(378)	**(134)**	(230)
Hire purchase charges	**–**	(2)	**–**	–
Bank guarantee commission	**–**	42	**–**	42
Interest on short term loan	**(400)**	(61)	**–**	–
Interest on accrued land use rights payments	**–**	(196)	**–**	–
	260	1,520	**164**	1,134

All finance cost above, excluding hire purchase charges, arose on other financial liabilities carried at amortised cost.

12 NET (LOSS)/ PROFIT BEFORE TAXATION

	Group		Company	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Net (loss)/ profit before taxation is stated after charging:				
• Directors' fees	**260**	223	**260**	223
• Staff costs	**948**	613	**–**	–
• Auditor's remuneration				
- current year	**163**	139	**100**	89
- overprovision in prior year	**(27)**	–	**(29)**	
• Tax services	**6**	5	**–**	–
• Depreciation of property, plant and equipment	**117**	45	**–**	–

13 TAXATION

Group	**2010 US$'000**	**2009 US$'000**
Current tax	**16,788**	5,723
Deferred tax	**(10,993)**	(2,088)
Total tax expense for the year	**5,795**	3,635

13 TAXATION cont'd

The numerical reconciliation between the income tax expenses and the product of accounting results multiplied by the applicable tax rate is computed as follows:

Group	2010 US$'000	2009 US$'000
Accounting (loss)/ profit	**(15,433)**	4,348
Income tax at a rate of 25% *	**(3,858)**	1,087
Add :		
Tax effect of expenses not deductible in determining taxable profit	**10,076**	3,886
Deferred tax asset arising from unused tax losses not recognised	**245**	929
Tax effect of different tax rates in subsidiaries **	**288**	207
Less :		
Tax effect of income not taxable in determining taxable profit	**(555)**	(1,372)
Utilisation of deferred tax assets not recognised previously	**(177)**	(1,102)
Under/ (over) provision	**(224)**	–
Total tax expense for the year	**5,795**	3,635

* The applicable corporate tax rate in Malaysia and Vietnam is 25%.

** The applicable corporate tax rate in Singapore is 17%. A subsidiary of the Group, Hoa Lam-Shangri-La Healthcare Ltd Liability Co is granted preferential corporate tax rate of 10%. The preferential income tax is given by the government due to the subsidiary involvement in the hospital and education industry.

Following changes to the Income Tax (Jersey) Law 1961 (as amended), the Company is no longer able to apply to be tax-exempt. From 1 January 2009 the Company has been treated as a tax resident for the purpose of Jersey tax laws and is subject to a tax rate of 0%. This has lead to a cost saving of £600 p.a. which was the fee for the exempt application.

A Goods and Services Tax was introduced in Jersey in May 2008. The Company has been registered as an International Services Entity so that it does not have to charge or pay local GST. The cost for this application has been £100 p.a., increasing to £200 from 1 January 2011.

The Directors intend to conduct the Group's affairs such that the central management and control is not exercised in the United Kingdom and so that neither the Company nor any of its subsidiaries carries on any trade in the United Kingdom. The Company and its subsidiaries will thus not be residents in the United Kingdom for taxation purposes. On this basis, they will not be liable for United Kingdom taxation on their income and gains other than income derived from a United Kingdom source.

14 (LOSS)/ EARNINGS PER SHARE

Basic and diluted (loss)/ earnings per ordinary share

The calculation of basic and diluted (loss)/ earnings per ordinary share for the year ended 31 December 2010 was based on the (loss)/ profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as below:

Loss/ profit attributable to ordinary shareholders

Group	2010 US$'000	2009 US$'000
(Loss)/ profit attributable for the year attributable to the owners	**(20,205)**	835
Weighted average number of shares	**212,525**	225,357
(Loss)/ earnings per share (US cents) :		
Basic and diluted	**(9.51)**	0.37

NOTES TO THE FINANCIAL STATEMENTS CONT'D

15 PROPERTY, PLANT AND EQUIPMENT

Group	Furniture, Fittings & Equipment US$'000	Motor Vehicles US$'000	Leasehold Building US$'000	Work In Progress US$'000	Total US$'000
Cost					
At 1 January 2010	**370**	**81**	**732**	**–**	**1,183**
Exchange adjustments	**37**	**–**	**(38)**	**–**	**(1)**
Additions	**396**	**61**	**41**	**3,075**	**3,573**
Disposals	**(24)**	**–**	**–**	**–**	**(24)**
At 31 December 2010	**779**	**142**	**735**	**3,075**	**4,731**
Accumulated Depreciation					
At 1 January 2010	**96**	**12**	**5**	**–**	**113**
Exchange adjustments	**10**	**1**	**–**	**–**	**11**
Charge for the year	**72**	**11**	**34**	**–**	**117**
Disposals	**(7)**	**–**	**–**	**–**	**(7)**
At 31 December 2010	**171**	**24**	**39**	**–**	**234**
Net carrying amount at 31 December 2010	**608**	**118**	**696**	**3,075**	**4,497**
Cost					
At 1 January 2009	332	98	–	–	430
Exchange adjustments	3	1	–	–	4
Additions	35	56	732	–	823
Disposals	–	(74)	–	–	(74)
At 31 December 2009	370	81	732	–	1,183
Accumulated Depreciation					
At 1 January 2009	59	24	–	–	83
Exchange adjustments	1	–	–	–	1
Charge for the year	36	3	5	–	44
Disposals	–	(15)	–	–	(15)
At 31 December 2009	96	12	5	–	113
Net carrying amount at 31 December 2009	274	69	727	–	1,070

A subsidiary of the Company entered into a sales and purchase agreement with an associate to purchase a hotel property during the year. Included in work in progress is the deposit paid for the purchase of the hotel property, which the subsidiary intends to operate when the construction is completed.

16 INVESTMENT IN AN ASSOCIATE

Group	2010 US$'000	2009 US$'000
At 1 January	**–**	573
Share of loss, net of tax	**–**	(607)
Exchange differences	**–**	34
At 31 December	**–**	–

The Company, via a wholly-owned subsidiary ASPL M3A Limited, acquired 40% of the ordinary shares of a company known as Excellent Bonanza Sdn. Bhd., a company incorporated in Malaysia, which is a vehicle set up to undertake a commercial development in Kuala Lumpur, Malaysia.

16 INVESTMENT IN AN ASSOCIATE cont'd

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the associate is as follows:

Statement of Financial Position	2010 US$'000	2009 US$'000
Non-current assets	**1,330**	85
Current assets	**69,762**	58,843
Total assets	**71,092**	58,928
Non-current liabilities	**36,173**	30,486
Current liabilities	**35,913**	28,974
Total liabilities	**72,086**	59,460
Equity	**(994)**	(532)
Total Equity and Liabilities	**71,092**	58,928
Statement of Comprehensive Income		
Other operating income	**205**	96
Cost of sales, expenses including finance costs and taxation	**(619)**	(2,077)
Loss	**(414)**	(1,981)

The amount of unrecognised share of loss for the current year and cumulatively is US$184,727 (2009: US$212,835) and US$397,562 (2009: US$212,835) respectively.

The associated company commenced trading since 2009.

17 INVESTMENT IN SUBSIDIARIES

Company	2010 US$'000	2009 US$'000
Unquoted shares, at cost	**66,428**	66,428
Discount on loans to subsidiaries	**14,518**	14,518
	80,946	80,946

In 2009, the Company provided interest-free loans to subsidiaries. The amounts due from subsidiaries were non-trade in nature, unsecured and the Company expected the amounts to be repaid between the years 2011 to 2015 with an impired interest rate of 5.44% per annum. These amounts, in substance, formed a part of the additional investment in subsidiaries.

In 2010, the Company has changed the repayment terms relating to the loans (see Note 24). The discounting effect of the interest-free loans is eliminated during the financial year.

A list of the main operating subsidiaries is provided in Note 42.

18 AVAILABLE-FOR-SALE INVESTMENTS

Group 2010	Unquoted shares US$'000
At 1 January - cost	**17,224**
Revaluation	**4,828**
At 31 December - fair value	**22,052**

The available-for-sale investments represent the investment in shares of Nam Long Investment Corporation which the Group acquired over four tranches in 2008 and 2009.

Group 2009	Unquoted shares US$'000
At 1 January - cost	13,024
Additions	4,200
At 31 December - cost	17,224

18 AVAILABLE-FOR-SALE INVESTMENTS cont'd

In 2009, the available-for-sale investments could not be reliably measured and were therefore stated at cost. No impairment was deemed necessary as the recoverable amount was deemed by the Directors to be higher than the cost.

In 2010, the fair value of the available-for-sale investments was determined by reference to the latest transacted price paid by a new investor during the year. The Directors are of the opinion that the fair value remained unchanged at the end of the reporting period.

In March 2009, IFRS 7 Financial Instruments: Disclosures was amended by the IASB to require certain additional disclosures to be included in IFRS financial statements. This includes a requirement that financial instruments carried at fair value be analysed by level of the IFRS 7 defined fair value hierarchy. This hierarchy is based on the inputs of the fair value measurement and reflects the lowest level input that is significant to that measurement. The Directors are of the opinion that the available-for-sale investments at 31 December 2010 is classified in Level 3 (Fair values measured using inputs for the asset or liability that are not based on observable market data).

19 INTANGIBLE ASSETS

Group	Licence Contracts and Related Relationships US$'000	Goodwill US$'000	Total US$'000
Cost			
At 1 January 2009	10,695	-	10,695
Additions through acquisition of subsidiaries	-	6,479	6,479
At 31 December 2009/1 January 2010/31 December 2010	**10,695**	**6,479**	**17,174**
Accumulated impairment losses			
At 1 January 2009/31 December 2009/31 December 2010	–	–	–
Carrying amounts			
At 1 January 2009	10,695	-	10,695
At 31 December 2009/1 January 2010	10,695	6,479	17,174
At 31 December 2010	**10,695**	**6,479**	**17,174**

The licence contracts and related relationships represented the rights to develop the International Hi-Tech Healthcare Park venture with an operation period ending on 9 July 2077. The project is at its preliminary stage.

For the purpose of impairment testing, goodwill and licence contracts and related relationships are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill and licence contracts and related relationships are monitored for internal management purposes.

The aggregate carrying amounts of intangibles assets allocated to each unit are as follows:

Group	2010 US$'000	2009 US$'000
Licence, contracts and related relationships		
International Hi-Tech Healthcare Park	**10,695**	10,695
Goodwill		
Seni Mont' Kiara	**3,586**	3,586
Sandakan Harbour Square	**2,893**	2,893
	6,479	6,479

The recoverable amount of license, contract and related relationships is determined based on the value-in-use calculation using discounted cash flow projections for the next 5 years and using a pre-tax discount rate of 17% per annum and gross margin of 23%. The key assumptions used are expected changes in budgeted gross development value and gross development costs. The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

The recoverable amount of goodwill is determined based on the value-in-use calculation using discounted cash flow projections for the next 3 years. The recoverable amount of goodwill has been tested by reference to underlying profitability of the developments. The Group believes that any reasonably possible changes to the above methodology are not likely to materially cause the recoverable amount to be lower than its carrying amount.

20 DEFERRED TAX ASSETS

Group	2010 US$'000	2009 US$'000
At 1 January	**7,167**	4,968
Exchange adjustments	**1,240**	111
Deferred tax credit relating to origination and reversal of temporary differences during the year	**10,993**	2,088
At 31 December	**19,400**	7,167

The deferred tax assets comprise:

Group	2010 US$'000	2009 US$'000
Taxable temporary differences between net carrying amount and tax written down value of property, plant and equipment and others	**(22)**	(61)
Deductible temporary differences recognised for the accrual of construction costs	**6,099**	–
Deductible temporary differences between accounting profit and taxable profit of property development units sold	**13,323**	7,228
At 31 December	**19,400**	7,167

Deferred tax assets have not been recognised in respect of unused tax losses of US$561,112 (2009: US$3,129,872) which are available for offset against future taxable profits. Deferred tax asset have not been recognised due to the uncertainty of recovery of the losses.

21 INVENTORIES

Group	Notes	2010 US$'000	2009 Restated US$'000
Land held for property development	**(a)**	**27,749**	22,112
Work-in-progress	**(b)**	**385,579**	354,022
Stock of completed units, at cost		**18,145**	22,906
At 31 December		**431,473**	399,040

(a) Land held for property development

Group	2010 US$'000	2009 US$'000
At 1 January	**22,112**	17,418
Exchange adjustments	**971**	187
Additions	**602**	14,628
Transfer from/ (to) work-in-progress	**4,064**	(10,121)
At 31 December	**27,749**	22,112

(b) Work-in-progress

Group	2010 US$'000	2009 US$'000
At 1 January	**354,022**	322,291
Add :		
Additions through acquisition of a subsidiary	**28,507**	–
Work-in-progress incurred during the year	**157,296**	122,897
Transfer (to)/ from land held for property development	**(4,064)**	10,121
Transfer to stock of completed units	**(10,437)**	–
Exchange adjustments	**19,386**	(541)
	544,710	454,768
Less :		
Costs recognised as expenses in the statement of comprehensive income during the year	**(159,131)**	(100,746)
At 31 December	**385,579**	354,022

The above amounts included borrowing cost capitalised of US$4,443,829 (2009:US$6,853,687).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

22 TRADE AND OTHER RECEIVABLES

Group	2010 US$'000	2009 US$'000
Trade receivables	**21,693**	15,744
Other receivables	**8,894**	5,698
Sundry deposits	**892**	2,909
Prepayments	**20**	41
	31,499	24,392

Company	2010 US$'000	2009 US$'000
Other receivables	**14**	38

Trade receivables represent progress billings receivable from the sales of development properties, which are generally due for settlement within two weeks of invoice and are recognised and carried at the original invoice amount less allowance for any uncollectible amounts. They are recognised at their original invoice amounts which represent their fair values on initial recognition less provision for impairment where it is required.

The ageing analysis of trade receivables past due but not impaired are set out below. These relate to a number of independent customers for whom there is no recent history of default.

Group	2010 US$'000	2009 US$'000
Within credit terms	**17,668**	1,916
Past due but not impaired		
0 – 60 days	**1,248**	1,993
61 –120 days	**640**	11,076
More than 120 days	**2,137**	759
	21,693	15,744

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers whose property purchases are mainly secured by personal bank financing.

Other receivables, sundry deposits and prepayments are for normal transactions of the Group.

23 AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate represents project management fee receivable.

24 AMOUNTS DUE FROM/ (TO) SUBSIDIARIES

Company	2010 US$'000	2009 US$'000
Due from subsidiaries (Non-current portion)	–	127,005
Discount on loans to subsidiaries	–	(14,518)
	–	112,487
Due from subsidiaries (Current portion)	**146,013**	15,994
Less: Impairment loss	**(14,957)**	–
	131,056	15,994
Due to subsidiaries (Non-current portion)	–	9,282
Due to subsidiaries (Current portion)	**15,727**	–

In 2009, the amounts due from subsidiaries carried no interest and the Company expected the amounts to be repaid between the years 2011 to 2015 with an implied interest rate of 5.44% per annum.

In 2010, the Company has changed the repayment terms relating to the loans, the amounts due from/ (to) subsidiaries are classified as current, unsecured and repayable on demand. Accordingly, no discounting is required as the fair value equals its face value. This has resulted in a gain of US$14,518,321 being recognised in the Company Statement of Comprehensive Income in the year.

25 CASH AND CASH EQUIVALENTS

Group	2010 US$'000	2009 US$'000
Cash and cash at bank	**41,109**	15,426
Short term bank deposits and cash investments	**109,276**	46,531
	150,385	61,957

Company	2010 US$'000	2009 US$'000
Cash and cash at bank	**33,569**	2,434
Short term bank deposits and cash investments	–	35,853
	33,569	38,287

For the purpose of presenting the statement of cash flows, the cash and cash equivalents comprise the following:

Group	2010 US$'000	2009 US$'000
Cash and cash equivalents	**150,385**	61,957
Less: Bank overdraft (Note 35)	**(9,456)**	(14,961)
	140,929	46,996

Company	2010 US$'000	2009 US$'000
Cash and cash equivalents	**33,569**	38,287
Less: Bank overdraft (Note 35)	**(9,456)**	(14,961)
	24,113	23,326

The interest rate of bank deposits and cash investments ranges from 2.25% to 2.86% per annum (2009: 1.45% to 6.00% per annum) and the maturity period ranges from 3 days to 1 month (2009: 3 days to 1 month).

26 SHARE CAPITAL

Group & Company	2010 Number of Shares'000	2009 Number of Shares'000
Authorised Share Capital	**2,000,000**	2,000,000
Issued Share Capital		
At 1 January	**212,525**	250,000
Cancellation of shares (Note 39)	–	(37,475)
At 31 December	**212,525**	212,525

Group & Company	2010 US$'000	2009 US$'000
Authorised Share Capital of US$0.05 each	**100,000**	100,000
Issued Share Capital of US$0.05 each		
At 1 January	**10,626**	12,500
Cancellation of shares (Note 39)	–	(1,874)
At 31 December	**10,626**	10,626

NOTES TO THE FINANCIAL STATEMENTS CONT'D

27 SHARE PREMIUM

Share premium represents the excess of proceeds raised on the issuance of shares over the nominal value of those shares. The costs incurred in issuing shares were deducted from the share premium.

Group & Company	2010 US$'000	2009 US$'000
At 1 January	**221,226**	227,233
Purchase of own shares (Note 39)	–	(5,995)
Transaction costs	–	(12)
At 31 December	**221,226**	221,226

28 SHARE OPTIONS

During 2007, the Company issued share options to Fairfax I.S. PLC, the financial adviser and placing agent, for work carried out on the Admission of the Company on the London Stock Exchange.

	2010 Number '000	2009 Number '000
At 1 January	**3,240**	3,240
Expired during the year	**(3,240)**	–
Options outstanding and exercisable at 31 December	–	3,240

The exercise period of the share options is for three years and they lapsed on 5 April 2010. No options have been exercised subsequent to 31 December 2009 and the expiry of the options has no impact on the comprehensive income statement for the current financial year.

	2010	2009
Weighted average exercise price of share options granted	**US$1.00**	US$1.00
Weighted average exercise price of share options outstanding at the end of the year	**US$1.00**	US$1.00
Weighted average contractual remaining life of share options outstanding at the end of the year contractual remaining life	–	0.26 years

29 CAPITAL REDEMPTION RESERVE

The capital redemption reserve was incurred after the Company cancelled its 37,475,000 ordinary shares of US$0.05 per share in the previous year.

30 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

31 FAIR VALUE RESERVE

The fair value reserve comprises the cumulative change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

32 ACCUMULATED LOSSES

Group	2010 US$'000	2009 US$'000
At 1 January	**(28,653)**	(29,488)
(Loss)/ profit attributable to equity holders of the parent	**(20,205)**	835
At 31 December	**(48,858)**	(28,653)

Company	2010 US$'000	2009 US$'000
At 1 January	**(10,720)**	(11,156)
(Loss)/ profit attributable to equity holders of the parent	**(3,192)**	436
At 31 December	**(13,912)**	(10,720)

33 DEFERRED REVENUE

Deferred revenue represents excess of progress billings to purchasers of development properties over revenue recognised in the statement of comprehensive income.

34 TRADE AND OTHER PAYABLES

Group	2010 US$'000	2009 Restated US$'000
Trade payables	**47,780**	59,829
Other payables	**19,434**	15,816
Deposits refundable	**301**	517
Accruals	**45,425**	8,342
	112,940	84,504

Company	2010 US$'000	2009 US$'000
Other payables	**462**	438
Accruals	**126**	65
	588	503

Trade payables represent trade purchases and services rendered by suppliers as part of the normal business transactions of the Group. The credit terms granted by trade suppliers range from 30 to 90 days.

Included in the other payables is cost of land use rights due and payable amounting to US$10,302,753 (2009: US$10,565,808) with interest at rate of 3% per annum.

Deposits and accruals arose from normal business transactions of the Group.

35 BANK LOANS AND BORROWINGS

Group	2010 US$'000	2009 US$'000
Bank loans	**59,007**	22,015
Bank overdraft	**9,456**	14,961
	68,463	36,976

Company	2010 US$'000	2009 US$'000
Bank overdraft	**9,456**	14,961

The effective interest rates of the bank loans for the year ranged from 4.85% to 7.13% (2009: 3.59% to 6.55%) per annum.

The effective interest rates of the bank overdraft for the year ranged is 0.84% (2009: 1.05%) per annum.

Borrowings were denominated in Malaysian Ringgit and United States Dollars.

Bank loans were repayable by monthly or quarterly instalments and the overdraft is repayable on demand.

Bank loans were secured by land held under property development cost and the corporate guarantee of the Company.

The carrying amount of borrowings approximated its fair value at statement of financial position date.

36 AMOUNT DUE TO NON-CONTROLLING INTERESTS

Group	2010 US$'000	2009 US$'000
Minority Shareholders of Shangri-La Healthcare Investment Pte Ltd:		
- Tran Thi Lam	**533**	533
- Econ Medicare Centre Holdings Pte Ltd	**632**	632
- Value Energy Sdn. Bhd.	**189**	189
- Thang Shieu Han	**72**	72
- Nguyen Quang Duc	**15**	15
Minority Shareholders of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd	**1,607**	1,446
	3,048	2,887

The amount due to non-controlling interests are unsecured and without fixed term of repayment.

37 BANK LOANS

Group	2010 US$'000	2009 US$'000
Outstanding loans	**80,183**	42,162
Less:		
Repayment due within twelve months	**(59,007)**	(22,015)
Repayment due after twelve months	**21,176**	20,147

The effective interest rates of the bank loans for the year ranged from 4.85% to 7.13% (2009: 3.59% to 6.55%) per annum.

Bank loans of the Group were secured by land held under property development costs and the corporate guarantee of the Company.

Bank loans were denominated in Malaysian Ringgit and United State Dollars.

Bank loans were repayable by monthly or quarterly instalments.

38 MEDIUM TERM NOTES

Group	2010 US$'000	2009 US$'000
Outstanding medium term notes	**72,923**	62,737
Less:		
Repayment due within twelve months	**(72,923)**	–
Repayment due after twelve months	–	62,737

The medium term notes were issued by a subsidiary, acquired on 30 March 2009, to fund a development project known as 1 Mont' Kiara in Malaysia. The weighted interest rate of the loan was 6.17% (2009: 6.29%) per annum at the statement of financial position date. The effective interest rates of the medium term notes and their outstanding amounts are as follows:

	Interest rate % per annum	US$'000
Tranche A1	3.95	14,585
Tranche A2	4.05	3,889
Tranche A3	4.05	1,621
Tranche A4	4.05	3,241
Tranche A5	4.70	4,213
Tranche A6	4.90	3,889
Tranche A7	4.15	1,621
Tranche A8	4.10	972
Tranche B2	4.40	5,510
Tranche B3	4.50	7,454
Tranche B4	4.15	6,482
Tranche B5	3.75	3,241
Tranche C	13.00	16,205
		72,923

38 MEDIUM TERM NOTES cont'd

The medium term notes were secured by way of:

(i) bank guarantee from financial institutions (except for Tranche C);
(ii) a first fixed and floating charge over the subsidiary's assets by way of a debenture;
(iii) an assignment over all the present and future sales and insurance policies from 1 Mont' Kiara;
(iv) an assignment over a debt service reserve account;
(v) a third party first legal charge over a freehold land under a development project in conjunction with the joint venture agreement between the subsidiary and Ireka Land Sdn. Bhd.; and
(vi) a corporate guarantee issued by Ireka Corporation Berhad (except for Tranches A and B).

The medium term notes were denominated in Malaysian Ringgit. On 29 December 2010, the subsidiary informed all parties of its intention to early redeem all outstanding medium term notes. The redemption was completed and fully paid on 6 January 2011.

39 PURCHASE OF OWN SHARES AND CANCELLATION OF SHARES

The Company was granted authority by the shareholders at the Extraordinary General Meeting held on 17 October 2008 to purchase its own shares up to a total aggregate value of 14.99% of the issued nominal capital. The authority expired twelve months from the date of passing of the resolution.

The Company announced on 22 April 2009 and 29 May 2009 its intention to implement a share buy-back scheme of up to 10.00% and 4.99% of the Company's shares in issue respectively. Subsequently on 23 April 2009, the Company purchased 25,000,000 ordinary shares at a price of US$0.15 per share and on 1 June 2009, an additional 12,475,000 ordinary shares were purchased at a price of US$0.18 per share. Collectively, the Company has bought back 37,475,000 ordinary shares which is equivalent to 14.99% of the Company's shares in issue representing the Company's total share buy-back authority in place.

The Company cancelled all shares bought back in the previous year. Following the share cancellation, the Company has 212,525,000 ordinary shares in issue and capital redemption reserves of US$1,874,000.

40 RELATED PARTY TRANSACTIONS

Transactions between the Group and the Company with Ireka Corporation Berhad ("ICB") and its group of companies are classified as related party transactions based on ICB's 23.02% shareholding in the Company. ICB's relationship with the Group is also mentioned on page 17 of the Directors' Report under the headings of 'Management'.

Group	**2010 US$'000**	**2009 US$'000**
Project management fee charged to an associate	**567**	764
Payment for construction progress claims made by an ICB subsidiary	**112,176**	88,795
Site staff salary costs paid to an ICB subsidiary	**644**	594
Payment of sales and administration fees and marketing commissions to an ICB subsidiary	**1,053**	142
Payment of management fees to an ICB subsidiary	**4,142**	4,196
Remuneration of key management personnel		
- Salaries and other	**90**	236
- Employees' provident fund, social security and other pension cost	–	2

Company	**2010 US$'000**	**2009 US$'000**
Payment of management fees to an ICB subsidiary	**1,380**	1,378

The amount due by an associate for project management fee amounted to US$381,682 at 31 December 2010 (2009: US$784,632).

The amount due to an ICB's subsidiary for contract works performed was US$37,518,226 at 31 December 2010 (2009: US$34,841,286).

The amount due to an ICB's subsidiary for site staff salary costs was US$617,944 at 31 December 2010 (2009: US$388,308).

The amount due to an ICB's subsidiary for marketing commissions amounted to US$807,422 at 31 December 2010 (2009: US$130,345).

The amount due to an ICB's subsidiary for management fees amounted to US$1,001,979 at 31 December 2010 (2009: US$1,084,248).

Transactions between the parent company and its subsidiaries are eliminated in these consolidated financial statements. A list of the main operating subsidiaries is provided in Note 42.

41 ACQUISITION OF BUSINESS

Aseana Properties Limited is the parent company of a group of companies involved in property development business.

2010

On 20 April 2010, the Company had, via its wholly-owned subsidiary ASPL M9 Limited, subscribed for 700,000 ordinary shares representing 70% of the issued share capital of Urban DNA Sdn. Bhd. (formerly known as World Trade Frontier Sdn. Bhd.) for a total consideration of US$218,330. The transaction was accounted for using the purchase method of accounting. Urban DNA Sdn. Bhd. is a developer to develop a residential tower at No.7, Jalan Kia Peng, 50450 Kuala Lumpur.

The Group had accounted for the business combination of Urban DNA Sdn. Bhd. using fair values assigned to Urban DNA Sdn. Bhd.'s identifiable assets and liabilities determined at 20 April 2010.

At 20 April 2010, Urban DNA Sdn. Bhd. had a shareholders' equity of US$309,492 of which 70% was owned by the Group. Against a consideration of US$218,330, a fair value adjustment of US$1,686 on property development cost was recorded.

The acquisition had the following effect on the Group's asset and liabilities on acquisition date:

	Pre-acquisition carrying amounts US$'000	Fair value adjustments US$'000	Recognised values on acquisition US$'000
Current assets	28,507	2	28,509
Cash and cash equivalents	200	–	200
Non-current liabilities	(20,379)	–	(20,379)
Current liabilities	(8,019)	–	(8,019)
Net assets	309	2	311
Non-controlling interest, based on their proportion interest in the recognised amounts of the assets and liabilities of the acquiree	(93)	–	(93)
Net assets acquired	216	2	218
Consideration paid, satisfied in cash			218
Cash and cash equivalents acquired			(200)
Net cash outflow			**18**

The acquisition of Urban DNA Sdn. Bhd. had not increased nor reduced the Group's loss before taxation for the period as no income or expenses were incurred by Urban DNA Sdn. Bhd. after it became a subsidiary of the Group.

If the acquisition of Urban DNA Sdn. Bhd. had occurred on 1 January 2010, this would have increased the Group's revenue and loss before taxation for the period by approximately US$Nil and US$26 respectively.

2009

(a) Acquisition of Legolas Capital Sdn. Bhd.

On 30 March 2009, the Group acquired 85.1% of the issued share capital of Legolas Capital Sdn. Bhd. for a total consideration of US$233. The transaction was accounted for using the purchase method of accounting. Legolas Capital Sdn. Bhd. was acquired to fund a development project known as 1 Mont' Kiara in Malaysia.

The Group had accounted for the business combination of Legolas Capital Sdn. Bhd. using fair values assigned to Legolas Capital Sdn. Bhd.'s identifiable assets and liabilities determined provisionally at 30 March 2009.

At 30 March 2009, Legolas Capital Sdn. Bhd. had a negative shareholders' equity of US$7,969 when 85.1% was owned by the Group. Against a consideration of US$233, a goodwill of US$7,015 was created. This goodwill arising from the acquisition was impaired in 2009.

41 ACQUISITION OF BUSINESS cont'd

(a) Acquisition of Legolas Capital Sdn. Bhd. (cont'd)

The acquisition had the following effect on the Group's asset and liabilities on acquisition date:

	Pre-acquisition carrying amounts US$'000	Fair value adjustments US$'000	Recognised values on acquisition US$'000
Non-current assets	41,678	–	41,678
Current assets	4,447	–	4,447
Cash and cash equivalents	– *	–	– *
Non-current liabilities	(41,678)	–	(41,678)
Current liabilities	(4,455)	–	(4,455)
Net assets	(8)	–	(8)
Non-controlling interest, based on their proportion interest in the recognised amounts of the assets and liabilities of the acquiree	1	–	1
Net assets acquired	(7)	–	(7)
Goodwill on acquisition			7
Consideration paid, satisfied in cash			– #
Cash and cash equivalents acquired			– ^
Net cash inflow			– **

* *denotes US$418* # *denotes US$233* ^ *denotes (US$418)* ** *denotes (US$185)*

The acquisition of Legolas Capital Sdn. Bhd. had reduced the Group's profit before taxation in 2009 by approximately US$3,570.

If the acquisition of Legolas Capital Sdn. Bhd. had occurred on 1 January 2009, this would have reduced the Group's revenue and profit before tax for 2009 by approximately US$Nil and US$1,280 respectively.

(b) Acquisition of ICSD Ventures Sdn. Bhd.

On 30 June 2009, the Group acquired the remaining 40% of the issued share capital of ICSD Ventures Sdn. Bhd. for a total consideration of US$4.2million. The transaction was accounted for using the purchase method of accounting.

The acquisition had the following effect on the Group's asset and liabilities on acquisition date:

	Pre-acquisition carrying amounts US$'000	Fair value adjustments US$'000	Recognised values on acquisition US$'000
Goodwill on acquisition	2,893	–	2,893
Non-controlling interest, based on their proportion interest in the recognised amounts of the assets and liabilities of the acquiree	1,290	–	1,290
Consideration paid, satisfied in cash			4,183
Cash and cash equivalents acquired			–
Net cash outflow			4,183

If the acquisition of the remaining 40% shares in ICSD Ventures Sdn. Bhd. had occurred on 1 January 2009, this would have increased the Group's revenue and profit before tax for 2009 by approximately US$4,226,202 and US$955,029.

(c) Acquisition of Amatir Resources Sdn. Bhd.

On 30 Nov 2009, the Group acquired the remaining 9.09% of the issued share capital of Amatir Resources Sdn. Bhd. for a total consideration of US$3.4 million. The transaction was accounted for using the purchase method of accounting.

The aquisition had the following effect on the Group's asset and liabilities on acquisition date:

	Pre-acquisition carrying amounts US$'000	Fair value adjustments US$'000	Recognised values on acquisition US$'000
Goodwill on acquisition	3,586	–	3,586
Non-controlling interest, based on their proportion interest in the recognised amounts of the assets and liabilities of the ecquires	(139)	–	(139)
Consideration paid, satisfied in cash			3,447
Cash and cash equivalents acquired			–
Net cash outflow			3,447

41 ACQUISITION OF BUSINESS cont'd

(c) Acquisition of Amatir Resources Sdn. Bhd. (cont'd)

If the acquisition of the remaining 9.09% shares in Amatir Resources Sdn. Bhd. had occurred on 1 January 2009, this would have reduced the Group's revenue and profit before tax for 2009 by approximately US$Nil and US$114,111 respectively.

The acquisition of Legolas Capital Sdn. Bhd., ICSD Ventures Sdn. Bhd. and Amatir Resources Sdn. Bhd. amounted to a total cash consideration of US$7,629,928. Therefore, the net cash outflow arising from these three acquisitions is:

	US$'000
Consideration paid, satisfied in cash	7,630
Cash and cash equivalents acquired	– *
Net cash outflow arising from acquisition	7,630

* *denotes (US$418)*

42 INVESTMENT IN PRINCIPAL SUBSIDIARIES AND ASSOCIATE

Name	Country of incorporation	Principal activities	Effective ownership interest 2010	2009
Ireka Land Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Bumijaya Mawar Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Bumijaya Mahligai Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Amatir Resources Sdn. Bhd.	Malaysia	Property development	**100%**	100%
ICSD Ventures Sdn. Bhd.	Malaysia	Property development	**100%**	100%
Priority Elite Sdn. Bhd.	Malaysia	Project management services	**100%**	100%
Iringan Flora Sdn. Bhd.	Malaysia	Hotel ownership and operation	**100%**	100%
Legolas Capital Sdn. Bhd.	Malaysia	Project and finance management and supervisory services	**85.1%**	85.1%
Bumijaya Impian Sdn. Bhd.	Malaysia	Property development	**80%**	80%
Urban DNA Sdn. Bhd.	Malaysia	Property development	**70%**	–
Aseana-BDC Co Ltd	Vietnam	Property development	**65%**	65%
Hoa Lam Services Company Limited	Vietnam	Property development	**51%**	51%
Shangri-la Healthcare Investment Pte Ltd and its subsidiaries	Singapore	Property development	**51%**	51%
Hoa Lam-Shangri-La Healthcare Ltd Liability Co	Vietnam	Property development	**51%**	51%
Excellent Bonanza Sdn. Bhd. *	Malaysia	Property development	**40%**	40%

* *not audited by KPMG*

Principal subsidiaries and associate are those which materially affect the results or assets of the Group.

The shareholdings of the principal subsidiaries and associate are held through subsidiaries.

43 COMMITMENT AND CONTINGENCIES

The Group and Company have no contingencies at the statement of financial position date except as follows:

(a) Bank Guarantees

The Company has provided two bank guarantees totalling RM30.0 million (US$9.7 million) to assist a subsidiary in securing syndicated credit facilities of RM249.5 million (US$80.7 million) from banks.

(b) Investment in Aseana-BDC Company Ltd

On 31 December 2010, Aseana Properties (BVI) Ltd had contributed US$1,810,714 out of its total capital contribution of US$5,525,000 for its investment in subsidiary – Aseana-BDC Company Ltd. The remaining committed capital contribution of US$3,714,286 will be contributed by Aseana Properties (BVI) Ltd as and when it is called by Aseana-BDC Company Ltd.

(c) Purchase of hotel property

On 6 July 2010, a subsidiary of the Group entered into a sales and purchase agreement with an associate to purchase a hotel property. The remaining estimated contracted sum of US$67 million is payable upon completion of hotel property by end of year 2012.

Copies of the Annual Report

Copies of the annual report will be available on the Company's website at www.aseanaproperties.com and from the Company's registered office, 12 Castle Street, St. Helier, Jersey, JE2 3RT, Channel Islands.

CORPORATE INFORMATION

NON-EXECUTIVE CHAIRMAN
Mohammed Azlan Hashim

NON-EXECUTIVE DIRECTORS
Christopher Henry Lovell
David Harris
Ismail Shahudin
John Lynton Jones
Gerald Ong Chong Keng

COMPANY SECRETARY AND REGISTERED OFFICE
Capita Secretaries Limited
12 Castle Street, St. Helier, Jersey
JE2 3RT, Channel Islands

WEBSITE
www.aseanaproperties.com

LISTING DETAILS
Main market of the London Stock Exchange under the ticker symbol ASPL

AUDITORS
KPMG Audit Plc
15 Canada Square
London E14 5GL
United Kingdom

REGISTRAR
Computershare Investor Services (Jersey) Limited

FINANCIAL ADVISER AND BROKER
Panmure Gordon (UK) Ltd
Moorgate Hall, 155 Moorgate
London EC2M 6XB
United Kingdom

PUBLIC RELATIONS
Tavistock Communications
131 Finsbury Pavement
London EC2A 1NT
United Kingdom

For shareholder related queries please contact:

Computershare Investor Services
(Jersey) Limited
Queensway House
Hilgrove Street, St. Helier
Jersey, JE1 1ES
Channel Islands

ASEANA PROPERTIES LIMITED 94592

REGISTERED OFFICE
12 CASTLE STREET, ST. HELIER, JERSEY
JE2 3RT, CHANNEL ISLANDS
T + 44 (0) 1534 847 000
F + 44 (0) 1534 847 001

www.aseanaproperties.com

This is printed on environmental friendly paper