ASEANA PROPERTIES LIMITED

ANNUAL REPORT 2012

INVESTMENT GATEWAY TO MALAYSIA AND VIETNAM

The RuMa Hotel and Residences, Jalan Kia Peng, Kuala Lumpur
The RuMa is a collection of luxury residences and hotel suites with the rare combination of vintage charm and city convenience.

Aloft Kuala Lumpur Sentral Hotel, Kuala Lumpur
The 482-room Aloft Kuala Lumpur Sentral is the first Aloft hotel in Malaysia, which is the largest Aloft hotel in the world to date.

City International Hospital, Ho Chi Minh City
The 320-bed City International Hospital is part of the 37.54-hectare mixed development International Hi-Tech Healthcare Park.

INTRODUCTION

Aseana Properties Limited is a property development company established as an investment gateway to 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.

CONTENTS

CORPORATE *STRATEGY*


The RuMa Hotel and Residences
Jalan Kia Peng, Kuala Lumpur

COVER RATIONALE

INVESTMENT GATEWAY TO MALAYSIA AND VIETNAM

The tea ceremony, practised widely in Asia, is more than an elaborate ritual. It encompasses the principles of harmony, respect and hospitality which underlines Aseana Properties' approach towards business and its relationship with all stakeholders.

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, hospitality and healthcare 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 78% of Aseana Properties' investment portfolio is allocated to projects in Malaysia and approximately 22% to projects in Vietnam.

KEY FACTS

Exchange
London Stock Exchange Main Market

Symbol
ASPL

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

Domicile
Jersey

Shares Issued
212,525,000

Shares Held in Treasury
500,000

Voting Share Capital
212,025,000

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

ADVISERS & SERVICE PROVIDERS

Development Manager
Ireka Development Management Sdn. Bhd.

Financial Adviser
Murphy Richards Capital LLP

Corporate Broker
N+1 Singer

Auditor
KPMG Audit Plc

CHAIRMAN'S *STATEMENT*

Global market conditions continued to be subdued in 2012 and inevitably this had an impact on the economies of both Malaysia and Vietnam, Aseana Properties' core markets. Both Malaysia and Vietnam experienced moderate growth in 2012, with gross domestic product ("GDP") growth at 5.6% and 5.03% respectively, both lower than the year before, with Vietnam's growth being the lowest in the past 13 years. In Malaysia, business confidence has been mixed. Whilst the financial markets have been buoyed by large initial public offerings of government linked companies, manufacturers, small and medium sized businesses are feeling the effects of a slowdown in the export market and deferred capital spending. The impending general elections in Malaysia have also created another level of uncertainty for business decision-making. The economy has however been underpinned by large scale public spending that includes the implementation of the first phase of a mass rapid transit system in Kuala Lumpur.

In Vietnam, stabilisation measures introduced by the government, at the expense of higher economic growth, have successfully moderated inflation in 2012 to 9.2%, down from 18.1% in the previous year. As part of these stabilisation measures, lending to specific sectors such as real estate and securities have remained selective. Additionally, non-performing loans particularly of state-owned enterprises have continued to be a drag on economic activity in Vietnam. However, the government is taking active steps to restructure these non-performing loans and has successfully reduced interest rates throughout the year to support domestic business growth.

The performance of the real estate market in Malaysia for 2012 has been mixed. Certain sub-segments of the market such as medium-end residential, prime retail assets and projects associated with major government initiatives such as Iskandar Development Region have received keen interest from buyers and investors. However, demand for high-end residential properties and commercial offices remained soft throughout the year. The Vietnam real estate market is still very much in a recovery mode. High-end residential properties, which have dominated the market prior to the slowdown, still remain in abundant supply. However, towards the third quarter of 2012, we have seen evidence of improved market activities in the affordable housing sub-segment as well as demand for prime retail spaces in central business district of Ho Chi Minh City.

Aseana Properties registered a significant decrease in revenue by 92% from US$281.1 million in 2011 to US$23.7 million in 2012 largely due to a lack of sales of major assets during the year. The revenue was mainly attributable to the sale of completed units at SENI Mont' Kiara. Stricter lending conditions imposed by banks in Malaysia, in particular for the high-end condominium market have made it more difficult for purchasers to fund the acquisition of units, particularly the bulk buyers who the Manager has been in discussions with. We are continuing to examine ways of disposing the remaining units at SENI Mont' Kiara.

The Group recorded a net loss before taxation of US$16.6 million in 2012, compared to a profit before taxation of US$33.1 million in 2011. The losses are mainly attributed to the operating losses from Harbour Mall Sandakan and Four Points by Sheraton Sandakan Hotel, which commenced operations in July 2012 and May 2012 respectively, and a reduction in the fair value of Aseana's holding in Nam Long shares.

In accordance with the mandate approved by Shareholders, we remain committed to completing those projects which Aseana is already involved with and then disposing of them at a time and at a price intended to maximise the returns to shareholders.

PROGRESS OF PROPERTY PORTFOLIO

Although 2012 did not see significant sales at SENI Mont' Kiara, it was, nevertheless, a busy year in the portfolio. As mentioned above, the Harbour Mall Sandakan opened in July 2012 and the Four Points by Sheraton Sandakan Hotel opened in May 2012. Both were formally launched on 20 October 2012. The Harbour Mall Sandakan is 42% tenanted as at the end of last year, while the Four Points by Sheraton Sandakan Hotel achieved 37% occupancy rate at the end of 2012. The Kuala Lumpur Sentral office towers and the Aloft Kuala Lumpur Sentral Hotel were physically completed in December 2012 and January 2013 respectively. The RuMa Hotel and Residences was launched in March 2013; The Aloft Kuala Lumpur Sentral Hotel opened for business on 22 March 2013 and shares in Nam Long Investment Corporation were listed on the Ho Chi Minh Stock Exchange on 8 April 2013.

The construction of City International Hospital ("CIH") in Ho Chi Minh City was completed at the end of March 2013. CIH is currently undergoing testing and commissioning and the hospital facility is expected to open in June 2013. In view of continued soft market conditions for high-end residences in Vietnam, the Board has decided to delay the launch of the Waterside Estates to the latter half of year 2013.

Further information on each of the Company's properties is set out in the Development Manager's review on pages 5 to 8.

OUTLOOK

Year 2012 and continuing into 2013 saw the completion of a number of key operating assets within the Group. As such, despite the challenging operating conditions in both Malaysia and Vietnam, the key focus in 2013 will be to ensure that the performance of these assets continues on the right path to prepare them for eventual sale. The Company will also continue to focus on realising the remaining units at SENI Mont' Kiara, and to drive new sales for The RuMa Hotel and Residences.

In closing, I wish to extend a note of appreciation to my fellow Directors and our development manager for their continued commitment and contribution. Our heartfelt thanks also go out to the Government authorities, financiers, shareholders and business associates who have remained supportive of our business endeavours throughout the year.

MOHAMMED AZLAN HASHIM
Chairman

23 April 2013

DEVELOPMENT MANAGER'S *REVIEW*

BUSINESS OVERVIEW

Aseana Properties made good progress on a number of projects within its portfolio in year 2012. The Group successfully completed and opened the Harbour Mall Sandakan and Four Points by Sheraton Sandakan Hotel in October 2012. The Group has also completed the Kuala Lumpur Sentral Office Towers in December 2012, followed by the completion of the Aloft Kuala Lumpur Sentral Hotel in January 2013. The Aloft Kuala Lumpur Sentral Hotel was subsequently opened for business in March 2013.

Final development approvals were obtained for The RuMa Hotel and Residences for the development of 253 units of hotel suites, and 200 units of serviced residences. Marketing and sales of hotel suite units and residences at The RuMa commenced in March 2013 and commendable sales were recorded as to-date. The stricter lending conditions imposed by banks in Malaysia, in particular for completed high-end condominium units, have affected the sales performance at SENI Mont' Kiara. The Company and the Manager are continuing their efforts to sell the remaining units at SENI Mont' Kiara by targeting block purchasers and considering installment payments for the units.

In Vietnam, the Group focused on advancing the construction and development of the City International Hospital ("CIH"), the flagship development at the International Hi-Tech Healthcare Park. Construction of CIH has completed in March 2013. CIH is now undergoing testing and commissioning by the hospital operator, Parkway Pantai Limited, and is expected to open in June 2013. During the year, the Manager also worked closely with the board and management of Nam Long Investment Corporation ("Nam Long"), in which Aseana Properties owns an approximately 16% stake, in pursuing a listing on the Ho Chi Minh Stock Exchange ("HOSE"). Nam Long's shares were listed on the HOSE on 8 April 2013.

Kuala Lumpur Sentral Office Towers and Aloft Kuala Lumpur Sentral Hotel

The challenging market conditions for the high-end property market in Vietnam have resulted in the Group delaying the launch of Phase 1 of the Waterside Estates in 2012. Phase 1 of the Waterside Estates is a 37-unit riverside villa development scheme and we are now targeting its launch in Q4 2013.

• Malaysia Economic Update

In 2012, the Malaysian economy registered a gross domestic product ("GDP") growth of 5.6%, up from 5.1% in 2011. The GDP growth was largely driven by domestic consumption and investment, both private and public. The construction and services sector were the fastest growing sectors in 2012, mitigating the impact from slower growth in exports.

The domestic consumption and investment in Malaysia continues to be largely driven by projects under the banner of the Government's Economic Transformation Programme ("ETP"). As at end of year 2012, the ETP consisted of 161 projects amounting to RM209.78 billion (approximately US$68.42 billion) in value, involving 11 national key economic areas that were identified to transform Malaysia into a high-income nation by 2020. Effective and timely roll out of the ETP projects would be key in ensuring a sustainable growth path for Malaysia in the medium to long term.

In 2012, the Government also took steps in ensuring that home ownership continues to be affordable to all Malaysians. This included the launch of a national housing scheme with clearer development and ownership guidelines and the increase of Real Property Gains Tax ("RPGT") to 15% from 10% for properties disposed within two years of purchase to reduce speculative activities in the property market *(RPGT for properties disposed between two to five years increased to 10% (previously 5%) and properties sold after five years are exempted from RPGT)* with effect from 1 January 2013.

On the back of ongoing challenging global economic conditions, Malaysia recorded foreign direct investments of RM29.1 billion (US$9.52 billion) in 2012, a decrease of 20% from the RM36.6 billion (US$11.97 billion) recorded in 2011. The findings of the IFC and World Bank's "Doing Business Report 2013" which ranks Malaysia at number 12 (out of 185 economies) of the world's most business-friendly countries further highlights the strength and resilience of the Malaysian economy. This ranking is up 6 notches from 2012 ranking.

• Vietnam Economic Update

Vietnam recorded GDP growth of 5.03% in 2012, down from 5.9% in 2011, the lowest level of growth recorded since year 1999. Despite the slowing economy, which has been hampered by high inflation and the resultant credit tightening measures, Vietnam received FDI pledges amounting to US$16.3 billion, a growth of 11% from 2011, and with FDI disbursements in year 2012 amounting to US$10.5 billion. As the government implements the various monetary and fiscal measures to revive the economy in the short to medium term, this positive trend in FDI is expected to set Vietnam on long-term sustainable growth.

Vietnam has achieved a positive, albeit small trade surplus of US$284 million in 2012 after 20 years of running in deficit. The inflation rate in Vietnam in 2012 was 9.21% (2011: 18.58%) as a result of the continuing tightening of monetary policy and the lack of effective demand due to slowdown in GDP growth. The credit tightening measures in particular have resulted in reduced lending and have exposed Vietnamese banks to rising level of non-performing loans from companies, in particular state-owned companies, that have relied heavily on debt to fuel their growth over the last decade. In response to investors rising concerns on the stability of the banking sector, the Vietnamese government has reiterated its commitment to a strong banking sector and has taken some initial steps in formulating debt restructuring strategies.

The 200 units of RuMa Residences offer a contemporary style of living, with state-of-the-art design and technology for unrivalled levels of comfort and style.

PORTFOLIO REVIEW

MALAYSIA

Property Market Review

2012 saw the highest number of annual launches on record for condominiums, after a lull in year 2011 as developers begin to see an improving outlook in the global and Malaysian economy. Reception to these new launches has been mixed, where demand has naturally gravitated to established locations and developers with strong track records. In the second half of the year, interest has also been focused on Iskandar Development Region ("IDR") in Johor, a special economic development corridor that has been established by the government in year 2006. IDR has received keen interest from investors as key supporting infrastructure and facilities such as international universities and school, theme parks and hotels have commenced operations in year 2012.

In the Klang Valley commercial office sector, a total of 6.7 million sq ft of space across 27 office buildings was completed in 2012. The net take-up for 2012 increased by 41% to 3.3 million sq ft where the majority of the take-up was mainly contributed by the expansion and relocation of occupiers from oil and gas related companies, government agencies and financial and banking institutions. With further supply coming on-stream in 2013 of more than 7 million sq ft, the office sector is likely to see an easing in rental levels in 2013.

On the commercial retail front, it continued its healthy performance in 2012, especially for prime space, evidenced by the continued increase in occupancy rates, rental rates and market prices of these properties. 2012 saw an increase of approximately 2,700 hotel rooms in Klang Valley, with new hotel openings as well as refurbishments of existing ones. Average occupancy rate in 2012 was marginally lower at 68%, coupled with decline in average daily room rates by 5.6%. Despite the aforementioned, Malaysia recorded 25 million international tourists arrivals in 2012, an increase of 1.3% from year 2011.

Aseana Properties has six development projects in Malaysia, ranging from residential, hotels, commercial offices as well as a retail mall:

1 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. Construction was completed in end 2011. The project consists of 605 residential units, with two 12-storey blocks and two 40-storey blocks. The majority of the units command impressive views of the city skyline, which includes the 88-storey Petronas Twin Towers and the KL Tower.

Sales at SENI Mont' Kiara have been affected by the tightening of lending conditions imposed by the government and central bank, in particular for the high-end condominium market. Some potential buyers aborted their purchases as they were unable to secure adequate debt finance for their purchases. The overall level of completed sales at SENI Mont' Kiara is now 78% of the units available for sale. The Manager continues to explore all opportunities to drive the sales and address the issue of a lack of debt financing. The Company and the Manager are considering structuring the payment for block purchasers through a series of instalment payments to facilitate sales. The remaining units will continue to be marketed both locally and in selected foreign markets, targeting home owners seeking immediate occupancy and investors seeking recurring rental yields.

The development is funded by progressive payments from buyers and a bridging loan facility of RM57.7 million (US$18.2 million), which was fully drawn down as at 31 December 2011. RM33.3 million of the bridging loan has been repaid during 2012 thus reducing the bridging loan outstanding to RM24.4 million (US$7.96 million) as at 31 December 2012.

2 Tiffani by i-ZEN

Tiffani by i-ZEN, wholly-owned by Aseana Properties, is a completed luxury condominium project located in Mont' Kiara. 96% of the 399 residential units have been sold (as at 31 March 2013). The debt on the project has been fully repaid. The Manager has decided to fully fit out and furnish the remaining units at Tiffani by i-ZEN to offer buyers and dwellers with a hassle-free experience of either owning or renting an apartment unit.

SENI Mont' Kiara
Kuala Lumpur

"SENI MONT' KIARA WON THE MUCH-COVETED ASIA PACIFIC PROPERTY AWARDS 2012 IN THE RESIDENTIAL HIGH RISE DEVELOPMENT CATEGORY."

DEVELOPMENT MANAGER'S *REVIEW* CONT'D

3 The RuMa Hotel and Residences

This project is strategically located in the heart of Kuala Lumpur City Centre ("KLCC") on Jalan Kia Peng, near neighbouring landmarks such as the Grand Hyatt Kuala Lumpur, KLCC Convention Centre, Suria KLCC shopping mall, KLCC Park and the world famous Petronas Twin Towers. Aseana Properties owns 70% of this project and 30% is owned by Ireka Corporation Berhad. With a development land area of approximately 43,559 square feet, the Group will be developing 200 units of luxury residences, The RuMa Residences, and a 253-room luxury bespoke hotel, The RuMa Hotel. The RuMa Hotel will be managed by Urban Resort Concepts, a renowned bespoke hotel management company based in Shanghai, which is the creator and operator of the award-winning The Puli Hotel in Shanghai.

Construction work commenced in February 2013 and is estimated to be delivered in 2017. The sales launch for The RuMa Hotel and Residences was held on 8 March 2013.

The land was part financed by a term loan facility of RM65.3 million (US$20.6 million), which was fully drawn down. The development of the project is funded by progressive payments from buyers and a bridging loan facility of RM50 million (US$16.3 million).

4 Kuala Lumpur Sentral Project and Aloft Kuala Lumpur Sentral Hotel

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 (a government linked entity) on a 40:60 basis. The two office towers have been conditionally sold for approximately RM623 million (or US$196.6 million), and construction has been completed in December 2012.
At the commencement of the project, Aseana Properties conditionally agreed to purchase the hotel component from EBSB for a total consideration of approximately RM217 million (or US$68.5 million). Aseana Properties entered into a Management Agreement appointing Starwood Asia Pacific Hotels & Resort Pte Ltd as the operator for Kuala Lumpur Sentral Hotel under the 'Aloft' brand name. The sales and purchase of the 482-room Aloft Kuala Lumpur Sentral Hotel was completed in April 2013 and operations commenced on 22 March 2013.

The purchase of the Aloft Kuala Lumpur Sentral Hotel together with fit-out expenses will be part financed by guaranteed medium term notes of RM270.0 million (US$88.3 million) which is part of the $162 million MTN programme announced in November 2011, of which RM15 million was drawn down as at 31 December 2012. The remaining RM255 million (US$83.4 million) was fully drawn down in April 2013 to complete the acquisition of the Aloft Kuala Lumpur Sentral Hotel.

5 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 'Nature City' with a population of approximately 500,000, with eco-tourism and palm oil plantations as the main drivers of the local economy. The Sandakan Harbour Square project consists of 4 phases, whereby Phases 1 and 2 comprise 129 shop lots that are fully sold, while Phases 3 and 4 consist of the first retail mall (Harbour Mall Sandakan) and the first international four-star hotel in Sandakan, known as the Four Points by Sheraton Sandakan Hotel.

The Harbour Mall Sandakan ("HMS") and Four Points by Sheraton Sandakan Hotel ("FPSS") commenced business in July and May 2012 respectively. The occupancy rate of the Harbour Mall Sandakan currently stands at 42% of the total retail space with notable tenants such as Parkwell Departmental Store and Supermarket, Levi's, The Body Shop, GNC and McDonald's amongst others. Leasing activities at Harbour Mall Sandakan to both local and international retailers are still on-going. Since opening, the FPSS has steadily gained market share from its competitors as well as created new demand for hotel rooms in Sandakan. Occupancy rates for FPSS stood at 37% at the end of year 2012. The mall and hotel are expected to go through a period of stabilization before achieving optimal performance.

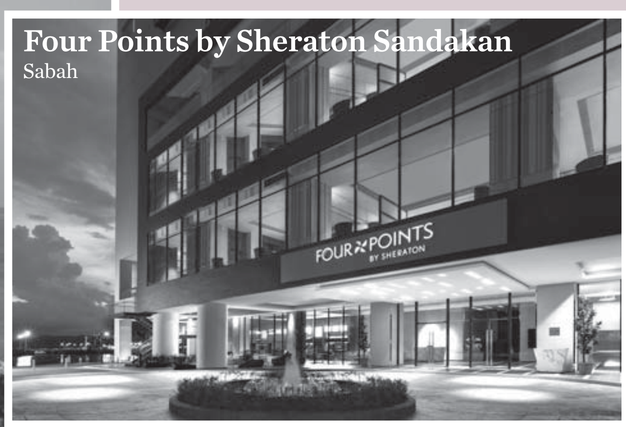
The project is funded by guaranteed medium term notes of RM245.0 million (US$77.5 million) which is part of the $162 million MTN programme announced in November 2011. The MTNs were fully issued as at 31 December 2011.

6 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 adjoining plots of land amounting in aggregate to approximately 80 acres in September 2008 with the intention of developing a hotel, villas and resort homes. Due to the current market conditions in the resort market, the Board has decided to delay the start of this project and is looking to dispose of the land.

Harbour Mall Sandakan
Sabah

"FOUR POINTS BY SHERATON SANDAKAN IS THE ONLY INTERNATIONALLY BRANDED HOTEL IN SANDAKAN WHILE THE HARBOUR MALL SANDAKAN IS KNOWN AS THE CITY'S ONLY MODERN LIFESTYLE MALL."



Four Points by Sheraton Sandakan
Sabah

The hospital will be managed by Parkway Pantai Ltd, Asia's leading private healthcare group.

City International Hospital
in International Hi-Tech Healthcare Park

"THE CITY INTERNATIONAL HOSPITAL IS STRATEGICALLY LOCATED IN THE BINH TAN DISTRICT, AND IS APPROXIMATELY 11 KM FROM DISTRICT 1, THE CENTRAL BUSINESS AND COMMERCIAL DISTRICT OF HO CHI MINH CITY."

VIETNAM

Property Market Review

The slowdown in the Ho Chi Minh City ("HCMC") property market continued in 2012, with developers and buyers having to grapple with tightening of credit by banks and amidst high interest rate and oversupply of properties in certain segments of the market. By the end of year 2012, the macroeconomic outlook of Vietnam has somewhat improved with the high inflation coming under control, and the Vietnam interbank discount rate being eased from 13% at the beginning of the year to 7% at the end of the year to encourage consumption and investments.

The sales of units in high and medium-end residential sector remains largely stagnant, leading to some projects under development being stalled, or developers with strong financial standing holding back inventories to maintain prices at a reasonable level. The affordable homes sector, where units are typically priced in the region of US$25,000 to US$60,000 per unit continues to attract demand from young buyers seeking for modern living conditions. As a case in point, Nam Long Investment Corporation's (an Aseana Properties investee company) two affordable home projects in Binh Tan District and Binh Duong both achieved over 90 percent sales over a period of less than 2 months from launch.

On the back of healthy foreign direct investments inflows, the excess supply of office space continues to be absorbed throughout the year with average occupancy rate at 85% at the end of 2012. Vietnam also continues to attract international retailers and brands, where Hermes and Starbucks made their debuts in Vietnam in year 2012 and early 2013 respectively. McDonalds is also expected to enter Vietnam in 2013. Interest in the retail sector is expected to continue to maintain occupancy and rental rates in prime retail locations at a high level.

Aseana Properties has one equity investment and four development projects in Vietnam - the latter comprising two residential projects with its development partner, Nam Long Investment Corporation; an integrated healthcare development and a mixed development in District 4. The highlights are as follow:

1 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. Aseana Properties currently has an effective ownership of 16.32% in Nam Long. Nam Long's affordable housing projects, called "E-homes", continued to be their main revenue driver. Nam Long currently has a land bank of over 560 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. Through this partnership, Aseana Properties is co-developing the Waterside Estates in District 9 of Ho Chi Minh City with Nam Long.

At 31 December 2012, a decline in fair value of US$4.8 million has been recognised in other comprehensive income, with a further impairment loss of US$4.7 million recognised in the profit or loss. The Directors have considered various prevailing factors at year end, including the economic conditions and market conditions of the Ho Chi Minh Stock Exchange, in assessing the fair value of the investment. Nam Long was listed on the Ho Chi Minh Stock Exchange on 8 April 2013.

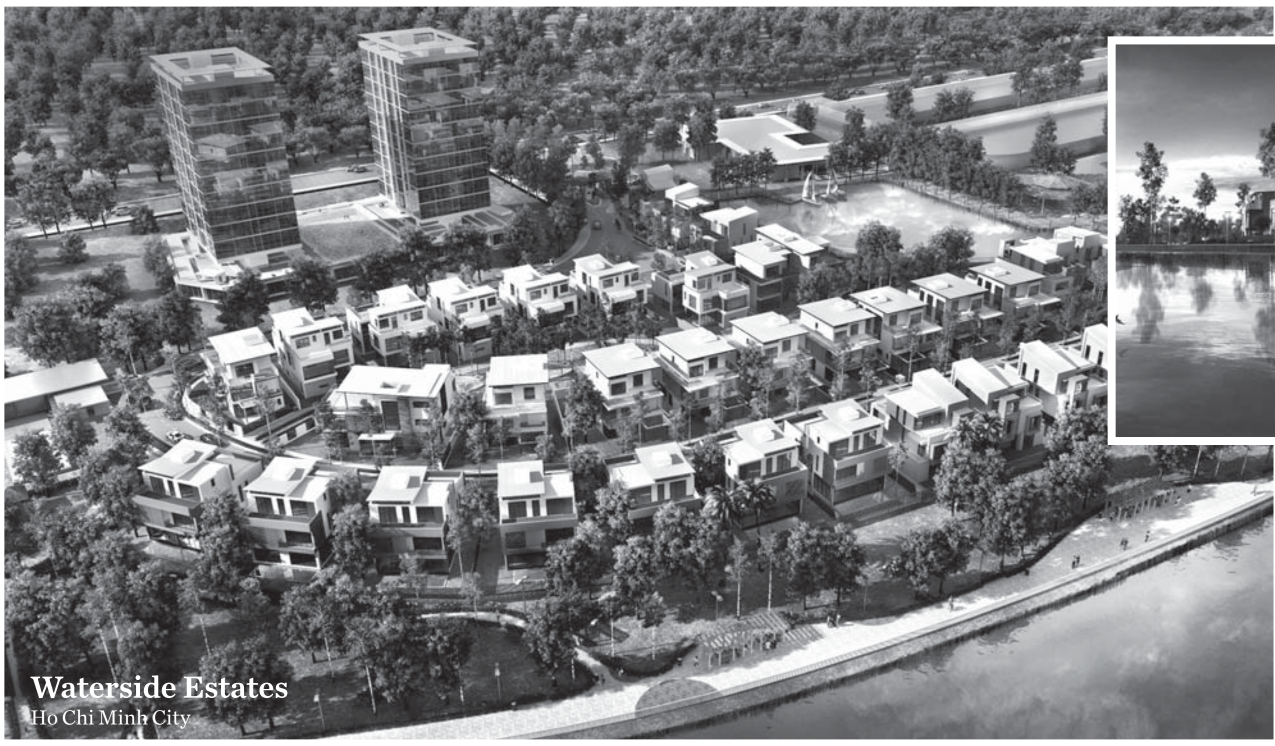
The reduced fair value approximates the market value of the shares at the close of market on 22 April 2013, which is US$12.6 million.

2 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. This project is to be developed by Aseana Properties and Nam Long on a 80:20 basis. The Investment License for the project was received in December 2011.

As a result of challenging market conditions for high-end residential sector, Aseana and Nam Long have mutually agreed to terminate the joint venture agreement for this project. An official approval of termination was received from the authorities in March 2013, where final documentations are underway to effect the termination of this project. As at 31 December 2012, US$0.47 million of costs have been written-off in relation to pre-development costs of this project.

DEVELOPMENT MANAGER'S *REVIEW* CONT'D



"THE VILLAS AND APARTMENTS WILL BE SET IN A LUSH GREEN LANDSCAPE, WITH THE RIVER-FRONT VIEW OF THE RACH CHIEC RIVER."

3 Waterside Estates

On 26 April 2011, Aseana Properties entered into an agreement with Nam Long to develop a residential project on a 56,212 sq m parcel of land in the prime suburban residential area of District 9 in Ho Chi Minh City. The project, consisting of 37 villas (Phase 1) and 460 apartment units (Phase 2), will be developed by Aseana Properties and Nam Long on a 55:45 basis. With its low development density, the villas and apartments will be set in a lush green landscape, with the river-front view of the Rach Chiec River adding a sense of nature and tranquility to the development. The project is expected to have a gross development value of approximately US$100 million. The Investment License for the project was received in November 2011, and the sales launch of the 37 units of villas has currently been deferred to the fourth quarter of 2013 due to the challenging conditions of the high-end real estate market in Vietnam.

The development is expected to be funded by progressive payments from buyers, bank debt and further equity contributions from shareholders of the project. The first phase of development will be part financed by a term loan of up to US$5.5 million, with the first drawdown expected to be at the end of second quarter of 2013.

4 International Hi-Tech Healthcare Park

The 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 Chinatown and is approximately 11 km from District 1, the central business and commercial district of HCMC. Aseana Properties has a 66.8% 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 commenced on the first phase of the 320-bed City International Hospital ("CIH") in May 2010, and was completed in March 2013. The opening of CIH is anticipated in second quarter of 2013, subject to all operating licenses being obtained. CIH will be managed by Parkway Pantai Limited, Asia's leading private healthcare group with a network of more than 3,300 beds across Singapore, Malaysia, the Middle East and India. Aseana Properties is currently in discussions with several strategic investors to participate in the development of the City International Hospital.

It is expected that the next phase of development at the IHTHP, consisting of mid-end residential apartments will begin later this year, subject to a broader recovery of the property market in Ho Chi Minh City.

To part finance the payment for the land and working capital, the joint venture companies have secured total loan facilities of US$17.2 million, of which US$14.5 million had been drawn down as at 31 December 2012. The development of City International Hospital is funded by a syndicated term loan of US$43.3 million, of which US$17.4 million was drawn down as at 31 December 2012.

5 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%. The joint venture company has been working on resettlement planning for the past two financial years with the relevant authorities in Ho Chi Minh City, with delays resulting from finalisation of public infrastructure planning around the site. The Board is currently reviewing the project with a view to exit owing to the continuing administrative delays.

The Aloft Kuala Lumpur Sentral is a bold mix of forward-thinking design, concept and approach.

Aloft Kuala Lumpur Sentral Hotel
Kuala Lumpur

OUTLOOK

With the completion of several development projects in 2012 and early 2013, Aseana Properties will have three operating assets in Malaysia, being Four Points by Sheraton Sandakan Hotel, Harbour Mall Sandakan and Aloft Kuala Lumpur Sentral Hotel, and one operating asset in Vietnam being the City International Hospital. Efforts will be focused on stabilising the operations of these assets in order for them to achieve optimal capital value. The Manager will work closely with the Board to explore and evaluate opportunities to divest these operating assets. Alongside this, a key focus in the year ahead will be to continue to realise the completed units at SENI Mont' Kiara.

The Manager will also continue to manage and evaluate the development timeline of all other assets within Aseana Properties' portfolio with an emphasis on timely realisation and margin improvements.

In closing, I wish to thank the Board of Aseana Properties, our advisers and business associates for their support and guidance throughout the year, as we continue to look towards success in 2013 and the years to come.

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

23 April 2013

“ALOFT KUALA LUMPUR SENTRAL, A VISION OF W HOTELS, WILL COMPLEMENT KUALA LUMPUR'S HOSPITALITY INDUSTRY WITH ITS DYNAMIC BLEND OF DECOR, MUSIC, DESIGN AND TECHNOLOGY.”

PROPERTY *PORTFOLIO*

AT 31 DECEMBER 2012

Project	Type	Effective Ownership	Approximate Gross Floor Area (sq m)	Approximate Land Area (sq m)	Scheduled completion
Completed projects					
Tiffani by i-ZEN Kuala Lumpur, Malaysia	Luxury condominiums	100%	81,000	15,000	Completed in August 2009
SENI Mont' Kiara Kuala Lumpur, Malaysia	Luxury condominiums	100%	225,000	36,000	Phase 1: Completed in April 2011 Phase 2: Completed in October 2011
Sandakan Harbour Square Sandakan, Sabah, Malaysia	Retail lots, hotel and retail mall	100%	126,000	48,000	Retail lots: Completed in 2009 Retail mall: Completed in March 2012 Hotel: Completed in May 2012
Projects under development					
Kuala Lumpur Sentral Office Towers & Hotel Kuala Lumpur, Malaysia	Office towers and a business hotel	40%	107,000	8,000	Office Towers: Completed in December 2012 Hotel: January 2013
Aloft Kuala Lumpur Sentral Hotel Kuala Lumpur, Malaysia	Business-class hotel (a Starwood Hotel)	100%	28,000	5,000	March 2013
Phase 1: City International Hospital, International Hi-Tech Healthcare Park, Ho Chi Minh City, Vietnam	Private general hospital	66.8%*	48,000	25,000	March 2013
Private equity investment					
Equity investment in Nam Long Investment Corporation, an established developer in Ho Chi Minh City, Vietnam	Private equity investment	16.3%	n/a	n/a	n/a
Pipeline projects					
The RuMa Hotel and Residences Kuala Lumpur, Malaysia (formerly KLCC Kia Peng Project)	Luxury residential tower and boutique hotel	70%	40,000	4,000	First quarter of 2017
Tan Thuan Dong Residential Project Ho Chi Minh City, Vietnam	Apartments and commercial development	80%	83,000	20,000	In the process of termination
Waterside Estates Ho Chi Minh City, Vietnam (formerly Phuoc Long B Project)	Villa and high-rise apartments	55%	94,000	57,000	The project has not commenced
Other developments in International Hi-Tech Healthcare Park, Ho Chi Minh City, Vietnam	Commercial and residential development with healthcare theme	66.8%*	972,000	351,000	The project has not commenced
Kota Kinabalu seafront resort & residences Kota Kinabalu, Sabah, Malaysia	i. Boutique resort hotel resort villas ii. Resort homes	100% 80%	n/a	327,000	The project has not commenced
Queen's Place Ho Chi Minh City, Vietnam	Residential, offices and retail mall	65%	n/a	8,000	Under review to exit

* Shareholding as at 31 December 2012

n/a: Not available / not applicable

SHARE PRICE *CHART*

PERFORMANCE *SUMMARY*

		Year ended 31 December 2012	Year ended 31 December 2011
Total Returns Since Listing			
Ordinary share price		-60.25%	-64.50%
FTSE All-share index		-7.15%	-14.22%
FTSE 350 Real Estate Index		-57.98%	-66.50%
One Year Returns			
Ordinary share price		11.97%	-32.70%
FTSE All-share index		8.24%	-6.69%
FTSE 350 Real Estate Index		25.42%	-11.22%
Capital Values			
Total assets less current liabilities (US$ million)		320.32	299.27
Net asset value per share (US$)		0.87	0.96
Ordinary share price (US$)		0.40	0.36
FTSE 350 Real Estate Index		394.09	314.21
Debt-To-Equity Ratio			
Debt-to-equity ratio [1]		73.41%	60.69%
Net debt-to-equity ratio [2]		64.19%	34.69%
Earnings Per Share			
Earnings per ordinary share	- basic (US cents)	-7.94	7.56
	- diluted (US cents)	-7.94	7.56

Notes:
[1] Debt-to-equity-ratio = (Total Borrowings ÷ Total Equity) x 100%
[2] Net debt-to-equity-ratio = (Total Borrowings less Cash and Cash Equivalents less Held-For-Trading Financial Instrument ÷ Total Equity) x 100%

FINANCIAL *REVIEW*

INTRODUCTION

The Group recorded losses for the year ended 31 December 2012, mainly due to pre-opening expenses and operating losses of Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan, both of which were completed and commenced operations during the year.

STATEMENT OF COMPREHENSIVE INCOME

The Group's revenue decreased from US$281.1 million in 2011 to US$23.7 million in the year, representing a drop of 92%. Compared to 2011, where most of the revenue was attributable to the completion and handover of SENI Mont' Kiara properties, the revenue in 2012 was mainly attributable to the sales of completed units at SENI Mont' Kiara.

The Group recorded a net loss before taxation of US$16.6 million, compared to a profit before taxation of US$33.1 million in 2011. The profit in 2011 was mainly attributable to SENI Mont' Kiara, while the losses in 2012 were largely due to operating losses of Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan, totalling US$8.2 million and a decline in the fair value of available-for-sale investments, being Aseana Properties' holding in Nam Long Investment Corporation ("Nam Long") of US$4.7 million. The tax charge for 2012 was significantly lower at US$1.8 million (2011: US$19.0 million), resulting in a loss for the year of US$18.4 million (2011: Profit for the year of US$14.1 million).

Net loss attributable to equity holders of the parent was US$16.8 million in 2012, compared to a net profit of US$16.1 million in 2011.

The consolidated comprehensive expense for the year ended 31 December 2012 was US$19.9 million compared to a consolidated comprehensive income of US$10.8 million in 2011. The former includes a gain arising from foreign currency translation differences for foreign operations of US$3.4 million (2011: loss of US$3.4 million); and also the reduction in the fair value of shares in Nam Long of US$4.8 million (2011: US$Nil). The total decline in fair value of shares in Nam Long during the year amounted to US$9.5 million, resulting in the carrying amount of US$12.6 million at 31 December 2012.

Basic and diluted loss per share for the year ended 31 December 2012 were both at US cents 7.94 (2011: Earnings per share of US cents 7.56).

STATEMENT OF FINANCIAL POSITION

Total assets have decreased by US$5.4 million to US$409.7 million, compared to US$415.1 million in 2011. The decrease was mainly due to the reduction in fair value of available-for-sale investments of Nam Long shares. Cash and cash equivalents were lower at US$16.8 million (2011: US$32.6 million) mainly due to utilisation for the development of City International Hospital and operation costs of Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan.

Total liabilities have increased by US$5.5 million to US$213.0 million compared to US$207.5 million in 2011. The increase was substantially attributable to the issuance of medium term notes of US$4.9 million to fund the development of Aloft Kuala Lumpur Sentral Hotel.

Net asset value per share at 31 December 2012 was US cents 86.6 (2011: US cents 95.7).

CASH FLOW AND FUNDING

Changes in cash flow in 2012 were negative at US$18.6 million, compared to the negative cash flow of US$115.1 million in 2011.

The Group's subsidiaries borrow to fund property development projects. At 31 December 2012, the Group had gross borrowings of US$144.4 million (2011: US$126.0 million), an increase of 14.6% over the previous year. Net debt-to-equity ratio increased from 34.69% in 2011 to 64.19% in 2012.

Finance income decreased from US$0.6 million in 2011 to US$0.4 million in 2012. Finance costs increased from US$1.1 million in 2011 to US$4.3 million in 2012.

DIVIDEND

No dividend was paid in 2012.

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.

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

23 April 2013

CORPORATE SOCIAL *RESPONSIBILITY*

The RuMa Hotel and Residences
Jalan Kia Peng, Kuala Lumpur

The RuMa Hotel
Jalan Kia Peng, Kuala Lumpur

Aseana Properties' Corporate Social Responsibility ("CSR") guiding principles are built on the following six areas, reflecting current and emerging CSR standards:

1. MANAGING CORPORATE RESPONSIBILITY

Aseana Properties believes in responsible business practice and is committed to conducting its business with integrity, and in an open and ethical manner. 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 contribute higher returns to its shareholders. It reviews corporate responsibility issues as part of its risk management practices and ensures that the reputation of the Group is protected and shareholders' values are enhanced.

2. ENVIRONMENTAL MANAGEMENT

Aseana Properties is committed to environmental protection and stewardship. It recognises that development activities will affect the environment and always aims to operate in a manner that mitigates the impact on the environment. For example, Aseana Properties, through its Development Manager, works with local authorities and planners to ensure that environmental protection and amenity improvements are key criteria in any project scheme. The Development Manager also works with architects and designers to design new buildings to high and exacting environmental standards by incorporating natural elements such as water, greenery, light, space and air into its schemes. It promotes best practice among contractors and suppliers in all issues relating to resource conservation and pollution control.

3. HEALTH AND SAFETY

Aseana Properties is committed to the health, safety and welfare of its stakeholders and others affected by its business operations, by providing a safe and healthy environment.

As a property developer, health and safety at the project sites is a top priority. Its Development Manager works very closely with the contractors to ensure that they meet their legislative and regulatory requirements, and that the code of best practice is adhered to at all work sites. It also ensures that contractors implement health and safety education and training programmes to site personnel so as to ensure continuous improvements in health and safety standards.

4. EMPLOYEES

Aseana Properties has no employees of its own and has appointed its Development Manager, Ireka Development Management Sdn Bhd, who is responsible for overseeing the day-to-day operations of the Group. Aseana Properties works with the Development Manager to ensure that all employees are treated fairly and with dignity and are able to achieve both personal and career goals whilst delivering business targets.

5. COMMUNITY

Aseana Properties believes in supporting and participating 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, Aseana Properties participated in various charity events that contributed in the areas of education, arts, as well as causes that benefit children.

6. STAKEHOLDERS

Aseana Properties is proactive in encouraging meaningful dialogue with all stakeholders through participation in shareholders' meetings, roadshows, conference calls, briefings, timely release of annual reports, circulars to shareholders, financial results, press releases and various announcements made during the year, to provide shareholders with an overview of the Group's business strategy and financial performance. Aseana Properties also maintains an updated and informative website (www.aseanaproperties.com) that is accessible to all stakeholders and members of the public.

CALENDAR OF *EVENTS*

16 DEC 2012
Site Visit to City International Hospital by Representatives from Government Office and Mr Vuong Dinh Hue, Minister from Ministry of Finance.

16 DEC 2012 **Site Visit to City International Hospital by Aseana's shareholders.**

30 NOV 2012 **Tan Sri and Puan Sri Dato' Megat Zaharuddin, Chairman of Maybank, being introduced to The RuMa Hotel and Residences @ KLCC at a sales preview event.**

02 NOV 2012 **Site Visit to City International Hospital by the Local Authorities, headed by Mr Nguyen Tan Quyen (Central Party Member).**

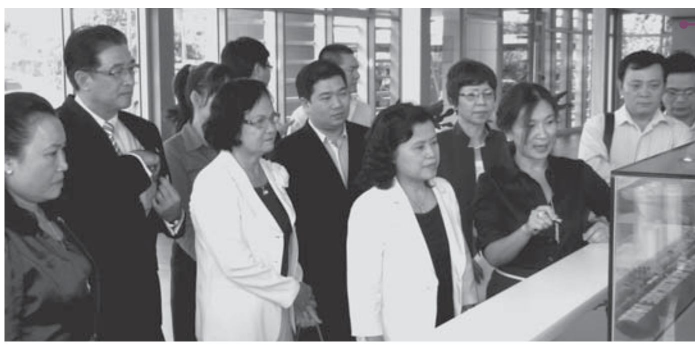
20 OCT 2012 **Grand Opening of the Four Points by Sheraton Sandakan and Harbour Mall Sandakan, officiated by the Sabah Chief Minister YAB Datuk Seri Panglima Musa Haji Aman.**

19 OCT 2012 **Site Visit to City International Hospital by Aseana's shareholders.**

22 SEP 2012 **Mid-Autumn Festival Celebration at SENI Mont' Kiara for Buyers and Residents.**

17 SEP 2012
Site Visit to City International Hospital by Representatives from the Prime Minister's Office.

09 SEP 2012
Site Visit to City International Hospital by Representatives from the President's office - Mr Vu Huy (Assistant of President of Vietnam).



13 AUG 2012
Site Visit to City International Hospital by the Deputy Minister of Health, Mrs Nguyen Thi Xuyen.

Property Marketing Initiatives:

International Marketing Initiatives for SENI Mont' Kiara:
- Bangladesh (Dhaka), Sri Lanka and Pakistan: *Feb – Mar 2012*
- Russia: *Apr – May 2012*

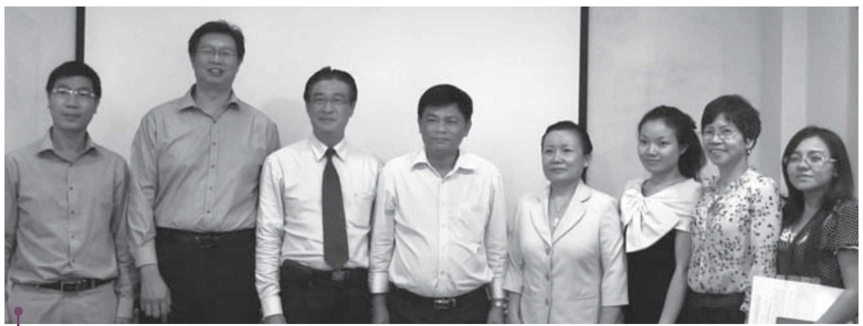
Local Marketing Initiatives for SENI Mont' Kiara:
- Bunting advertisements in Kuala Lumpur and Petaling Jaya: *Jan 2012*
- Opening of sales office in Harbour Mall Sandakan to showcase SENI Mont' Kiara and Harbour Mall leasing: *May – Jun 2012*

International Marketing Initiatives for The RuMa Hotel and Residences:
- Preview in Singapore: *Mar & Apr 2013*
- Preview in Hong Kong: *Mar 2013*

Local Marketing Initiatives for The RuMa Hotel and Residences:
- Private Preview in Kuala Lumpur: *Nov 2012*
- Preview in Kuala Lumpur: *Mar 2013*
- Website Campaign: *Feb – Apr 2013*
- Press Advertisements: *Feb – Apr 2013*
- Press Interview: *Feb 2013 (The Edge Malaysia); Mar 2013 (The Star Malaysia)*

Art Events at SENI Gallery in SENI Mont' Kiara:

- **14 Jun 2012:** *Garden International School's Art Exhibition*
- **28 Jul 2012:** *"Tanah Air" Group Exhibition*
- **27 Oct 2012:** *"Timeless Splendour" Art Exhibition by Gary Lim and Nizam Abdullah*
- **3 Dec 2012:** *Liew Choong Ching's solo exhibition "Shadow & Light 2.0"*



05 JUN 2012 **Site Visit to City International Hospital by the Director of HCMC Department of Planning and Investment, Mr Thai Van Re.**

30 MAY 2012 **Soft Opening of the Four Points by Sheraton Sandakan.**

15 MAY 2012 **Site Visit to City International Hospital by the US Consulate.**

27 APR 2012 **SENI Mont' Kiara Wins the Asia Pacific Property Awards 2012 – Highly Commended Residential High-Rise Development.**

25 APR 2012 **Site Visit to City International Hospital by the Deputy Chairman of HCMC People's Committee, Mrs Nguyen Thi Hong.**

24 APR 2012 **Site Visit to City International Hospital by the US Consulate.**

12 APR 2012 **Site Visit to City International Hospital by the Former Prime Minister, Mr Phan Van Khai and delegates.**

08 APR 2012 **Site Visit to City International Hospital by Deputy Chairman of HCMC People's Committee, Mr Hua Ngoc Thuan.**

28 MAR 2012 **Site Visit to City International Hospital by Mr. Do Nhat Hoang, Head of Investment Department from Ministry of Planning & Investment.**

17 MAR 2012 **Site Visit to City International Hospital by Chairman of Vietcapital Bank, Mrs Nguyen Thanh Phuong.**

01 MAR 2012 **Media Appreciation Night at SENI Mont' Kiara.**

BOARD OF *DIRECTORS*

MOHAMMED AZLAN HASHIM
Non-Executive Chairman

CHRISTOPHER HENRY LOVELL
Non-Executive Director

DAVID HARRIS
Non-Executive Director

Mohammed Azlan Hashim was appointed as Chairman (Non-Executive) of Aseana Properties in March 2007. Currently, Azlan is also Non-Executive Chairman of Parkway Pantai Limited, Asiasons Capital Limited and Chaswood Resources Holdings Ltd, which are companies based in Singapore. He is also a Non-Executive Director of Acibadem Saglik Hizmetleri Ve Ticaret A.S., a company listed on the Istanbul Stock Exchange.

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 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 until his retirement from Capita in 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 current non-executive directorships include Public Service Properties Investments Limited and a number of EMAC Illyrian property funds listed on the Channel Islands Stock Exchange.

Christopher holds an L.L.B. (Hons) degree from the London School of Economics and is a member of the Law Society of England & Wales.

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. Additionally, he also served as 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, 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.

JOHN LYNTON JONES
Non-Executive Director

ISMAIL SHAHUDIN
Non-Executive Director

GERALD ONG
CHONG KENG
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 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, Nadayu Properties 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 arms. 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, 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 holds a Bachelor of Economics (Hons) degree from University of Malaya.

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.

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 Financial Services Attaché at the British Embassy in Paris.

He has been a board member of London's Futures and Options Association, of the London Clearing House and of Kenetics Group Limited. He was the founding chairman of the Dubai International Financial Exchange (now known as Nasdaq Dubai) from 2003 until 2006. He is an advisor to the City of London Corporation and a Fellow of the Chartered Institute for Securities and Investments. He serves on the board of 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 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 granted the Financial Industry Certified Professional status and 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 2012

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Group are acquisition, development and redevelopment of upscale residential, commercial, hospitality and healthcare 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 27 to 28. 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, hospitality and healthcare 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 and 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 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 24.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 2012 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 18 June 2012. The authority shall expire 12 months from the date of passing of the resolution unless otherwise renewed, varied or revoked.

In January 2012, the Company purchased 500,000 of its ordinary shares of US$0.05 each in series at prices between US$0.3375 and US$0.35. Following the purchases, the Company holds 500,000 shares in treasury and has 212,025,000 shares in issue (excluding shares held in treasury).

SHARE CAPITAL

No shares have been issued in 2012. Further details on share capital are stated in Note 27 to the financial statements.

DIRECTORS

The following were directors of Aseana 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 2012 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	120,000
Gerald Ong Chong Keng	1,500,000

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 over 45 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 development and management 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 18 April 2013:

	Number of Ordinary Shares Held	Percentage of Issued Share Capital
Ireka Corporation Berhad	48,913,623	23.07%
Legacy Essence Limited	39,086,377	18.43%
Henderson Global Investors	26,246,171	12.38%
SIX SIS	22,147,559	10.45%
LIM Advisors	18,109,160	8.54%
Funds managed by Cayenne Asset Management	13,000,000	6.13%
Dr. Thong Kok Cheong	11,090,538	5.23%
Charlemagne Capital	6,355,478	3.00%

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 sixty-six managerial and technical staff under its employment in Malaysia and Vietnam at 31 December 2012.

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.

DIRECTORS' *REPORT* CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 amounted to 83 days (2011: 42 days) of property development cost incurred during the year.

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 (as amended), the Company has arranged appropriate Directors' and Officers' liability 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 ("IFRS"), interpretations from the International Financial Reporting Interpretations Committee ("IFRIC") and Companies (Jersey) Law 1991 (as amended).

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:

- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

- 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 AUDITOR

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 AUDITOR

The auditor, KPMG Audit Plc, has 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 22 to 24.

ANNUAL GENERAL MEETING

The tabling of the 2012 Annual Report and Financial Statements to shareholders will be at an Annual General Meeting ("AGM") to be held in June 2013.

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

23 April 2013

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 UK Corporate Governance Code 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 setting the framework and reviewing compensation arrangements for all non-executive directors before recommending the same to the Board for approval. The Remuneration Committee assesses the appropriateness of the emoluments on an annual basis by reference to comparable market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high calibre Board. No director participates in any discussion regarding his own remuneration.

During the year, the Directors received the following emoluments in the form of fees from the Company:

Director	Year ended 31 December 2012 (US$)	Year ended 31 December 2011 (US$)
Mohammed Azlan Hashim (Chairman of the Board)	70,000	70,000
Christopher Henry Lovell (Chairman of the Audit Committee)	55,000	55,000
David Harris	48,000	48,000
Ismail Shahudin	48,000	48,000
John Lynton Jones	48,000	48,000
Gerald Ong Chong Keng	48,000	48,000
Total	317,000	317,000

SHARE OPTIONS

The Company did not operate any share option schemes during the year ended 31 December 2012.

SHARE PRICE INFORMATION

• High for the year - US$0.46
• Low for the year - US$0.31
• Close for the year - US$0.40

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

23 April 2013

CORPORATE GOVERNANCE *STATEMENT*

The Financial Services Authority requires all companies with a Premium Listing to comply with the UK Corporate Governance Code (the "Code"). Aseana Properties is a Jersey incorporated company with a Standard Listing and is therefore not subject to the Code. However, the Board recognises the importance and value of good corporate governance and voluntarily seeks to apply the principles of the Code where practical and relevant for a company of Aseana Properties' size and nature. The following explains how the relevant principles of governance are applied to the Company.

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 16 to 17 of the Annual Report 2012:

- 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 it did not consider it appropriate for the nature of the company and given the external management of its property portfolio by Ireka Development Management Sdn Bhd.

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 controls 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, and examines and approves all major potential investment, acquisitions and disposals. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are met. The implementation of the Company's strategy is delegated to the Development Manager and its performance is assessed by the Board regularly.

Appropriate level of directors' and officers' liability insurance is maintained by the Company.

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 eight times during the year ended 31 December 2012. The meetings were attended by all the directors except for Ismail Shahudin and David Harris who were each absent once. To enable the Board to discharge its duties effectively, all directors receive accurate, timely and clear information, in an appropriate form and quality, including Board papers distributed in advance of Board meetings. The Board periodically would receive presentations at Board meetings relating to the Company's business and operations, significant financial, accounting and risk management issues. 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 procedures and regulatory compliance.

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, who are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgement.

The Chairman is responsible for leadership of the Board, ensuring effectiveness in all aspects of its role and setting its agenda. Matters referred to the Board are considered by the Board as a whole and no one individual has unrestricted powers of decision. 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 an annual evaluation of its own performance and that of its Committees and individual directors. In November 2012, the evaluation concluded that the performance of the Board, the Committees and each individual director was and remains effective and that all directors demonstrate full commitment in their respective roles. The directors are encouraged to continually attend training courses at the Company's expense to enhance their skills and knowledge in matters that are relevant to their role on the Board. The directors also receive updates on developments of corporate governance, the state of economy, management strategies and practices, laws and regulations, to enable effective functioning of their roles as directors.

RE-ELECTION OF DIRECTORS

The Company's Articles of Association provides that all Directors shall submit themselves for 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 18 June 2012, Ismail Shahudin and David Harris who retired by rotation as directors were re-elected to the Board. The remainder of the Board recommended their re-appointment.

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 committees, but others may attend at the invitation of the board committees for presenting information concerning their areas of responsibility. 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 auditor 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. Any member of the Audit Committee or the auditor may request a meeting if they consider that one is necessary. The Committee met three times during the year ended 31 December 2012. The meetings were attended by all the committee members. Representatives of the auditor and 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 auditor, 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 operated by the Development Manager;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor to be put to the shareholders for their approval in general meetings;
- reviewing and monitoring the external auditor's 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 auditor 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 2012, 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 audit plan for the year ended 31 December 2011 with the Company's Auditor;
- reviewed and discussed the Audit Committee Report for the year ended 31 December 2011 with the Company's Auditor;
- reviewed the draft Audited Financial Statements for the year ended 31 December 2011 as contained in the draft Annual Report 2011 together with the Company's Auditor before tabling to the Board for consideration and approval;
- reviewed other published financial information including the half year results, the interim management statements and results announcements before tabling to the Board for consideration and approval;
- considered the independence of the auditor; and
- reviewed the auditor's performance and made a recommendation for the appointment of the Group's auditor by shareholders.

NOMINATION COMMITTEE

The Nomination Committee is chaired by Mohammed Azlan Hashim. Its other members are David Harris, John Lynton Jones and Gerald Ong Chong Keng. The Committee meets annually and at any such times as the Chairman of the Nomination Committee shall require. The Committee met once during the year ended 31 December 2012 and the meeting was 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 2012, 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 once during the year ended 31 December 2012. The meeting was attended by all the committee members. Other board members attended the meeting at the invitation of the Remuneration Committee.

During the year ended 31 December 2012, 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, John Lynton Jones and Gerald Ong Chong Keng. The Committee meets at least once a year and at any such times as the Chairman of the Management Engagement Committee shall require. The Committee met once during the year ended 31 December 2012. The meeting was 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 2012, 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 four members, being Lai Voon Hon, Mai Xuan Loc, Monica Lai Voon Huey and Dang The Duc. 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. Kumar Tharmalingam, who was a member of the Committee since its inception in 2007, has resigned from the Committee in January 2013 in his own accord. The Investment Committee meets at such time as required to review and evaluate potential investments for recommendation to the Board. The Investment Committee is responsible for providing advisory services to the Board to consider investment and disposal recommendations of the Development Manager.

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 Independent Auditor's 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 auditor 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. However, the directors will continue to monitor if such need required.

AUDITOR

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

Pursuant to audit and ethical standards, the auditor is required to assess and confirm to the Board their independence, integrity and objectivity. The auditor has carried out assessment and considers 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.

With the Bribery Act 2010 coming into force on 1 July 2011, the Board has established a framework to comply with the requirement of the Act.

RELATIONSHIP WITH SHAREHOLDERS

The Board is committed to maintaining good communications with shareholders and has designated the Development Manager's Chief Executive Officer, Chief Financial 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. The Board has also developed an understanding of the views of major shareholders about the Company through meetings and teleconferences conducted by the financial adviser and the Development Manager. In addition, the Company seeks to regularly update shareholders through stock exchange announcements, press releases and participation in roadshows.

To promote effective communication, the Company has a website, www.aseanaproperties.com that shareholders and investors can access for timely 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. All directors attended the 2012 AGM, held on 18 June 2012.

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, against and withheld in respect of each resolution after the shareholders present have voted on each resolution. An announcement confirming whether all the resolutions have been passed at the AGM is made through the London Stock Exchange.

On behalf of the Board

MOHAMMED AZLAN HASHIM
Director

CHRISTOPHER HENRY LOVELL
Director

23 April 2013

INDEPENDENT AUDITOR'S *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 2012 which comprise the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Statement of Changes in Equity, the Consolidated and Company Statements 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 20, 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 2012 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.

BILL HOLLAND
for and on behalf of KPMG Audit Plc
Chartered Accountants and Recognised Auditor
15 Canada Square
London E14 5GL

23 April 2013

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 23 April 2013. KPMG Audit Plc has carried out no procedures of any nature subsequent to 23 April 2013 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*

INVESTMENT GATEWAY TO **MALAYSIA** AND **VIETNAM**

CONTENTS

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

Continuing activities	Notes	2012 US$'000	2011 US$'000
Revenue	5	**23,732**	281,142
Cost of sales	6	**(21,459)**	(236,645)
Gross profit		**2,273**	44,497
Other income	7	**7,051**	2,146
Administrative expenses		**(2,582)**	(2,053)
Decline in fair value of available-for-sale investments	18	**(4,653)**	–
Foreign exchange gain/ (loss)	8	**524**	(1,014)
Management fees	9	**(3,799)**	(3,972)
Marketing expenses		**(2,164)**	(2,720)
Other operating expenses		**(9,389)**	(3,210)
Operating (loss)/ profit		**(12,739)**	33,674
Finance income		**407**	602
Finance costs		**(4,299)**	(1,144)
Net finance costs	11	**(3,892)**	(542)
Net (loss)/ profit before taxation	12	**(16,631)**	33,132
Taxation	13	**(1,798)**	(18,992)
(Loss)/ profit for the year		**(18,429)**	14,140
Other comprehensive income/ (expense), net of tax			
Foreign currency translation differences for foreign operations		**3,407**	(3,364)
Decline in fair value of available-for-sale investments	18	**(4,828)**	–
Total other comprehensive expense for the year		**(1,421)**	(3,364)
Total comprehensive (expense)/ income for the year		**(19,850)**	10,776
(Loss)/ profit attributable to:			
Equity holders of the parent		**(16,839)**	16,058
Non-controlling interests		**(1,590)**	(1,918)
Total		**(18,429)**	14,140
Total comprehensive (expense)/ income attributable to:			
Equity holders of the parent		**(18,419)**	12,625
Non-controlling interests		**(1,431)**	(1,849)
Total		**(19,850)**	10,776
(Loss)/ earnings per share			
Basic and diluted (US cents)	14	**(7.94)**	7.56

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 2012

Continuing activities	Notes	2012 US$'000	2011 US$'000
Revenue	5	–	–
Cost of sales	6	–	–
Gross profit		–	–
Administrative expenses		**(656)**	(716)
Foreign exchange (loss)/ gain	8	**(278)**	450
Management fees	9	**(1,644)**	(1,613)
Impairment of amount due from subsidiaries	25	**(1,885)**	(634)
Other operating expenses		**(603)**	(683)
Operating loss		**(5,066)**	(3,196)
Finance income		**59**	68
Finance costs		–	(4)
Net finance income	11	**59**	64
Net loss before taxation	12	**(5,007)**	(3,132)
Taxation		–	–
Loss for the year/ Total comprehensive expense for the year		**(5,007)**	(3,132)

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

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Notes	2012 US$'000	2011 US$'000
Non-current assets			
Property, plant and equipment	15	**1,113**	4,629
Investment in an associate	16	**–**	–
Available-for-sale investments	18	**12,571**	22,052
Intangible assets	19	**13,845**	15,003
Deferred tax assets	20	**–**	691
Total non-current assets		**27,529**	42,375
Current assets			
Inventories	21	**350,822**	285,006
Held-for-trading financial instrument	22	**1,370**	21,384
Trade and other receivables	23	**12,725**	33,485
Amount due from an associate	24	**239**	122
Current tax assets		**237**	142
Cash and cash equivalents	26	**16,752**	32,610
Total current assets		**382,145**	372,749
TOTAL ASSETS		**409,674**	415,124
Equity			
Share capital	27	**10,626**	10,626
Share premium	28	**218,926**	219,101
Capital redemption reserve	29	**1,874**	1,874
Translation reserve	30	**2,986**	(262)
Fair value reserve	31	**–**	4,828
Accumulated losses	32	**(50,828)**	(32,797)
Shareholders' equity		**183,584**	203,370
Non-controlling interests		**13,063**	4,276
Total equity		**196,647**	207,646
Current liabilities			
Trade and other payables	33	**56,764**	74,338
Amount due to non-controlling interests	34	**9,807**	–
Loans and borrowings	35	**20,687**	37,393
Current tax liabilities		**2,097**	4,118
Total current liabilities		**89,355**	115,849
Non-current liabilities			
Amount due to non-controlling interests	34	**–**	3,006
Loans and borrowings	35	**40,497**	12,889
Medium term notes	36	**83,175**	75,734
Total non-current liabilities		**123,672**	91,629
Total liabilities		**213,027**	207,478
TOTAL EQUITY AND LIABILITIES		**409,674**	415,124

The financial statements were approved on 23 April 2013 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 2012

	Notes	2012 US$'000	2011 US$'000
Non-current assets			
Investment in subsidiaries	17	**80,946**	80,946
Total non-current assets		**80,946**	80,946
Current assets			
Trade and other receivables	23	**3**	198
Amounts due from subsidiaries	25	**155,280**	150,014
Cash and cash equivalents	26	**354**	5,188
Total current assets		**155,637**	155,400
TOTAL ASSETS		**236,583**	236,346
Equity			
Share capital	27	**10,626**	10,626
Share premium	28	**218,926**	219,101
Capital redemption reserve	29	**1,874**	1,874
Accumulated losses	32	**(22,051)**	(17,044)
Total equity		**209,375**	214,557
Current liabilities			
Trade and other payables	33	**1,677**	947
Amounts due to subsidiaries	25	**25,531**	20,842
Total current liabilities		**27,208**	21,789
Total liabilities		**27,208**	21,789
TOTAL EQUITY AND LIABILITIES		**236,583**	236,346

The financial statements were approved on 23 April 2013 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 2012

Consolidated	Share Capital US$'000	Share Premium US$'000	Capital Redemption Reserve US$'000	Translation Reserve US$'000	Fair Value Reserve US$'000	Accumulated Losses US$'000	Total Equity Attributable to Equity Holders of the Parent US$'000	Non-Controlling Interests US$'000	Total Equity US$'000
1 January 2011	10,626	221,226	1,874	3,171	4,828	(48,858)	192,867	4,346	197,213
Acquisition from non-controlling interest (Note 39)	–	–	–	–	–	3	3	(14)	(11)
Non-controlling interest contribution	–	–	–	–	–	–	–	1,793	1,793
Profit for the year	–	–	–	–	–	16,058	16,058	(1,918)	14,140
Total other comprehensive expense	–	–	–	(3,433)	–	–	(3,433)	69	(3,364)
Total comprehensive income	–	–	–	(3,433)	–	16,058	12,625	(1,849)	10,776
Dividend to equity holders of the parent	–	(2,125)	–	–	–	–	(2,125)	–	(2,125)
At 31 December 2011/ 1 January 2012	**10,626**	**219,101**	**1,874**	**(262)**	**4,828**	**(32,797)**	**203,370**	**4,276**	**207,646**
Changes in ownership interests in subsidiaries (Note 39)	–	–	–	–	–	(1,192)	(1,192)	1,192	–
Non-controlling interests contribution	–	–	–	–	–	–	–	9,026	9,026
Loss for the year	–	–	–	–	–	(16,839)	(16,839)	(1,590)	(18,429)
Total other comprehensive income	–	–	–	3,248	(4,828)	–	(1,580)	159	(1,421)
Total comprehensive expense	–	–	–	3,248	(4,828)	(16,839)	(18,419)	(1,431)	(19,850)
Own shares acquired	–	(175)	–	–	–	–	(175)	–	(175)
Shareholders' equity at 31 December 2012	**10,626**	**218,926**	**1,874**	**2,986**	**–**	**(50,828)**	**183,584**	**13,063**	**196,647**

Company	Share Capital US$ '000	Share Premium US$ '000	Capital Redemption Reserve US$ '000	Accumulated Losses US$ '000	Total Equity US$ '000
1 January 2011	10,626	221,226	1,874	(13,912)	219,814
Loss for the year/ Total comprehensive expense	–	–	–	(3,132)	(3,132)
Dividend to equity holders of the parent	–	(2,125)	–	–	(2,125)
At 31 December 2011/ 1 January 2012	**10,626**	**219,101**	**1,874**	**(17,044)**	**214,557**
Loss for the year/ Total comprehensive expense	–	–	–	(5,007)	(5,007)
Own shares acquired	–	(175)	–	–	(175)
Shareholders' equity at 31 December 2012	**10,626**	**218,926**	**1,874**	**(22,051)**	**209,375**

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 2012

	Notes	2012 US$'000	2011 US$'000
Cash Flows from Operating Activities			
Net (loss)/ profit before taxation		**(16,631)**	33,132
Finance income		**(407)**	(602)
Finance costs		**4,299**	1,144
Unrealised foreign exchange (gain)/ loss		**(642)**	20
Reversal of impairment of trade receivables		**(357)**	–
Impairment of trade receivables		–	419
Impairment of goodwill		**1,158**	2,171
Depreciation of property, plant and equipment		**190**	142
Loss on disposal of property, plant and equipment		**1**	–
Property, plant and equipment written off		**31**	156
Decline in fair value of available-for-sale investments		**4,653**	–
Fair value loss/ (gain) on held-for-trading financial instrument		**81**	(26)
Operating (loss)/ profit before working capital changes		**(7,624)**	36,556
Changes in working capital:			
(Increase)/ decrease in inventories		**(54,318)**	150,591
Decrease/ (increase) in receivables		**21,117**	(2,390)
Decrease in deferred revenue		–	(188,462)
Decrease in payables		**(14,856)**	(39,336)
Cash used in operations		**(55,681)**	(43,041)
Interest paid		**(5,577)**	(5,268)
Tax paid		**(3,356)**	(8,453)
Net cash used in operating activities		**(64,614)**	(56,762)
Cash Flows from Investing Activities			
Advances from non-controlling interests		**6,801**	–
Acquisition of non-controlling interests		–	(11)
Issuance of ordinary shares of subsidaries to non-controlling interests		**2,546**	1,793
(Advance)/ repayment from associate		**(117)**	260
Proceeds from disposal of property, plant and equipment		**1**	–
Purchase of held-for-trading financial instrument		–	(24,145)
Disposal of held-for-trading financial instrument		**19,933**	2,787
Purchase of property, plant and equipment		**(279)**	(591)
Finance income received		**407**	602
Net cash generated from/ (used in) investing activities		**29,292**	(19,305)
Cash Flows from Financing Activities			
Repurchase of own shares		**(175)**	–
Repayment of loans and borrowings and medium term notes		**(12,080)**	(131,822)
Drawdown of loans and borrowings and medium term notes		**30,390**	104,732
Dividend paid to equity holders of the parent		–	(2,125)
Pledged deposits placed in licensed banks		**(1,371)**	(9,799)
Net cash generated from/ (used in) financing activities		**16,764**	(39,014)
NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(18,558)**	(115,081)
Effect of changes in exchange rates		**1,329**	(3,037)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**22,811**	140,929
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**5,582**	22,811

Cash and Cash Equivalents

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

	Notes	2012 US$'000	2011 US$'000
Cash and bank balances	26	**5,152**	18,320
Short term bank deposits	26	**11,600**	14,290
Cash and cash equivalents		**16,752**	32,610
Less: Deposits pledged	26	**(11,170)**	(9,799)
		5,582	22,811

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$311,833 (2011: US$590,880) of which US$32,700 (2011: US$Nil) was acquired by means of finance leases.

During the financial year, US$9,026,000 (2011: US$1,793,000) of ordinary shares of subsidiaries were issued to non-controlling shareholders, of which US$2,546,000 (2011: US$1,793,000) was satisfied via cash consideration. The remaining amount of US$6,480,000 (2011: US$Nil) was satisfied via contribution of land held for property development by non-controlling interest.

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 2012

	Notes	2012 US$'000	2011 US$'000
Cash Flows from Operating Activities			
Net loss before taxation		**(5,007)**	(3,132)
Impairment of amount due from subsidiaries		**1,885**	634
Finance income		**(59)**	(68)
Finance costs		**–**	4
Unrealised foreign exchange loss/ (gain)		**256**	(89)
Operating loss before working capital changes		**(2,925)**	(2,651)
Changes in working capital:			
Decrease/ (increase) in receivables		**195**	(184)
Increase in payables		**730**	359
Cash used in operations		**(2,000)**	(2,476)
Interest paid		**–**	(4)
Net cash used in operating activities		**(2,000)**	(2,480)
Cash Flows from Investing Activities			
Advances to subsidiaries		**(7,151)**	(19,592)
Finance income received		**59**	68
Net cash used in investing activities		**(7,092)**	(19,524)
Cash Flows from Financing Activities			
Advances from subsidiaries		**4,689**	5,115
Repurchase of own shares		**(175)**	–
Dividend paid to equity holders of the parent		**–**	(2,125)
Net cash generated from financing activities		**4,514**	2,990
NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(4,578)**	(19,014)
Effect of changes in exchange rates		**(256)**	89
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**5,188**	24,113
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**26**	**354**	5,188

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, hospitality and healthcare projects in the major cities of Malaysia and Vietnam. The Group typically invests in development projects at the pre-construction stage and may also selectively invest 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 for at least 12 months from the date of approval of the financial statements 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 preparing the cash flow forecasts, the Directors have considered the availability of cash and held-for-trading financial instruments, along with the adequacy of bank loans and medium term notes described in Notes 35 and 36. The forecasts incorporate current payables, committed expenditure included in Note 41 and other future expected expenditure, along with a prudent estimate of sales in addition to the disposal of certain land held for property development.

Based on these forecasts, cash resources and existing credit facilities, the Directors consider that the Group and the Company have adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Group and the Company have not applied the following new/revised accounting standards 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 2015
IFRS 10	Consolidated Financial Statements - First Impressions: Consolidated Financial Statements	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements - First Impressions: Joint Arrangements	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities - In the Headlines - Issue 2011/16	May 2011	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement - First Impressions: Fair Value Measurement	May 2011	Annual periods beginning on or after 1 January 2013
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	May 2012	Annual periods beginning on or after 1 January 2013
IAS 27	Consolidated and Separate Financial Statements - Original issue	May 2011	Annual periods beginning on or after 1 January 2013
IAS 28	Investments in Associates and Joint Ventures - Original issue	May 2011	Annual periods beginning on or after 1 January 2013
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	December 2011	Annual periods beginning on or after 1 January 2014

The Directors anticipate that the adoption of IFRS 9, 10, 11, 12, 13, Amendments to IAS 1, 27, 28 and 32 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 2015 Consolidation Financial Statements, could change the classification and measurement of financial assets. The Directors are currently determining the impact of IFRS 9.

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgements

The preparation of the consolidated 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, based on the latest transacted price of the new issue of shares by the investee company or by the use of a relevant valuation model.

(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 relationships when a component of the venture is disposed of.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

(a) Business combinations

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.

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

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

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

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

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions prior to 1 January 2010

For acquisitions 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 recognised immediately in profit or loss.

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

(b) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(c) 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.

(d) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(e) Associates

Associates are those entities in which the Group exercises significant influence, but not control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% to 50% of the voting power of another entity.

Investments in associated entities are accounted for using the equity method and are recognised initially at cost. The cost of investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but to the extent that there is no evidence of impairment.

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 Group's 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 currencies 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$ 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 foreign 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

NOTES TO THE *FINANCIAL STATEMENTS* CONT'D

3 **SIGNIFICANT ACCOUNTING POLICIES** cont'd

3.2 Foreign Currencies cont'd

(b) Foreign operations cont'd
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 which is 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 based on the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to work performed.

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

(e) Revenue from hotel and mall operations
Revenue from hotel and mall operations have been treated as other income.

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 straight line 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 profit or loss in the period the asset is derecognised.

3.5 Leased asset

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

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

3.6 Income tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or 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 be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

3.7 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.

3 **SIGNIFICANT ACCOUNTING POLICIES** cont'd

3.7 Financial instruments cont'd

(a) Non-derivatives financial assets cont'd
The Group derecognises 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 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.

(b) Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

(c) 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.

(d) 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.

(e) 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. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(f) 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.

The Group classifies non-derivative financial liabilities into other financial liability category. Such 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.

Other financial liabilities comprise loan and borrowings, bank overdrafts, and trade and other payables.

Accounting for interest income and finance cost is discussed in Note 3.3(b) and 3.12.

(g) Share capital
Equity instruments are measured at the proceeds received net of direct issue costs.

Repurchase of share apital (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 sales consideration is recognised in equity.

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

(h) 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 expire. 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.

3.8 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 3.1(a).

NOTES TO THE *FINANCIAL STATEMENTS* CONT'D

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.9 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.

3.10 Impairment

(a) Non-derivative financial assets

A financial asset not classified as 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 of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact 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, economic 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 are assessed for specific impairment.

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.

(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 date 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. Goodwill is tested for impairment on an annual basis.

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. For 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.

3.11 Employee Benefits

(a) Short-term employee benefits

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

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

(b) 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.

3.12 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 SIGNIFICANT ACCOUNTING POLICIES cont'd

3.13 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.

3.14 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.

3.15 Provisions

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

3.16 Commitments and Contingencies

Commitments and contingent liabilities are disclosed in the financial statements and described in Note 41. 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.

3.17 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 used derivative financial instruments, principally interest rate swaps and forward foreign exchange contracts for hedging transactions. The Group does 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 be used 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 2012, 93% (2011: 95%) 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 7% (2011: 5%) with local 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 2012, there was no significant concentration of credit risk within the Group.

Amounts due from an associate are 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 is set out in Note 23 and totals US$12.7 million (2011: US$33.5 million). The Group's exposure to credit risk arising from deposits and balances with banks is set out in Note 26 and totals US$16.8 million (2011: US$32.6 million).

At the end of the reporting period, the maximum exposure to credit risk as represented by the outstanding banking and credit facilities of the subsidiaries is as follows:

Company	2012 US$'000	2011 US$'000
Financial institutions for bank facilities granted to its subsidiaries	124,807	77,322

At the end of the reporting period there was no indication that any subsidiary would default on payment.

The financial guarantee has not been recognised since the fair value on initial recognition was not material.

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 2012, the Group's borrowings to fund the developments had tenors of less than ten 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.

NOTES TO THE
FINANCIAL STATEMENTS CONT'D

4 FINANCIAL RISK MANAGEMENT cont'd

4.3 Liquidity Risk cont'd

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 2012							
Finance lease liabilities	**30**	**2.50%**	**34**	**7**	**7**	**20**	**–**
Interest bearing loans and borrowings	**144,329**	**5.20% - 23%**	**168,688**	**30,306**	**32,013**	**96,277**	**10,092**
Trade and other payables	**56,764**	**–**	**56,764**	**56,764**	**–**	**–**	**–**
	201,123		**225,486**	**87,077**	**32,020**	**96,297**	**10,092**
At 31 December 2011							
Interest bearing loans and borrowings	126,016	5.33% - 23%	146,836	44,184	33,487	69,165	–
Trade and other payables	74,338	–	74,338	74,338	–	–	–
	200,354		221,174	118,522	33,487	69,165	–

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 2012							
Trade and other payables	**1,677**	**–**	**1,677**	**1,677**	**–**	**–**	**–**
	1,677		**1,677**	**1,677**	**–**	**–**	**–**
At 31 December 2011							
Trade and other payables	947	–	947	947	–	–	–
	947		947	947	–	–	–

The above table excludes current tax liabilities.

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 takes 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 Group's exposure to foreign currency risk on cash and cash equivalents at year end is as follows:

Group	2012 US$'000	2011 US$'000
Euros	205	411
Others	108	10
	313	421

At 31 December 2012, 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$31,300 / (US$31,300). (2011 : US$42,100 /(US$42,100)).

4 FINANCIAL RISK MANAGEMENT cont'd

4.4 Market Risk cont'd

(a) Foreign Exchange Risk cont'd

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 rates 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.

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 2012 US$'000	Group 2011 US$'000	Company 2012 US$'000	Company 2011 US$'000
Fixed rate instruments:				
Financial assets	**16,752**	32,610	**354**	5,188
Financial liabilities	**83,205**	75,734	**–**	–
Floating rate instruments:				
Financial liabilities	**61,154**	50,282	**–**	–

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 58% (2011: 60%) of the Group's borrowings at 31 December 2012.

Interest rate risk is reported internally to key management personnel via a sensitivity analysis, which is prepared based on the exposure to variable interest rates 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 2012, if the interest rate had been 100 basis point higher/ lower and all other variables were held constant, this would (decrease)/ increase the Group's profit for the year by approximately (US$611,540)/ US$611,540 (2011: increase/(decrease) by US$502,820/ (US$502,820)).

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

The fair value of Medium Term Notes ("MTN"), together with the carrying amounts shown in the statement of financial position, is as follows:

Group	2012 Carrying amount US$'000	2012 Fair value US$'000	2011 Carrying amount US$'000	2011 Fair value US$'000
MTN	**83,175**	**80,048**	75,734	72,175

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest rate at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

At 31 December 2012, the interest rate used to discount estimated cash flows of the MTN is 7.32%.

At 31 December 2011, the interest rate used to discount estimated cash flows of the MTN is 7.08%.

NOTES TO THE *FINANCIAL STATEMENTS* CONT'D

4 FINANCIAL RISK MANAGEMENT cont'd

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.

4.7 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 held-for-trading financial instrument, cash and cash equivalents, loans and borrowings, medium term notes and equity attributable to equity holders of the parent, comprising issued share capital and reserves, were as follows:

Group	2012 US$'000	2011 US$'000
Capital structure analysis:		
Held-for-trading financial instrument	**1,370**	21,384
Cash and cash equivalents	**16,752**	32,610
Loans and borrowings	**(61,184)**	(50,282)
Medium term notes	**(83,175)**	(75,734)
Equity attributable to equity holders of the parent	**(183,584)**	(203,370)
Total capital	**(309,821)**	(275,392)

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 held-for-trading financial instrument and 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 2012 and 31 December 2011 were as follows:

Group	2012 US$'000	2011 US$'000
Total borrowings	**144,359**	126,016
Less: Held-for-trading financial instrument (Note 22)	**(1,370)**	(21,384)
Less: Cash and cash equivalents (Note 26)	**(16,752)**	(32,610)
Net debt	**126,237**	72,022
Total equity	**196,647**	207,646
Net debt-to-equity ratio	**0.64**	0.35

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.

5.1 Revenue recognised during the year as follows:

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Sale of development properties	**23,363**	280,788	–	–
Project management fee	**369**	354	–	–
	23,732	281,142	–	–

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. 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) Investment holding companies – investing activities;
(ii) Ireka Land Sdn. Bhd. – develops Tiffani by i-ZEN and 1 Mont' Kiara by i-ZEN;
(iii) ICSD Ventures Sdn. Bhd. – develops Sandakan Harbour Square;
(iv) Amatir Resources Sdn. Bhd. – develops SENI Mont' Kiara; and
(v) Hoa Lam-Shangri-La Healthcare Group – develops City International Hospital and Hi-Tech Healthcare Park.

Other non-reportable segments comprise the Group's other new development projects. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2012 and 2011.

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 still at approved and construction stages.

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

Operating Segments – ended 31 December 2012

	Investment Holding US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Hoa Lam-Shangri-La Healthcare Group US$'000	Total US$'000
Segment profit/ (loss) before taxation	**(7,904)**	**2,199**	**(8,153)**	**1,096**	**(1,950)**	**(14,712)**
Included in the measure of segment profit/ (loss) are:						
Revenue	–	–	**852**	**22,511**	–	**23,363**
Cost of acquisition written down	–	**(392)**	**(69)**	**(3,912)**	–	**(4,373)**
Goodwill impairment	–	–	**(946)**	**(212)**	–	**(1,158)**
Marketing expenses	–	**(54)**	**(2)**	**(1,898)**	–	**(1,954)**
Depreciation of property, plant and equipment	–	**(8)**	**(86)**	**(1)**	**(92)**	**(187)**
Finance costs	**(31)**	–	**(3,071)**	**(731)**	**(434)**	**(4,267)**
Finance income	**76**	**18**	**217**	**63**	**7**	**381**
Segment assets	**13,205**	**11,164**	**112,363**	**102,178**	**77,962**	**316,872**
Included in the measure of segment assets are:						
Addition to non-current assets other than financial instruments and deferred tax assets	–	–	**273**	–	**27**	**300**

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	**(14,712)**
Other non-reportable segments	**(1,910)**
Depreciation	**(3)**
Finance cost	**(32)**
Finance income	**26**
Consolidated loss before taxation	**(16,631)**

NOTES TO THE *FINANCIAL STATEMENTS* CONT'D

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 2011

	Investment Holding US$'000	Ireka Land Sdn. Bhd. US$'000	ICSD Ventures Sdn. Bhd. US$'000	Amatir Resources Sdn. Bhd. US$'000	Hoa Lam-Shangri-La Healthcare Group US$'000	Total US$'000
Segment profit/ (loss) before taxation	(3,334)	2,204	(1,488)	38,725	(2,747)	33,360
Included in the measure of segment profit/ (loss) are:						
Revenue	–	1,885	3,932	274,971	–	280,788
Cost of acquisition written down	–	(1,216)	(1,030)	(40,053)	–	(42,299)
Goodwill impairment	–	–	–	(2,171)	–	(2,171)
Marketing expenses	–	–	(80)	(2,640)	–	(2,720)
Depreciation of property, plant and equipment	–	(19)	(23)	(1)	(99)	(142)
Finance costs	(425)	–	(65)	(203)	(412)	(1,105)
Finance income	89	238	95	163	8	593
Segment assets	30,115	23,913	94,286	128,669	48,321	325,304
Included in the measure of segment assets are:						
Addition to non-current assets other than financial instruments and deferred tax assets	–	–	63	–	193	256

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	33,360
Other non-reportable segments	(198)
Depreciation	–
Finance cost	(39)
Finance income	9
Consolidated profit before taxation	33,132

2012 US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets	Addition to non-current assets
Total reportable segment	**23,363**	**(187)**	**(4,267)**	**381**	**316,872**	**300**
Other non-reportable segments	**369**	**(3)**	**(32)**	**26**	**92,802**	**12**
Consolidated total	**23,732**	**(190)**	**(4,299)**	**407**	**409,674**	**312**

2011 US$'000	Revenue	Depreciation	Finance costs	Finance income	Segment assets	Addition to non-current assets
Total reportable segment	280,788	(142)	(1,105)	593	325,304	256
Other non-reportable segments	354	–	(39)	9	89,820	335
Consolidated total	281,142	(142)	(1,144)	602	415,124	591

5 **REVENUE AND SEGMENTAL INFORMATION** cont'd

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

Geographical Information – ended 31 December 2012

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	**23,732**	**–**	**23,732**
Non-current assets	**3,188**	**24,341**	**27,529**

In 2012, no single customer exceeded 10% of the Group's total revenue.

Geographical Information – ended 31 December 2011

	Malaysia US$'000	Vietnam US$'000	Consolidated US$'000
Revenue	281,142	–	281,142
Non-current assets	8,504	33,871	42,375

In 2011, no single customer exceeded 10% of the Group's total revenue.

6 **COST OF SALES**

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Direct costs attributable to property development	**21,459**	236,645	**–**	–

7 **OTHER INCOME**

Group	2012 US$'000	2011 US$'000
Dividend income	**314**	268
Investment income	**234**	295
Late payment interest income	**66**	514
Rental income	**554**	643
Revenue from hotel operation (a)	**1,919**	–
Revenue from mall operation (b)	**638**	–
Reversal of impairment of trade receivables	**357**	–
Sale of land (c)	**2,533**	–
Sundry income	**436**	426
	7,051	2,146

(a) Revenue from hotel operation
A subsidiary of the Company, ICSD Ventures Sdn. Bhd. has commenced the operation of its hotel - Four Points by Sheraton Sandakan Hotel in May 2012. The revenue earned from hotel operation is included in other income in line with management's intention to dispose of the hotel.

(b) Revenue from mall operation
A subsidiary of the Company, ICSD Ventures Sdn. Bhd. has commenced the operation of its retail mall - Harbour Mall Sandakan in July 2012. The revenue earned from mall operation is included in other income in line with management's intention to dispose of the mall.

(c) Sale of land
A subsidiary of the Company, Ireka Land Sdn. Bhd. sold a piece of land where the show unit of Tiffani by i-ZEN was located for US$ 2,533,440 (RM 7,800,000) in April 2012. The cost of the land had been charged to the development of Tiffani by i-ZEN in August 2009.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

8 FOREIGN EXCHANGE GAIN/ (LOSS)

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Foreign exchange gain/ (loss) comprises:				
Realised foreign exchange (loss)/ gain	**(118)**	(994)	**(22)**	361
Unrealised foreign exchange gain/ (loss)	**642**	(20)	**(256)**	89
	524	(1,014)	**(278)**	450

9 MANAGEMENT FEES

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Management fees	**3,799**	3,972	**1,644**	1,613

The management fees payable to the Development Manager are 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 provided.

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 or accrued during the year (2011: US$Nil).

10 STAFF COSTS

Group	2012 US$'000	2011 US$'000
Wages, salaries and others	**1,705**	924
Employees' provident fund, social security and other pension costs	**113**	33
	1,818	957

The Company has no executive directors or employees under its employment. The Group's subsidiaries, ICSD Ventures Sdn. Bhd., ASPL PLB-Nam Long Ltd Liability Co, Aseana-BDC Co Ltd, Hoa Lam Service Co Ltd, Hoa Lam – Shangri-La Healthcare Ltd Liability Co and Hoa Lam – Shangri-la 1 Liability Ltd Co have a total of 253 (2011: 56) employees.

11 FINANCE (COSTS)/ INCOME

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Interest income from banks	**407**	602	**59**	68
Agency fees	**(27)**	(26)	**–**	–
Annual trustees monitoring fee	**(7)**	(6)	**–**	–
Bank guarantee commission	**(4)**	(152)	**–**	–
Interest on bank overdraft	**–**	(4)	**–**	(4)
Interest on bank loans	**(1,189)**	(956)	**–**	–
Interest on financial liabilities at amortised cost	**(1)**	–	**–**	–
Interest on medium term notes	**(3,071)**	–	**–**	–
	(3,892)	(542)	**59**	64

12 NET (LOSS)/ PROFIT BEFORE TAXATION

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Net (loss)/ profit before taxation is stated after charging/(crediting):				
• Auditor's remuneration				
- current year	**229**	193	**121**	106
- under provision in prior year	**10**	29	**–**	13
• Directors' fees	**317**	317	**317**	317
• Decline in fair value of available-for-sale investments	**4,653**	–	**–**	–
• Depreciation of property, plant and equipment	**190**	142	**–**	–
• Expenses of hotel operation	**3,290**	–	**–**	–
• Expenses of mall operation	**2,192**	–	**–**	–
• Fair value loss/ (gain) on held-for-trading financial instrument	**81**	(26)	**–**	–
• Impairment of amount due from subsidiaries	**–**	–	**1,885**	634
• Impairment of goodwill	**1,158**	2,171	**–**	–
• (Reversal of) / impairment of trade receivables	**(357)**	419	**–**	–
• Loss on disposal of property, plant and equipment	**1**	–	**–**	–
• Property, plant and equipment written off	**31**	156	**–**	–
• Staff costs	**1,818**	957	**–**	–
• Tax services	**15**	8	**–**	–

13 TAXATION

Group	2012 US$'000	2011 US$'000
Current tax	**1,087**	128
Deferred tax	**711**	18,864
Total tax expense for the year	**1,798**	18,992

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	2012 US$'000	2011 US$'000
Accounting (loss)/ profit	**(16,631)**	33,132
Income tax at a rate of 25%*	**(4,158)**	8,283
Add:		
Tax effect of expenses not deductible in determining taxable profit	**4,329**	9,179
Movement of unrecognised deferred tax benefits	**1,663**	1,190
Tax effect of different tax rates in subsidiaries**	**362**	477
Less:		
Tax effect of income not taxable in determining taxable profit	**(244)**	(186)
(Over)/ under provision	**(154)**	49
Total tax expense for the year	**1,798**	18,992

* 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% for its profit arising from hospital income. The preferential income tax is given by the government of Vietnam due to the subsidiary's involvement in the healthcare and education industries.

The Company is treated as a tax resident of Jersey for the purpose of tax laws and is subject to a tax rate of 0%.

A Goods and Services Tax was introduced in Jersey in May 2008. The Company has been registered as an International Services Entity so it does not have to charge or pay local GST. The cost for this registration is £200 per annum.

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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

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 2012 was based on the (loss)/ profit attributable to equity holders of the parent and a weighted average number of ordinary shares outstanding, calculated as below:

Group	2012 US$'000	2011 US$'000
(Loss)/ profit attributable for the year attributable to equity holders of the parent	**(16,839)**	16,058
Weighted average number of shares	**212,047**	212,525
(Loss)/ earnings per share (US cents):		
Basic and diluted	**(7.94)**	7.56

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 2012	**595**	**137**	**847**	**3,329**	**4,908**
Exchange adjustments	**12**	**2**	**7**	**120**	**141**
Additions	**279**	**33**	–	–	**312**
Disposal	–	**(3)**	–	–	**(3)**
Transfer to inventories	**(363)**	–	–	**(3,449)**	**(3,812)**
Written off	**(73)**	–	–	–	**(73)**
At 31 December 2012	**450**	**169**	**854**	–	**1,473**
Accumulated Depreciation					
At 1 January 2012	**160**	**38**	**81**	–	**279**
Exchange adjustments	**4**	**1**	**1**	–	**6**
Charge for the year	**121**	**31**	**38**	–	**190**
Disposal	–	**(1)**	–	–	**(1)**
Transfer to inventories	**(72)**	–	–	–	**(72)**
Written off	**(42)**	–	–	–	**(42)**
At 31 December 2012	**171**	**69**	**120**	–	**360**
Net carrying amount at 31 December 2012	**279**	**100**	**734**	–	**1,113**
Cost					
At 1 January 2011	779	142	735	3,075	4,731
Exchange adjustments	(29)	(8)	(53)	(81)	(171)
Additions	88	3	165	335	591
Written off	(243)	–	–	–	(243)
At 31 December 2011	595	137	847	3,329	4,908
Accumulated Depreciation					
At 1 January 2011	171	24	39	–	234
Exchange adjustments	(5)	(1)	(4)	–	(10)
Charge for the year	81	15	46	–	142
Written off	(87)	–	–	–	(87)
At 31 December 2011	160	38	81	–	279
Net carrying amount at 31 December 2011	435	99	766	3,329	4,629

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$311,833 (2011: US$590,880) of which US$32,700 (2011: US$Nil) was acquired by means of finance lease. Motor vehicle of the Group with net carrying amount of US$25,179 (2011: US$Nil) is held under hire purchase arrangement at year end.

16 INVESTMENT IN AN ASSOCIATE

The Company, via a wholly-owned subsidiary ASPL M3A Limited, has a 40% equity interest in 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.

A summary of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the associate is as follows:

Group	2012 US$'000	2011 US$'000
Statement of Financial Position		
Non-current assets	**11,345**	4,527
Current assets	**378,270**	125,409
Total Assets	**389,615**	129,936
Current liabilities	**390,224**	131,392
Total liabilities	**390,224**	131,392
Equity	**(609)**	(1,456)
Total Equity and Liabilities	**389,615**	129,936
Statement of Comprehensive Income		
Other operating income	–	12
Cost of sales, expenses including finance costs and taxation	**899**	(500)
Profit/ (loss)	**899**	(488)

The amount of unrecognised share of profit for the current year and cumulatively is US$338,567 (2011: share of loss US$184,732) and US$243,727 (2011: US$582,294) respectively.

17 INVESTMENT IN SUBSIDIARIES

Company	2012 US$'000	2011 US$'000
Unquoted shares, at cost	**66,428**	66,428
Discount on loans to subsidiaries	**14,518**	14,518
	80,946	80,946

A list of the main operating subsidiaries is provided in Note 40.

NOTES TO THE *FINANCIAL STATEMENTS* CONT'D

18 AVAILABLE-FOR-SALE INVESTMENTS

Group 2012	Unquoted shares US$'000
1 January – fair value	22,052
Recognised in other comprehensive income	(4,828)
Recognised in profit or loss	(4,653)
At 31 December – fair value	**12,571**

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

Group 2011	Unquoted shares US$'000
1 January – fair value	22,052
At 31 December – fair value	22,052

At 31 December 2012, a decline in fair value of US$4.8 million has been recognised in other comprehensive income, with a further impairment loss of US$4.7 million recognised in the profit or loss. The Directors have considered various prevailing factors at year end, including the economic conditions and market conditions of the Ho Chi Minh Stock Exchange (Nam Long was subsequently listed in the Exchange on 8 April 2013) in assessing the fair value of the investment.

IFRS 7 Financial Instruments: Disclosures 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 the remeasurement. The Directors are of the opinion that the available-for-sale investments at 31 December 2012 and 2011 is classified under Level 3 (fair values measured using inputs for the asset or liability that are not based on observable market data).

The Directors are of the opinion that the carrying value approximates the investment's fair value at 31 December 2012.

19 INTANGIBLE ASSETS

Group	Licence Contracts and Related Relationships US$'000	Goodwill US$'000	Total US$'000
Cost			
At 1 January 2011/ 31 December 2011 / 31 December 2012	**10,695**	**6,479**	**17,174**
Accumulated impairment losses			
At 1 January 2011	–	–	–
Impairment loss	–	2,171	2,171
At 31 December 2011 / 1 January 2012	–	2,171	2,171
Impairment loss	–	1,158	1,158
At 31 December 2012	**–**	**3,329**	**3,329**
Carrying amounts			
At 31 December 2011	10,695	4,308	15,003
At 31 December 2012	**10,695**	**3,150**	**13,845**

The licence contracts and related relationships represents the rights to develop the International Hi-Tech Healthcare Park. The Phase 1 of City International Hospital is anticipated to be completed in 2013. Other than Phase 1 of City International Hospital, the rest of the projects are at their early 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.

19 INTANGIBLE ASSETS cont'd

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

Group	2012 US$'000	2011 US$'000
Licence, contracts and related relationships		
International Hi-Tech Healthcare Park	**10,695**	10,695
Goodwill		
SENI Mont' Kiara	**1,203**	1,415
Sandakan Harbour Square	**1,947**	2,893
	3,150	4,308

The recoverable amount of licence, contracts and related relationships has been tested based on the fair value less cost to sell of the Land Use Rights ("LUR") owned by the subsidiaries, discounted using a discount rate at 11% (2011: 17%) per annum. The key assumption used is the expected market value of the LUR. The Group believes that any reasonably possible changes in the above key assumptions applied is not likely to materially cause the recoverable amount to be lower than its carrying amount.

Impairment losses of US$212,008 (2011: US$2,170,516) and US$945,761 (2011: US$Nil) in relation to the SENI Mont' Kiara and Sandakan Harbour Square projects have been recognised as the recoverable amount of the cash generating units, estimated based on fair value less costs to sell is below their carrying amount.

The recoverable amount of goodwill has been tested by reference to underlying profitability of the developments using discounted cash flow projections.

20 DEFERRED TAX ASSETS

Group	2012 US$'000	2011 US$'000
At 1 January	**691**	19,400
Exchange adjustments	**20**	155
Deferred tax credit relating to origination and reversal of temporary differences during the year	**(711)**	(18,864)
At 31 December	–	691

The deferred tax assets comprise:

Group	2012 US$'000	2011 US$'000
Taxable temporary differences between net carrying amount and tax written down value of property, plant and equipment and others	–	(20)
Deductible temporary differences recognised for the impairment loss on trade receivables	–	101
Deductible temporary differences arising from unused tax losses and unabsorbed capital allowances	–	25
Deductible temporary differences recognised for the accrual of construction costs	–	585
At 31 December	–	691

Deferred tax assets have not been recognised in respect of unused tax losses of US$15,499,267 (2011: US$7,533,932) and other tax benefits which includes temporary differences between net carrying amount and tax written value of property, plant and equipment and accrual of construction costs of US$180,231 (2011: US$1,492,107) which are available for offset against future taxable profits. Deferred tax assets have not been recognised due to the uncertainty of the recovery of the losses.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

21 INVENTORIES

Group	Notes	2012 US$'000	2011 US$'000
Land held for property development	(a)	**24,912**	23,525
Work-in-progress	(b)	**116,876**	148,024
Stock of completed units, at cost		**209,034**	113,457
At 31 December		**350,822**	285,006

(a) Land held for property development

Group	2012 US$'000	2011 US$'000
At 1 January	**23,525**	27,749
Exchange adjustments	**564**	(1,338)
Additions	**823**	411
Transfer to work-in-progress	–	(3,297)
At 31 December	**24,912**	23,525

(b) Work-in-progress

Group	2012 US$'000	2011 US$'000
At 1 January	**148,024**	385,579
Add :		
Work-in-progress incurred during the year	**64,272**	107,950
Contribution from non-controlling interest	**6,480**	–
Transfer from property, plant and equipment	**3,740**	–
Transfer from land held for property development	–	3,297
Transfer to stock of completed units	**(108,342)**	(142,139)
Exchange adjustments	**4,121**	(1,234)
	118,295	353,453
Less :		
Costs recognised as expenses in the statement of comprehensive income during the year	**(1,419)**	(205,429)
At 31 December	**116,876**	148,024

The above amounts included borrowing cost capitalised of US$1,277,841 (2011:US$4,124,274).

22 HELD-FOR-TRADING FINANCIAL INSTRUMENT

The financial asset represents a placement in money market fund ("Fund"), which is held as a trading instrument. The market value and the market price per unit of the Fund at 31 December 2012 were US$1,369,749 (2011:US$21,383,754) and US$0.33 (2011:US$0.32) respectively. During the year, the Group recognised a fair value loss of US$80,776 (2011: fair value gain of US$26,066) in relation to the investment.

The Fund is permitted under the Deed to invest in the following:

(i) Bank deposits;
(ii) Money market instruments such as treasury bills, bankers acceptance, negotiable certificates of deposits, Bank Negara Malaysia bills, Bank Negara Malaysia negotiable notes, Negotiable Instruments of Deposit and Negotiable Islamic Debt Certificate with maturities not exceeding one (1) year; and
(iii) Malaysian Government Securities and/or securities guaranteed by the Government of Malaysia and/or notes/securities issued by Bank Negara Malaysia with maturity not exceeding two (2) years.

IFRS 7 Financial Instruments: Disclosures 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 the measurement. The Directors are of the opinion that the held-for-trading financial asset at 31 December 2012 is classified under Level 2 (fair value measured using inputs for the asset or liability that are observable for the asset or liability, either directly or indirectly).

23 TRADE AND OTHER RECEIVABLES

Group	2012 US$'000	2011 US$'000
Gross trade receivables	**4,100**	18,170
Impairment loss	–	(419)
Exchange adjustments	–	15
Net trade receivables	**4,100**	17,766
Other receivables	**7,623**	12,126
Sundry deposits	**219**	362
Prepayments	**783**	659
Accrued revenue	–	2,572
	12,725	33,485

Company	2012 US$'000	2011 US$'000
Other receivables	**3**	198

Trade receivables represent progress billings receivable from the sale of development properties, which are generally due for settlement within 21 days from the date 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 is set out below. These relate to a number of independent customers for whom there is no recent history of default.

Group 2012 US$'000	Gross	Individual Impairment	Net
Within credit terms	–	–	–
Stakeholder sums	**3,966**	–	**3,966**
Past due			
0 – 60 days	–	–	–
61 –120 days	–	–	–
More than 120 days	**134**	–	**134**
	4,100	–	**4,100**

Group 2011 US$'000	Gross	Individual Impairment	Net
Within credit terms	4,022	–	4,022
Stakeholder sums	13,071	–	13,071
Past due			
0 – 60 days	457	(153)	304
61 –120 days	67	(60)	7
More than 120 days	553	(191)	362
	18,170	(404)	17,766

Included in the stakeholder sums is approximately US$3.0 million (2011: US$9.4 million) in respect of SENI Mont' Kiara which is receivable upon the expiry of 6 months and 18 months from the date of vacant possession. It also includes stakeholder sums of approximately US$1.0 million (2011: US$3.4 million) receivable from 1MK Retail Sdn. Bhd. and 1MK Office Sdn. Bhd., receivable upon the expiry of the defect liability period and issuance of strata title from land office. The Group received approximately US$0.2 million of the debts upon the expiry of defect of liability period in March 2013.

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. No allowance for impairment loss of trade receivables has been made for the remaining past due receivables as the Group monitors the repayment of the customers regularly and are confident of the ability of the customers to repay the balance outstanding.

During the financial year, reversal of US$357,000 in relation to impairment of trade receivables has been made with regards to the debts as the amount has been fully collected.

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

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

NOTES TO THE *FINANCIAL STATEMENTS* CONT'D

24 AMOUNT DUE FROM AN ASSOCIATE

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

25 AMOUNTS DUE FROM / (TO) SUBSIDIARIES

Company	2012 US$'000	2011 US$'000
Due from subsidiaries (Current portion)	**172,756**	165,605
Less : Impairment loss	**(17,476)**	(15,591)
	155,280	150,014
Due to subsidiaries (Current portion)	**(25,531)**	(20,842)

The amounts due from / (to) subsidiaries are current, unsecured and repayable on demand.

At the end of the reporting period, inter-company balances that were assessed to be irrecoverable were impaired by US$1,884,919 (2011: US$633,610).

26 CASH AND CASH EQUIVALENTS

Group	2012 US$'000	2011 US$'000
Cash and bank balances	**5,152**	18,320
Short term bank deposits	**11,600**	14,290
	16,752	32,610

Company	2012 US$'000	2011 US$'000
Cash and bank balances	**354**	5,188
	354	5,188

Included in deposits placed with licensed bank is US$11,170,598 (2011: US$9,799,380) pledged for banking facilities granted to its subsidiaries.

The interest rate of cash and cash equivalents, excluding deposit pledged with licensed bank of US$11,170,598 (2011: US$9,799,380) pledged for banking facilities granted to its subsidiaries range from 2.55% to 3.00% per annum (2011: 2.25% to 2.85% per annum) and the maturity period ranges from 1 day to 1 month (2011: 1 day to 1 month).

The interest rate of deposits placed with licensed bank pledged for banking facilities granted to its subsidiaries range from 0.5% to 3.15% per annum (2011: 2.25% to 2.85% per annum) and the maturity period range from 1 month to 1 year (2011: less than 1 month).

27 SHARE CAPITAL

Group & Company	2012 Number of Shares'000	2011 Number of Shares'000
Authorised Share Capital	**2,000,000**	2,000,000
Issued Share Capital		
At 1 January / 31 December	**212,525**	212,525

Group & Company	2012 US$'000	2011 US$'000
Authorised Share Capital of US$0.05 each	**100,000**	100,000
Issued Share Capital of US$0.05 each		
At 1 January / 31 December	**10,626**	10,626

28 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	2012 US$'000	2011 US$'000
At 1 January	**219,101**	221,226
Own shares acquired	**(175)**	–
Dividend paid to equity holders of the parent	–	(2,125)
At 31 December	**218,926**	219,101

The Company paid an interim dividend of US$0.01 per share amounting US$2,125,250 for the financial year ended 31 December 2011 on 15 December 2011 from the share premium account.

In January 2012, the Company purchased 500,000 of its ordinary shares of US$0.05 each in series at prices between US$0.3375 and US$0.35. Following the purchases, the Company held 500,000 shares in treasury and has 212,025,000 shares in issue (excluding shares held in treasury).

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 2009.

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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

32 ACCUMULATED LOSSES

Group	2012 US$'000	2011 US$'000
At 1 January	**(32,797)**	(48,858)
(Loss)/ profit attributable to equity holders of the parent	**(16,839)**	16,058
Changes in ownership interestes in subsidiaries	**(1,192)**	–
Acquisition of non-controlling interests	**–**	3
At 31 December	**(50,828)**	(32,797)

Company	2012 US$'000	2011 US$'000
At 1 January	**(17,044)**	(13,912)
Loss attributable to equity holders of the parent	**(5,007)**	(3,132)
At 31 December	**(22,051)**	(17,044)

33 TRADE AND OTHER PAYABLES

Group	2012 US$'000	2011 US$'000
Trade payables	**22,761**	25,528
Other payables	**7,588**	16,517
Deposits refundable	**4,550**	173
Accruals	**21,865**	32,120
	56,764	74,338

Company	2012 US$'000	2011 US$'000
Other payables	**1,425**	17
Accruals	**252**	930
	1,677	947

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$Nil (2011:US$8,597,371).

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

34 AMOUNT DUE TO NON-CONTROLLING INTERESTS

Group	2012 US$'000	2011 US$'000
Non-current		
Minority Shareholders of Shangri-La Healthcare Investment Pte Ltd:		
- Tran Thi Lam	–	533
- Econ Medicare Centre Holdings Pte Ltd	–	632
- Value Energy Sdn. Bhd.	–	189
- Thang Shieu Han	–	72
- Nguyen Quang Duc	–	14
Minority Shareholder of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd.	–	1,566
	–	3,006
Current		
Minority Shareholders of Shangri-La Healthcare Investment Pte Ltd:		
- Tran Thi Lam	**533**	–
- Econ Medicare Centre Holdings Pte Ltd	**632**	–
- Value Energy Sdn. Bhd.	**189**	–
- Thang Shieu Han	**72**	–
- Nguyen Quang Duc	**14**	–
Minority Shareholder of Bumiraya Impian Sdn. Bhd.:		
- Global Evergroup Sdn. Bhd.	**1,621**	–
Minority Shareholders of Hoa Lam Services Co Ltd:		
- Tran Thi Lam	**1,567**	–
- Tri Hanh Consultancy Co Ltd	**541**	–
- Investment Joint Stock Company	**41**	–
- Duong Ngoc Hoa	**27**	–
Minority Shareholder of Urban DNA Sdn. Bhd.:		
- Ireka Corporation Berhad	**4,570**	–
	9,807	–
	9,807	3,006

The amount due to non-controlling interests amounting to US$9,807,000 (2011: US$ Nil) are unsecured, interest free and repayable on demand.

In financial year 2011, amount due to non-controlling interest were unsecured, and without fixed term of repayment and no repayment was expected until profit is generated from the subsidiaries which was not expected in the following 12 months.

35 LOANS AND BORROWINGS

Group	2012 US$'000	2011 US$'000
Non-current		
Bank loans	**40,473**	12,889
Finance lease liabilities	**24**	–
	40,497	12,889
Current		
Bank loans	**20,681**	37,393
Finance lease liabilities	**6**	–
	20,687	37,393
	61,184	50,282

NOTES TO THE FINANCIAL STATEMENTS CONT'D

35 LOANS AND BORROWINGS cont'd

The effective interest rates of the bank loans and hire purchase arrangement for the year ranged from 5.20% to 23% (2011: 5.84% to 23%) per annum and is 2.50% (2011: n/a) per annum respectively.

Borrowings are denominated in Malaysian Ringgit, United States Dollars and Vietnam Dong.

Bank loans are repayable by monthly or quarterly instalments.

Bank loans are secured by land held for property development and work-in-progress and some by the corporate guarantee of the Company.

The carrying amount of borrowings approximates its fair value at statement of financial position date and non-current bank loans earn interest at floating rates.

Finance lease liabilities are payable as follows:

Group	Future minimum lease payment 2012 US$'000	Interest 2012 US$'000	Present value of minimum lease payment 2012 US$'000	Future minimum lease payment 2011 US$'000	Interest 2011 US$'000	Present value of minimum lease payment 2011 US$'000
Within one year	**7**	**1**	**6**	–	–	–
Between one and five years	**27**	**3**	**24**	–	–	–
	34	**4**	**30**	–	–	–

36 MEDIUM TERM NOTES

Group	2012 US$'000	2011 US$'000
Outstanding medium term notes	**85,020**	77,322
Finance costs	**4,608**	285
Transaction costs	**(6,453)**	(1,873)
Less:		
Repayment due within twelve months	–	–
Repayment due after twelve months	**83,175**	75,734

2012
The medium term notes were issued by a subsidiary, incorporated on 5 May 2011, to fund two development projects known as Sandakan Harbour Square and Aloft Kuala Lumpur Sentral hotel in Malaysia. US$77.3 million has been drawn down in 2011 for Sandakan Harbour Square. US$4.9 million had been drawn down in 2012 for Aloft Kuala Lumpur Sentral hotel and the remaining US$83.1 million has been fully drawn down in 2013. The weighted average interest rate of the loan was 5.42% 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:

		Maturity Dates	Interest rate % per annum	US$'000
Series 1	Tranche FG 001	8 December 2014	5.38	8,175
Series 1	Tranche BG 001	8 December 2014	5.33	6,540
Series 1	Tranche FG 002	8 December 2015	5.46	14,715
Series 1	Tranche BG 002	8 December 2015	5.41	9,810
Series 2	Tranche FG 001	8 December 2015	5.46	22,890
Series 2	Tranche BG 001	8 December 2015	5.41	17,985
Series 3	Tranche FG 001	1 October 2015	5.40	3,270
Series 3	Tranche BG 001	1 October 2015	5.35	1,635
				85,020

36 **MEDIUM TERM NOTES** cont'd

The medium term notes are secured by way of:

(i) bank guarantee from two financial institutions in respect of the BG Tranches;

(ii) financial guarantee insurance policy from Danajamin Nasional Berhad in respect to the FG Tranches;

(iii) a first fixed and floating charge over the present and future assets and properties of Silver Sparrow Berhad, ICSD Ventures Sdn. Bhd. and Iringan Flora Sdn. Bhd. by way of a debenture;

(iv) a third party first legal fixed charge over ICSD Ventures Sdn. Bhd.'s assets and land;

(v) assignment of all Iringan Flora Sdn. Bhd.'s present and future rights, title, interest and benefits in and under the Sales and Purchase Agreement to purchase the Aloft Kuala Lumpur Sentral hotel from Excellent Bonanza Sdn. Bhd.;

(vi) first fixed land charge over the Aloft Kuala Lumpur Sentral hotel and the Aloft Kuala Lumpur Sentral hotel's land (to be executed upon construction completion);

(vii) a corporate guarantee by Aseana Properties Limited;

(viii) letter of undertaking from Aseana Properties Limited to provide financial and other forms of support to ICSD Ventures Sdn. Bhd. to finance any cost overruns associated with the development of the Sandakan Harbour Square;

(ix) assignment of all its present and future rights, interest and benefits under the ICSD Ventures Sdn. Bhd.'s and Iringan Flora Sdn. Bhd.'s Put Option Agreements and the proceeds from the Harbour Mall Sandakan, Four Points by Sheraton Sandakan hotel and Aloft Kuala Lumpur Sentral hotel;

(x) assignment over the disbursement account, revenue account, Harbour Mall Sandakan operating account, sales proceed account, debt service reserve account and sinking fund account;

(xi) assignment of all ICSD Ventures Sdn. Bhd.'s and Iringan Flora Sdn. Bhd.'s present and future rights, title, interest and benefits in and under the insurance policies; and

(xii) a first legal charge over all the shares of Silver Sparrow Berhad, ICSD Ventures Sdn. Bhd. and Iringan Flora Sdn. Bhd. and any dividends, distributions and entitlements.

37 PURCHASE OF OWN SHARES AND CANCELLATION OF SHARES

The Company renewed its authority to purchase its own shares up to a total aggregate value of 14.99% of the issued ordinary shares capital in a resolution at its Annual General Meeting held on 18 June 2012. The authority shall expire 12 months from the date of passing of the resolution unless otherwise renewed, varied or revoked.

In January 2012, the Company purchased 500,000 of its ordinary shares of US$0.05 each in series at prices between US$0.3375 and US$0.35. Following the purchases, the Company held 500,000 shares in treasury and has 212,025,000 shares in issue (excluding shares held in treasury).

NOTES TO THE
FINANCIAL STATEMENTS CONT'D

38 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 23.07% shareholding in the Company. ICB's relationship with the Group is also mentioned on page 19 of the Directors' Report under the headings of 'Management'.

Group	2012 US$'000	2011 US$'000
Project management fee charged to an associate	**369**	354
Accounting and financial reporting services fee charged by an ICB subsidiary	**53**	53
Cleaning services fee charged by an ICB subsidiary	**–**	16
Construction progress claims charged by an ICB subsidiary	**31,048**	75,767
Management fees charged by an ICB subsidiary	**4,231**	4,196
Office rental and deposit charged by ICB	**11**	10
Project management fee for interior fit out works charged by an ICB subsidiary	**124**	52
Sales and administrative fee and marketing commissions charged by an ICB subsidiary	**557**	324
Secretarial and administrative services fee charged by an ICB subsidiary	**53**	53
Project staff costs reimbursed to an ICB subsidiary	**776**	947
Remuneration of key management personnel - Salaries	**39**	76

Company	2012 US$'000	2011 US$'000
Accounting and financial reporting services fee charged by an ICB subsidiary	**53**	53
Management fees charged by an ICB subsidiary	**1,644**	1,613
Secretarial and administrative services fee charged by an ICB subsidiary	**53**	53

Group	2012 US$'000	2011 US$'000
Amount due by an associate for project management fee	**239**	122
Amount due to an ICB subsidiary for accounting and financial reporting services fee	**26**	–
Amount due to an ICB subsidiary for cleaning services fee	**–**	10
Amount due to an ICB subsidiary for contract works performed net of LAD's recoverable of US$6,046,394 (2011: US$7,273,633)	**6,043**	10,264
Amount due to an ICB subsidiary for management fees	**3,345**	2,097
Amount due to an ICB subsidiary for marketing commissions	**153**	486
Amount due to an ICB subsidiary for secretarial and administrative services fee	**26**	–
Amount due to an ICB subsidiary for project staff costs	**420**	748

Company	2012 US$'000	2011 US$'000
Amount due to an ICB subsidiary for accounting and financial reporting services fee	**26**	–
Amount due to an ICB subsidiary for management fees	**1,212**	808
Amount due to an ICB subsidiary for secretarial and administrative services fee	**26**	–

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 40.

39 ACQUISITION OF BUSINESS

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

2012

During the financial year, the Group increased its equity interest in Shangri-La Healthcare Investment Pte Ltd ("SHIPL") from 51% to 73% resulting from additional new issue of shares in the subsidiary. Resulting from the increase in equity interest in SHIPL, the effective equity interest in Hoa Lam - Shangri-La Healthcare Ltd Liability Co, Hoa Lam - Shangri-la 1 Liability Ltd Co, Hoa Lam - Shangri-la 2 Ltd Liability Co, Hoa Lam - Shangri-la 3 Liability Ltd Co, subsidiaries of SHIPL, increased to 67%.

The Group recognised a decrease in non-controlling interests of US$1,192,000 and an increase in accumulated losses of US$1,192,000 resulting from the increase in equity interest in the above subsidiaries. The transaction was accounted for using the purchase method of accounting.

2011

On 31 July 2011, the Group acquired the remaining 14.9% of the issued share capital of Legolas Capital Sdn. Bhd. for a total cash consideration of US$10,611, increasing in ownership from 85.1% to 100%. The carrying amount of Legolas Capital Sdn. Bhd.'s net asset in the Group's financial statement on the date of acquisition was US$100,752. The Group recognised a decrease in non-controlling interest of US$13,595 and an increase in retained earnings of US$2,942. The transaction was accounted for using the purchase method of accounting.

The following summarises the effect of changes in the equity interest in Legolas Capital Sdn. Bhd. that is attributable to equity holders of the parent.

Group	US$'000
Equity interest at 1 Jan 2011	**85**
Effect of increase in Company's ownership interest	**11**
Share of comprehensive loss	**(1)**
Equity interest at 31 December 2011	**95**

40 INVESTMENT IN PRINCIPAL SUBSIDIARIES AND ASSOCIATE

Name	Country of incorporation	Principal activities	Effective ownership interest 2012	2011
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	**100%**	100%
Silver Sparrow Berhad	Malaysia	Participating in the transactions contemplated under the Guaranteed MTN Programme	**100%**	100%
Bumiraya Impian Sdn. Bhd.	Malaysia	Property development	**80%**	80%
The RuMa Hotel KL Sdn. Bhd.* (Formerly known as Fourseason Alliance Sdn. Bhd.)	Malaysia	Investment holding	**70%**	–
Urban DNA Sdn. Bhd.	Malaysia	Property development	**70%**	70%

NOTES TO THE FINANCIAL STATEMENTS CONT'D

40 INVESTMENT IN PRINCIPAL SUBSIDIARIES AND ASSOCIATE cont'd

Name	Country of incorporation	Principal activities	Effective ownership interest 2012	2011
Aseana-BDC Co Ltd	Vietnam	Property development	**65%**	65%
ASPL PLB-Nam Long Ltd Liability Co	Vietnam	Property development	**55%**	55%
Hoa Lam Services Co Ltd	Vietnam	Property development	**51%**	51%
Shangri-La Healthcare Investment Pte Ltd and its subsidiaries	Singapore	Property development	**73%**	51%
Hoa Lam - Shangri-La Healthcare Ltd Liability Co	Vietnam	Property development	**67%**	51%
Hoa Lam - Shangri-la 1 Liability Ltd Co	Vietnam	Property development	**67%**	51%
*Hoa Lam - Shangri-la 2 Ltd Liability Co**	Vietnam	Property development	**67%**	–
*Hoa Lam - Shangri-la 3 Liability Ltd Co**	Vietnam	Property development	**67%**	–
Excellent Bonanza Sdn. Bhd.**	Malaysia	Property development	**40%**	40%

* These subsidiaries were incorporated during the current financial year.
** 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.

41 COMMITMENT AND CONTINGENCIES

The Group and Company do not have any contingencies at the statement of financial position date except as follows:

(a) 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 in April 2013 and is funded by the medium term notes programme state in Note 36.

(b) Debt service reserve account
Under the medium term notes programme of up to US$162 million, Silver Sparrow Berhad ("SSB") had opened a Malaysian Ringgit debt service reserve account ("DSRA") and shall ensure that an amount equivalent to RM30.0 million (US$9.50 million) (the "Minimum Deposit") be maintained in the DSRA at all times. In the event the funds in the DSRA falls below the Minimum Deposit, SSB shall within five (5) Business Days from the date of receipt of written notice from the facility agent or upon SSB becoming aware of the shortfall, whichever is earlier, deposit such sums of money into the DSRA to ensure the Minimum Deposit is maintained.

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

Kuala Lumpur Sentral Office Towers and
Aloft Kuala Lumpur Sentral Hotel

“SYMBOLIC HAND OVER BY MOHAMMED AZLAN HASHIM (CHAIRMAN, ASEANA PROPERTIES LIMITED) TO PAOLO CAMPILLO (HOTEL GENERAL MANAGER) DURING ALOFT KUALA LUMPUR SENTRAL OFFICIAL OPENING ON 22 MARCH 2013.”

NON-EXECUTIVE CHAIRMAN
Mohammed Azlan Hashim

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

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