

JAPAN LAND

ANNUAL REPORT 2010



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Chairman's Statement

WHEN WE HAVE SETTLED THE JDD AFFAIRS, WE WILL PUT IN PLACE NEW BUSINESS PLANS THAT WILL GENERATE FUTURE PROFITS FOR THE GROUP.

DEAR SHAREHOLDERS

The last financial year was an extremely challenging one for Japan Land. Despite successfully completing our data centre facility – Jurong Data Centre (JDC) – in Singapore and obtaining the temporary occupation permit for the building in February 2010, we experienced major setbacks that resulted in the appointment of receivers over the assets of our wholly-owned subsidiary Jurong Data Centre Development Pte Ltd (JDD) on 23 March 2010 and the subsequent appointment of liquidators on 5 May 2010.

JDD is the developer of JDC, a state-of-the-art facility at Singapore's International Business Park. As you may know, we announced the successful completion of JDC on 25 February 2010, and was also on track to sell an 85% stake in JDD to ConnectedPlanet Holding Limited (ConnectedPlanet). However, ConnectedPlanet failed to complete its investment agreement with the Group, and after exhausting all other options, we terminated the agreement on 23 March 2010.

As mentioned earlier, JDD was placed under receivership by the debenture holder and we were compelled to put JDD under voluntary liquidation (herein referred to as the "JDD affairs") to protect our investment in JDD and JDC.

When we have settled the JDD affairs, we will put in place new business plans that will generate future profits for the Group. We are also currently reviewing our options for our wholly-owned subsidiary Japan Asia Land Limited (JALL), with a view to restructuring its operations in Japan and overseas.

In order to raise funds to repay our short term loans, we announced on 21 May 2010 that JALL had entered into a Sale and Purchase Agreement to dispose its entire interest of 77,100 shares – or a 20% stake – in customised

housing developer KHC Limited (KHC). We are also looking to dispose our shares in our former associate companies, Japan Asia Holdings Limited (JAH) and Japan Asia Group Limited (JAG). A circular on the proposed divestments will be provided to shareholders in due course, and an Extraordinary General Meeting will be convened thereafter.

In the face of our financial restructuring issues, we reported a full-year net loss of S\$65.70 million, attributable mainly to the write-off of loan and interest receivables as a result of the liquidation of JDD, impairment recognised from the re-measurement of fair values of assets held for sale, namely our investments in JAH and JAG, recognition of a potential realised loss from the disposal of KHC shares, as well as higher finance expenses related to our financial restructuring.

We also posted a decline in our revenue, by 33% year-on-year to S\$5.75 million due to the cessation of the provision of project management services to Fuchu Data Centre in Tokyo, Japan. Nevertheless, we continued to enjoy revenue from the provision of real estate-related services to Fuchu Data Centre and advisory fees from setting up a real estate fund in Vietnam.

Trading in Japan Land shares was suspended on 30 March 2010, and will remain so until the completion of our financial restructuring exercise, and when there is greater clarity on the direction of our business going forward.

The Board of Directors, management team and I remain committed to upholding the strictest corporate governance standards according to the guidelines of the Singapore Code of Corporate Governance. We have and will continue to act in the best interests of all our shareholders in all decisions concerning Japan Land.

Chairman's Statement (cont'd)

During the year, we saw the resignation of Mr Mitsutoshi Ono as Managing Director of the Group in keeping with our firm commitment to complying with the Singapore Code of Corporate Governance (please refer to the Report of Corporate Governance dated 9 December 2009 for details underlying the circumstances leading to Mr Ono's departure). Mr Leow Tet Sin, formerly Executive Director, has been appointed the new Managing Director with effect from 23 December 2009. Mr Leow has been with the Group since 2005 and possesses a strong understanding of Japan Land's business.

Mr Ono has also since the end of the financial year resigned from his position as President of JALL, a matter which was also highlighted in the Report of Corporate Governance. The Audit Committee is currently reviewing the exit process of Mr Ono's departure, as well as the restructuring of JALL together with Mr Leow and newly-appointed President Mr A. Toyoma.

During the year, we also welcomed Mr Edward Tiong to the Board as a Non-Executive and Independent Director, following the departure of Mr Sin Boon Ann in November 2009.

Amid the very challenging year, both the management team and myself were able to tap on and leverage the guidance and support from my fellow Board members. I am very grateful for their invaluable contributions throughout the year. I would like to thank the management team and staff of Japan Land for their commitment and loyalty to the firm, especially during the difficult past months. Last but not least, I extend my gratitude to you, our shareholders, for your patience, understanding and support of Japan Land over the years, and my fellow directors for their robust and independent challenges to the numerous issues which confronted us. Indeed it has been a tough ride for us, but we are hopeful for brighter days ahead.



Tetsuo Yamashita
Chairman



Board of Directors

TETSUO YAMASHITA Chairman

Mr Tetsuo Yamashita is the Chairman of Japan Land Limited, as well as founder and Chairman of Japan Asia Holdings Limited.

Mr Yamashita has over 30 years of broad and in-depth experience in the finance industry, and has held roles with Japan's Ministry of Finance and Nomura Securities Co. Ltd. He was also involved in numerous urban development projects and real estate securitisation transactions around the world, and his experience in these projects has been invaluable in the development of Japan Land over the years.

Mr Yamashita holds degrees in Business Administration and Political Science from Keio University, Japan, with a post-graduate study in Nomura-Wharton Management School as well as Multi-national Business Institute in McKinsey & Co.

LEOW TET SIN Managing Director

Mr Leow Tet Sin joined Japan Land as its Deputy Managing Director in 2005 and was appointed Executive Director in March 2007.

Prior to Japan Land, Mr Leow's career spanned 30 years in the ship building and ship repairing, heavy engineering and construction industries.

Mr Leow holds a Bachelor of Accountancy from the University of Singapore and is a Fellow at both the Institute of Certified Public Accountants of Singapore and CPA Australia. He also is a member of the Association of Corporate Treasurers (Singapore), the Singapore Institute of Directors (SID) and the Marketing Institute of Singapore.

WU WEN-HSIU SANDRA Non-Executive Director

Ms Wu Wen-Hsiu Sandra was appointed a Non-Executive Director of Japan Land in December 2003. She is the co-founder and former President of Japan Asia Holdings Limited, and oversees its entire Japan operation. She is currently the President of Kokusai Kogyo Holdings Co., Ltd, a holding company of Kokusai Kygyo Group.

Ms Wu has more than 15 years of experience in the finance industry and wide-ranging experience in cross border corporate management and business. She is the first woman to head a Tokyo Stock Exchange member firm and is a Director of Nippon Keidanren (Japan Business Federation).

Ms Wu graduated from the National Taiwan University with a major in Chinese literature. She completed the Advanced Management Program at Harvard Business School in 2008.

JEN SHEK VOON Independent & Non-Executive Director

Mr Jen Shek Voon is an Independent and Non-Executive Director of Japan Land. He was appointed a Director in July 2003 and was last re-elected in July 2006.

Mr Jen is the Sole Proprietor of his own public accounting firm, Jen Shek Voon PAS. He is also an independent and non-executive director sitting on the Board of Directors of several publicly listed companies in Singapore, Malaysia, and Hong Kong, SAR.

Mr Jen is a Public Accountant Singapore, licensed by the Singapore Accounting and Corporate Regulatory Authority (ACRA), and a fellow member of the Singapore Institute of Directors. He is a practicing member of the Institute of Certified Public Accountants of Singapore (ICPAS). He is also a member of the Information System Audit and Control Association (ISACA), British Computer Society (BCS), Institute of Internal Auditors (IAA) and the Malaysian Institute of Accountants (MIA).

Mr Jen holds a Bachelor of Accountancy (Honours) degree from the then University of Singapore, and a Master of Commerce (Honours) degree from the University of New South Wales, Sydney, Australia. He is also a fellow member of the Institute of Chartered Accountants Australia, the Taxation Institute of Australia and the Association of Chartered Certified Accountants in the UK.

Board of Directors (cont'd)

GUOK CHIN HUAT SAMUEL **Independent & Non-Executive Director**

Mr Guok Chin Huat Samuel was appointed Independent Director of Japan Land in October 2004. He is the Chairman of the Nominating Committee.

Mr Guok has close to 20 years of experience in investment banking, venture capital and private equity businesses having worked at a Japan-based investment bank in Singapore, sat on the board of a venture capital fund and held the positions of CEO and director of a SGX-Sesdaq listed company. He is at present an Independent Director of Bukit Sembawang Estates Ltd, as well as an Independent Director of Global Palm Resources Ltd.

Mr Guok is currently also a Director at StarHealth Pte. Ltd., a Singapore-based company specialising in the import and distribution of health and medical products.

Mr Guok holds a Bachelor of Science in Business Administration degree from Boston University, USA, with majors in Economics and Finance and a minor in Chemistry.

TIONG YUNG SUH EDWARD **Independent & Non-Executive Director**

Mr Tiong Yung Suh Edward is a Partner in Allen & Gledhill LLP, Litigation & Dispute Resolution. He graduated from the University of Hull with an LLB (Honours) degree and joined Allen & Gledhill LLP after his call to the Singapore Bar in 1998.

Mr Tiong has over 11 years of experience in civil and commercial litigation, banking litigation, insolvency and restructuring as well as property disputes. For litigation matters, he has represented several statutory boards, banks, multinational corporations and property management companies in successful claims including representing Credit Suisse, Bank of America, CapitaLand and Far East Organization. For restructuring matters, Mr Tiong is a Fellow of the Insolvency Practitioners Associations of Singapore. The more recent cases he has been involved in include Fu Yu Corporation Limited, Westech Electronics Ltd, SOGO, Armada (Singapore) Pte Ltd, Jaya Holdings Limited Group.

Mr Tiong was also seconded to Linklaters in London in 2002 and was involved in several high profile disputes and has advised Airbus and Alstom amongst others.



Corporate Governance Report

OVERVIEW

Japan Land Limited believes in complying with the guidelines on corporate governance in Singapore and is committed to ensure that self-regulatory controls exist throughout the Company and its subsidiary companies ("the Group") to protect and enhance shareholders' value & interests and the performance of the Group. The Group believes that the professionalism, integrity and commitment of its Board Members and employees supported by a sound system of internal control and practices are the main success factors that will preserve a long term value and returns for its shareholders.

This report outlines the Company's main corporate governance practices with specific reference to the Singapore Code of Corporate Governance 2005 (the "Code"). For ease of reference, the relevant provisions of the Code under discussion are identified in italics.

THE BOARD OF DIRECTORS ("BOARD")

Principle 1: *Every company should be headed by an effective board to lead and control the company.*

Principle 2: *There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the board's decision making.*

Principle 3: *There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Principle 6: *In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

Board Composition

The Board is composed of a majority of non-executive directors, independent of management and independent in terms of character and judgement. It currently comprises 6 members. All members of the Board except for the Managing Director are non-executive directors. Of the 5 of the non-executive directors, the Board considers 3 of them, being not less than one third of the Board, to be independent, thus providing for a strong and independent element on the Board capable of exercising objective judgment on corporate affairs of the Group. The non-executive independent directors are Jen Shek Voon, Guok Chin Huat Samuel and Tiong Yung Suh Edward who was appointed on 11 January 2010. The Board comprises business leaders and professionals with property, financial, legal and business management backgrounds. The profiles of the directors are set out on pages 3 to 4 of this Annual Report.

The Board has reviewed its composition, taking into account the scope and nature of the operations of the Group, and is satisfied that the current size of the Board is appropriate and allows for effective decision making. The standing of the members of the Board in the business and professional community, and their combined business, management and professional experience, knowledge and expertise provide the necessary core competencies to meet the Group's needs and further allow for diverse and objective perspectives on the Group's strategic direction and growth.

Corporate Governance Report (cont'd)

THE BOARD OF DIRECTORS ("BOARD") (cont'd)

Board Functions

The Board works with management to promote the success of the Company. The primary functions of the Board are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves the strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or through committees ("Committees") established by the Board, principally the Audit Committee, Nominating Committee, Remuneration Committee. The various Board Committees operate under clearly defined terms of reference and the Chairman of the respective Committees reports the outcome of the Committee meetings to the Board.

The Company conducts regular scheduled Board meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The attendance of the directors at Board and Committee meetings as well as the frequency of such meetings is disclosed in Table 1 of this Report. Notwithstanding such disclosure, the Board is of the view that the contribution of each director should not be focused only on his attendance at Board and/or Committee meetings. A director's contribution may also extend beyond the confines of the formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Table 1: Directors' Attendance at Board and Committee Meetings in respect of the financial year ended 31 May 2010

Directors	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹
Tetsuo Yamashita	12	12	7	7	2	2	2	3
Mitsutoshi Ono* ¹	7	12	5	7	1	2	1	3
Leow Tet Sin	12	12	7	7	2	2	3	3
Guok Chin Huat Samuel	12	12	7	7	2	2	3	3
Jen Shek Voon	12	12	7	7	2	2	3	3
Wu Wen-Hsiu Sandra	11	12	5	7	2	2	1	3
Tiong Yung Suh Edward [#]	4	12	2	7	NA	NA	NA	NA
Sin Boon Ann* ²	6	12	3	7	NA	NA	1	3

*1 resigned on 4 December 2009

*2 resigned on 18 November 2009

appointed on 11 January 2010

¹ Directors who are not members of the committee are also invited to attend the meetings

Prior to each meeting, the respective members of the Board and the Committees are provided with the meeting agenda and the relevant papers submitted by management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Management staff and the Company's auditors, who can provide additional insight into the matters to be discussed, are also invited from time to time to attend such meetings.

The directors are given information and full access to management and the company secretary. The Company supports the directors, either individually or as a group, if they require professional advice in furthering their duties to the Company.

THE BOARD OF DIRECTORS (“BOARD”) (cont’d)

Roles of Chairman and Managing Director

There is a separation of roles and responsibilities between the Chairman and the Managing Director. The Chairman, who is a non-executive, bears responsibility for the workings of the Board. He ensures that Board meetings are held when necessary and assumes the responsibilities of scheduling and setting agendas. He also ensures that members of the Board work together with management and has the capability and authority to engage management in constructive debates on various matters, including strategic issues and business planning processes.

The Managing Director is a Board member and has full executive responsibilities over the business directions and operational decisions of the Group. The Managing Director exercises control over the quality, quantity and timelines of information flow between the Board and management. He works closely with management to ensure compliance with the Company’s guidelines on corporate governance. During the Financial Year covered, the previous Managing Director, Mr Ono was requested to step down as the Managing Director of the Company on 4 December 2009 (pursuant to matters reported in the SGX announcements of 7 December 2009 and 9 December 2009) and Mr Ono was also requested to step down as the President of Japan Asia Land Limited as a consequence of further breaches in Corporate Transparency and Accountability and he resigned on 4 June 2010 after due process in Japan.

THE NOMINATING COMMITTEE (“NC”)

Principle 4: *There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.*

Principle 5: *There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The NC comprises 2 non-executive independent directors, including the chairman of the NC, and 1 executive director. The members of the NC are as follows:

Guok Chin Huat Samuel	Chairman (Non-executive, Independent)
Mitsutoshi Ono	Member (Executive) resigned on 4 December 2009
Jen Shek Voon	Member (Non-executive, Independent)
Leow Tet Sin	Member (Executive) appointed on 23 December 2009.

The NC meets at least once a year and more often if required. The NC’s main roles are to:

- (a) review and make recommendations to the Board for the appointment of directors and members to the Committees. The process involves identifying, reviewing and recommending potential candidates to the Board for consideration.

The NC has put in place a formal and transparent process for the appointment of new directors to the Board. Members who have identified suitable candidates submit the bio-data of such persons to the NC for discussion and review. Generally, candidates are identified through the business network of Board members, and would be skilled in core competencies such as strategic planning, business or management experience, finance and industry knowledge.

If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board of directors. Meetings with such candidates may be arranged to facilitate open discussions firstly with Board members, and subsequently with key executives of the management team.

- (b) review and determine annually the independence of each director. During the period, the NC reviewed the composition of the Board and was satisfied that the 3 non-executive independent directors, Guok Chin Huat Samuel, Jen Shek Voon and Tiong Yung Suh Edward qualify as independent directors.

Corporate Governance Report (cont'd)

THE NOMINATING COMMITTEE ("NC") (cont'd)

- (c) conduct a Board performance evaluation to assess the effectiveness of the Board, and the flow of information from management to the Board. In this respect, the NC is of the opinion that the directors' contributions have enabled the affairs of the Group to be run effectively.

The NC considers that the multiple Board representations held presently by the directors are acceptable and do not hinder their performance in the discharge of their duties to the Company.

The NC has also reviewed and is satisfied that the present Board size and complementary expertise, skills set and experience of the Board Members, coming as they do from diverse backgrounds and disciplines serve the Group well. In particular, the Board of Directors, excluding the non-executive independent directors with multiple directorships, are of the opinion, that the non-executive independent directors have committed sufficient time and attention to the affairs of the Company in carrying their duties as directors of the Company. The NC will continue to monitor the needs of the Group and if necessary, propose new candidates to augment and strengthen the composition of the Board.

- (d) recommend the re-election of directors to the Board or Committee as may be appropriate.

The directors submit themselves for re-nomination or re-election at regular intervals and the Articles of Association of the Company provide that at least one-third of the directors for the time being shall retire as directors at each Annual General Meeting of the Company, save for the Managing Director appointed by the Board who shall not be subject to retirement by rotation while he continues to hold that office. The Articles also provide that the appointment of the Managing Director by the Board shall be for such period (except that where an appointment is for a fixed term such term shall not exceed five years) and upon such terms as they think fit.

In addition, a newly-appointed director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule. Directors who are above the age of 70 are also statutorily required to seek re-appointment at each AGM.

In respect of re-nomination of directors, the NC evaluated the contributions and performance of the retiring directors, paying attention to attendance, preparedness, performance and candour, and whether they would be able to adequately discharge their duties. The NC has recommended the re-elections of Mr Tetsuo Yamashita, Mr Guok Chin Huat Samuel and Mr Tiong Yung Suh Edward all of whom retire at the 2010 Annual General Meeting. In addition, the NC also recommends their continued appointments at the various committees.

Newly appointed directors are given briefings by the Management. Facilities visits to the premises are also arranged to enable them to acquire an understanding of the Group, its business activities and its strategic directions. Existing directors are also invited to such facilities visits and orientation programmes.

THE REMUNERATION COMMITTEE ("RC")

Principle 7: *There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

Principle 8: *The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration especially that of executive directors should be linked to performance.*

Principle 9: *Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.*

THE REMUNERATION COMMITTEE (“RC”) (cont’d)

The RC comprises all 3 non-executive directors with the majority of whom including the chairman of the RC are independent. The members of the RC are as follows:

Jen Shek Voon	Chairman (Non-executive, Independent)
Wu Wen-Hsiu Sandra	Member (Non-executive)
Guok Chin Huat Samuel	Member (Non-executive, Independent)

The RC’s primary functions are:

- (a) to administer the Group’s share option scheme in accordance with the rules of the scheme;
- (b) to recommend to the Board a framework of remuneration for directors and key executives, including the Managing Director taking into account pay and employment conditions within the industry and structuring the same so as to link rewards to corporate and individual performance; and
- (c) to evaluate and propose payment of directors’ fees for the approval of members in general meeting.

Directors’ fees are proposed in accordance with a framework comprising directors’ fee, attendances fees and share options pursuant to the Company’s Share Option Plan. The directors’ fee policy is based on a scale of fees divided into basic retainer fees as director and additional fees for attendance and serving on specialized committees. Executive directors do not receive directors’ fees. Their compensation consists of salary, allowances, bonuses and share options. Directors’ fees are subject to the approval of members at the Annual General Meeting. The Committee has access to external professional advice if required.

The proposed directors’ fees have been benchmarked against those in the public and private sectors. Japan Land believes that the fees are competitive and its directors are adequately compensated and in line with market norms.

No member of the RC will be allowed to participate in any deliberation of the Committee on any matter in which he is an interested person, including issues pertaining to any payment or offer or grant of any other incentives or benefits to such member.

The proposed directors’ remuneration for 2010 is \$304,074.00 (\$279,686.00 in 2009 covering a period of 14 months) and its detailed breakdown is set out in Table 2. The total number of Board and Committee meetings held in the financial year under review is 24 as opposed to 12 in the previous financial period as the Company had more meetings requiring the urgent attention of the members of the various committees and the board of directors. Hence, the amount of Directors’ remuneration for 2010 is higher by some 8.8% as compared to the amount in 2009 because of this increased number of meetings held. Apart from the corporate governance issues, the directors had to attend to more urgent meetings as a Board and with legal and professional advisers, brought about by the appointment of Receivers and Managers and Liquidators in Jurong Data Centre Development Pte Ltd, its wholly owned subsidiary. The Board of Directors has accepted the recommendations of the RC, that despite the continuing losses suffered by the Company and the Group, the Board of Directors had to work extremely diligently in numerous meetings to effect a turnaround in the financial affairs of the Company and the Group to preserve shareholders’ value and to lift the suspension of its shares and to satisfactorily resolve with the Receivers and Managers (Messrs Ong Yew Huat, Seshadri Rajagopalan and Ee Meng Yen, Angela of Ernst and Young LLP and Liquidators of JDD (Mr Tam Chee Chong of Deloitte & Touche LLP) and its major creditors and to address and resolve the Corporate Governance, Transparency and Accountability issues which the Company and the Group were confronted with.

Corporate Governance Report (cont'd)

THE REMUNERATION COMMITTEE ("RC") (cont'd)

Table 2: Remuneration of directors for the financial year ended 31 May 2010

Name of director	Directors' fee* %	Basic Salary** %	Variable bonus/ allowances** %	Other benefits %
\$250,000 and below				
Tetsuo Yamashita	71.0	-	-	29.0
Wu Wen-Hsiu Sandra	60.0	-	-	40.0
Guok Chin Huat Samuel	62.9	-	-	37.1
Jen Shek Voon	66.2	-	-	33.8
Sin Boon Ann ⁽¹⁾	54.0	-	-	46.0
Leow Tet Sin	-	90.3	8.5	1.2
Tiong Yung Suh Edward ⁽²⁾	70.7	-	-	29.3
\$250,001 to \$500,000				
Mitsutoshi Ono ⁽³⁾	-	100	-	-

Notes:

* These fees include directors' fees payable to these directors for the financial year ended 31 May 2010 which are subject to approval by shareholders as a lump sum at the 12th Annual General Meeting.

** The salary and variable bonuses/allowances are inclusive of employer's central provident fund contributions.

(1) Resigned on 18 November 2009. Fee is pro-rated.

(2) Appointed on 11 January 2010. Fee is pro-rated.

(3) Resigned on 4 December 2009

During the year, no options were granted to the directors and executives.

In compliance with the Singapore Code of Corporate Governance (2005) disclosures, the remuneration of each of the Group's key executives (who are not Directors of the Company) is as follows:

Remuneration of Senior Management and Key Executives

Senior Management / Key Executives	Salary %	Variable Bonus / allowances %	Total %
Between \$250,000 to \$500,000			
Shaun Woodhouse (General Manager, Technical & Operation, Real Estate Development Department, Japan Asia Land Limited)	59.1	40.9	100
Yasushi Kotani (President, Lux Partners Co., Ltd)	100	-	100
Isao Kiyota (Executive Vice President, Lux Partners Co., Ltd)	100	-	100
Yukiyasu Nakagawa (Director, Japan Asia Land Limited and Jurong Data Centre Development Pte Ltd)	68.5	31.5	100
Yasuyuki Nakamura (Deputy General Manager, Real Estate Development Department, Japan Asia Land Limited and General Director of Japan Asia Vietnam Company Ltd)	72.9	27.1	100

Remuneration of Director's Immediate Family

Ms Yoko Yamashita, an employee in the Group is an immediate family member of a director. She was paid a remuneration that exceeded S\$150,000 for the financial year ended 31 May 2010 and for the financial period ended 31 May 2009.

THE AUDIT COMMITTEE (“AC”)

Principle 11: *The Board should establish an AC with written terms of reference which clearly set out its authority and duties.*

The AC comprises 2 non-executive independent directors, including the chairman of the AC, and 1 non-executive director. The members of the AC are as follows:

Jen Shek Voon	Chairman (Non-executive, Independent)
Tetsuo Yamashita	Member (Non-executive)
Guok Chin Huat Samuel	Member (Non-executive, Independent)
Tiong Yung Suh Edward	Member (Non-Executive, Independent) appointed 11 January 2010.

The Board is of the view that the AC is guided by Terms of Reference which defines its scope of authority and has sufficient financial management expertise and experience amongst its members to discharge the functions of the AC.

The AC’s main functions are to:

- (a) review the external auditors’ audit plans and results of their evaluation of the Group’s system of internal controls;
- (b) review the Group’s quarterly, half-year and full-year financial results announcement as well as the financial statements of the Group and company levels before submission to the Board for approval, ensuring compliance with the accounting standards, the SGX-ST Listing Manual and any statutory or regulatory requirements;
- (c) review the Group’s internal controls and procedures, and ensure co-ordination between the external auditors and the management;
- (d) review and discuss with the external auditors any suspected fraud or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group’s operating results or financial position and the management’s response;
- (e) consider the independence and appointment or reappointment of external auditors;
- (f) review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual as disclosed by the directors; and
- (g) perform other reviews or projects as may be required from time to time or as requested by the Board, and report to the Board matters that require the directors’ attention.

The AC has carried out the above functions and is satisfied with the results of their review.

The AC has full access to and co-operation from the management and has met with the external and internal auditors separately without the presence of management during the financial year. Based on external reports on internal controls which stated that there were no material control weaknesses and from due inquiries by the AC, the Committee is satisfied that there are reasonable internal controls to ensure that assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The AC is also satisfied with the independence of the external auditors based on confirmation received from them in this respect.

Corporate Governance Report (cont'd)

THE AUDIT COMMITTEE ("AC") (cont'd)

The AC has also recommended to the Board of Directors a system of quarterly reporting from key management staff of the Company and its subsidiaries on whether any matters need to be drawn to the attention of AC for their evaluation and recommendation to the Board which may affect the Board's reporting of the negative assurance statement required under Rule 705(5) of the SGX Listing Manual. This recommendation has been accepted by the Board and implemented.

The AC deliberated various Corporate Governance issues, the resolution of which were covered in previously released SGX announcement on from 23 November 2009 through 9 December 2009 in particular;

1. 23 November 2009 Announcement of Cessation as Independent Director.
2. 26 November 2009 Response to Mr Sin Boon Ann's resignation letter and media reports on the reason for Mr Sin's resignation.
3. 26 November 2009 Additional Information in Response to Media Reports.
4. 4 December 2009 Response to the Queries made by the SGX on the letter published in the Business Times on 3 December 2009 and the Company's comments on Mr Mak's letter.
5. 7 December 2009 Announcement of the Resignation of Managing Director of Japan Land Limited and Announcement of the Resignation of Executive Director and CFO of Japan Asia Land Limited.
6. 9 December 2009 Announcement of Template in the SGXNET detailing the list of issues of inadequate management control in response to the SGX's request and for details and sequence of management as well as the specific AC recommendations that the Board had implemented, and if, such internal control weaknesses have been adequately resolved.

Further elaboration of the issues are also discussed under the heading of Financial reporting and Internal Controls.

The Company has adopted and implemented a whistle-blowing framework, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The details of the whistle-blowing policies and arrangements have been made available to all Group employees. Any whistle blowing letter is to be sent directly to the Chairman of the AC and the Committee will determine whether any investigation is required, and if so, to determine if professional advisers are required to be appointed to assist in the investigation and, after due enquiry, to make the necessary report and recommendations on the result of its investigation to the Board of Directors.

During the year under review, a whistle-blowing letter (via an e-mail) addressed to the Chairman of the AC was received by the Company Secretary and, in accordance with the Company's whistle-blowing policy and procedures, the said letter was forwarded to the AC Chairman whereupon the AC duly convened a meeting to deliberate on the contents of the said letter.

The AC had informed the Board of Directors of the matter and that it is conducting an ongoing inquiry and have initiated the investigation process with a view of making recommendations to the Board of Directors in due course.

INTERNAL AUDIT (“IA”)

Principle 13: *The company should establish an IA function that is independent of the activities it audits.*

The Company has established an IA Function in May 2006 to review the Company’s financial, operational and compliance controls. The management believes that the internal control system the Company has in place are adequate to safeguard shareholders’ investment and the Group’s assets, maintain proper accounting records, ensure reliability of financial information and manage significant strategic, business and financial risks.

The IA Function reports directly to the Chairman of AC and administratively reports to the Managing Director.

The IA is guided by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, while the AC ensures that the IA Function has adequate resources and appropriate standing within the Company and the Group.

The IA Function carried out periodical reviews of the internal control systems of the Company and its subsidiaries and, where appropriate, made recommendations to management for improvement. The AC has reviewed follow-up actions and implementation of the recommendations by management, and is satisfied that they have been satisfactorily addressed.

FINANCIAL REPORTING AND INTERNAL CONTROLS

Principle 10: *The Board is accountable to the shareholders while the management is accountable to the Board.*

Principle 12: *The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders’ investments and the company’s assets.*

The management provides all directors, on a quarterly basis, with accounts and reports on the Group’s financial and operational performance, which are reviewed by the Board at each Board meeting prior to release of the announcements of the Group’s quarterly and full-year results. Monthly financial reports are also provided by the management to the Chairman and Managing Director. Apart from the periodic updates provided by the management, the directors may at any time seek further information from, and discussion with, the management on the Group’s operations and performance.

The directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group’s system of internal controls. The Board confirms that, with the assistance of the AC, it reviews the effectiveness of the Group’s material internal controls system and is satisfied with the adequacy of such internal controls system.

While no system can provide absolute assurance against material loss or financial misstatement, the Group’s internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In designing these controls, the Group have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. Whistle-blowing policy has been introduced to act as deterrent against any wrong-doings.

During the year under review, the AC and the Board of Directors uncovered certain lapses in the proper governance and internal control weaknesses concerning the company and its subsidiaries which resulted in the resignation of Mr Sin Boon Ann, a non-executive and independent director of the Company, in November 2009.

Corporate Governance Report (cont'd)

FINANCIAL REPORTING AND INTERNAL CONTROLS (cont'd)

Mr Mitsutoshi Ono, the previous Managing Director of the Company also resigned in December 2009. Mr Junya Kitada, a director and CFO of Japan Asia Land Limited, a wholly owned subsidiary of the Company also resigned as result of serious breaches of conflict of interest.

The Board of Directors had taken the appropriate actions and all these lapses in corporate governance and internal control weaknesses were announced through the SGXNET as required, in compliance with the continuing listing rules and regulations of the SGX-ST to keep shareholders, stakeholders and the public informed in accordance with Principle 14 hereunder.

The Board had on 23 December 2009 announced the appointment of Kasumigaseki Audit Corporation, an affiliate of Baker Tilly International and Baker Tilly Singapore, an independent firm of auditors to carry out the internal audit of Company's wholly owned subsidiary in Japan and associate company in Vietnam.

The AC has also received reports on the Company's and Group's principal internal control procedures and systems from the internal and external auditors, who have reported that they have certain reservations with the state of affairs of the internal controls as tested by them from the conduct of their respective audits. These matters were discussed at length at the AC meetings with the respective auditors and additional follow-up work will be performed and thereafter, their observations will be included in their final reports and/or management letters to be issued to the Company in due course.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: *Companies should engage in regular, effective and fair communication with shareholders.*

Principle 15: *Companies should encourage greater shareholder participation at AGMs and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Company believes in timely and regular communication with shareholders. In addition to its periodic results and annual reports, announcements are made to the public through SGXNet where required under the Listing Manual of the SGX-ST. Where immediate announcement is not practical, the announcement is made as soon as possible to ensure that shareholders and the public have equal access to the information.

At general meetings, shareholders are given the opportunity to pose any questions to the directors or management relating to the Group's business or performance. The directors and management are present at these meetings to address any concerns that the shareholders may have. The chairpersons of the AC, NC and RC are normally available at general meetings to answer those questions relating to the work of these Committees. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

In accordance with the Articles of Association of the Company, shareholders may appoint not more than two proxies to attend and vote at the general meetings in their absence. CPF investors of the Company's securities may attend shareholders' meetings as observers provided they have submitted their requests to do so with their agent banks within a specified timeframe.

Dealings in securities

The Company has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the Company's securities by its directors and officers. These guidelines prohibit dealing in the Company's securities while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of the Group's quarterly financial results and one month before the date of announcement of the Group's full-year financial results. All directors and officers of the Company are required to report on all their dealings in the securities of the Company to the Company Secretary.

Interested person transactions

The Company also adopted an internal control policy and procedures on interested person transactions. The general policy governing interested person transaction is “all transactions between companies of the group (entities at risk) and an interested person must be approved and disclosed”. This is to guard against the risk that interested persons could influence the Company, its subsidiaries and associates, to enter into transactions with interested persons that may adversely affect the interests of the Company and its shareholders.

All business units and subsidiaries are required to report any such transactions to the Secretary of the AC. The Company maintains a register of the Group’s interested persons transactions. During the financial year under review, the Company obtained a general mandate pursuant to Chapter 9 of the SGX-ST Listing Manual for certain interested person transactions with certain interested persons. The interested person transactions reported during the financial year were as follows:

13 Interested person transactions

	Types of transactions and name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
1.	Treasury transactions Kokusai Land & Development Co., Ltd	Nil	S\$4,860,000 ^(A)
2.	Treasury transactions Aizawa Securities Co., Ltd	Nil	S\$401,833 ^(B)
3.	Treasury transactions Japan Asia Financial Services Inc	Nil	S\$913,115 ^(C)
4.	Advisory fees Kokusai Land & Development Co., Ltd	Nil	S\$292,381

(A) Computed based on the S\$18 million loan payable to Kokusai Land & Development Co., Ltd.

(B) Computed based on 5% of the JPY700 million (approximately S\$11.0 million) straight bond with effective period from 26 June 2009 to 26 March 2010.

(C) Computed based on 10% of JPY300 million loan payable to Japan Asia Financial Services Inc.

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Directors' Report

The directors present their report to the members together with the audited financial statements of Japan Land Limited (the "Company") and its subsidiary companies (the "Group") for the financial year from 1 June 2009 to 31 May 2010. The Company changed its financial year end from 31 March to 31 May in the previous financial period ended 31 May 2009.

Directors

The directors of the Company in office at the date of this report are:

Tetsuo Yamashita
Leow Tet Sin
Wu Wen-Hsiu Sandra
Guok Chin Huat Samuel
Jen Shek Voon
Tiong Yung Suh Edward (Appointed on 11 January 2010)

Arrangements to enable directors to acquire shares and debentures

Except as described in the paragraph under "Share options", neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares, share options, warrants and debentures

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the Act), an interest in shares, share options and warrants of the Company as stated below:

Name of director	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ordinary shares				
Tetsuo Yamashita	-	-	351,800	351,800
Leow Tet Sin	51,200	51,200	6,480	6,480
Guok Chin Huat Samuel	-	-	442,000	442,000
Jen Shek Voon	260,000	260,000	30,000	30,000
Options to subscribe for ordinary shares				
Tetsuo Yamashita	868,739	868,739	-	-
Leow Tet Sin	480,092	480,092	-	-
Wu Wen-Hsiu Sandra	331,492	331,492	-	-
Guok Chin Huat Samuel	331,492	331,492	-	-
Jen Shek Voon	331,492	331,492	-	-

Directors' Report (cont'd)

Directors' interests in shares, share options, warrants and debentures (cont'd)

Name of director	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Warrants to subscribe for ordinary shares at S\$0.75 each				
Tetsuo Yamashita	-	-	6,400	-
Leow Tet Sin	2,600	-	540	-
Guok Chin Huat Samuel	26,000	-	6,000	-
Jen Shek Voon	20,000	-	2,500	-

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or of related corporations either at the beginning or at the end of the financial year.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 June 2010.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial period, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has substantial financial interest.

Share options

The Company's 2000 Japan Land Limited Share Option Scheme ("2000 Scheme") was approved by shareholders at an Extraordinary General Meeting of the Company held on 11 September 2000. The 2000 Scheme is administered by the RC comprising Mr Jen Shek Voon (Chairman), Ms Wu Wen-Hsiu Sandra and Mr Guok Chin Huat Samuel, all of whom are directors.

Under the 2000 Scheme, the Company may grant options to employees of the Group, and executive and non-executive directors of the Company, except where they are also controlling shareholders or their associates, in which case specific prior approval of the grant by shareholders at a general meeting is required.

According to the terms of the 2000 Scheme, the RC may set the exercise price ("Exercise Price") for each share option at either:

- a price (the "Market Price") equal to the average of the last dealt prices for the Company's share for the last 5 consecutive trading days immediately preceding the date that the share option was offered ("Offer Date") to a director of the Company or employee of the Group; or
- a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price and the shareholders of the Company in general meeting shall have authorised the making of offers and grants of options under the 2000 Scheme at a discount not exceeding the maximum discount as aforesaid.

Share options (cont'd)

The terms of the 2000 Scheme require that options granted with the Exercise Price set at Market Price shall only be exercisable by option holders, at any time, after the first anniversary of the Offer Date, but before the tenth anniversary date of the Offer Date or earlier as may be determined by the RC. Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable at any time by the option holders after the second anniversary of the Offer Date but before the tenth anniversary date of the Offer Date or earlier as may be determined by the RC.

The aggregate number of ordinary shares over which options may be granted under the 2000 Scheme on any date, when added to the number of ordinary shares issued and issuable in respect of all options granted under the 2000 Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

During the financial year ended 31 May 2010, the Company did not grant any new share options under the 2000 Scheme. As at 31 May 2010, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding were as follows:

Date of grant	Exercise period	Exercise price ⁽¹⁾	Number of options
27.12.2005	27.12.2006 to 26.12.2010	S\$0.65	1,042,707
27.12.2005	27.12.2006 to 26.12.2015	S\$0.65	1,069,861
8.5.2007	8.5.2007 to 7.5.2012	S\$0.90	1,152,000
8.5.2007	8.5.2007 to 7.5.2017	S\$0.90	1,182,000
Total			4,446,568

Details of options to subscribe for ordinary shares in the Company granted to directors of the Company pursuant to the 2000 Scheme are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of plan to end of the financial year ⁽¹⁾	Aggregate options exercised since commencement of plan to end of the financial year	Aggregate options outstanding as at the end of the financial year
Tetsuo Yamashita	–	868,739	–	868,739
Leow Tet Sin	–	480,092	–	480,092
Wu Wen-Hsiu Sandra	–	331,492	–	331,492
Guok Chin Huat Samuel	–	331,492	–	331,492
Jen Shek Voon	–	331,492	–	331,492
	–	2,343,307	–	2,343,307

⁽¹⁾ The numbers of aggregate options have been adjusted for the effect of rights issue with warrants which was completed on 18 April 2007 and completion of share consolidation of every 10 shares into 1 consolidated share on 14 September 2007. The exercise price disclosed is the revised exercise price.

No option has been granted to controlling shareholder of the Company or its associates.

No key management or employee has received options of 5% or more of the total number of shares available under the 2000 Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the 2000 Scheme during the financial year.

Directors' Report (cont'd)

AC

The members of the AC during the year and at the date of this report are:

Jen Shek Voon Chairman (Non-executive, Independent)
Tetsuo Yamashita Member (Non-executive)
Guok Chin Huat Samuel Member (Non-executive, Independent)
Tiong Yung Suh Edward Member (Non-executive, Independent) appointed 11 January 2010.

The AC performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The AC has held seven meetings since the last directors' report. In performing its functions, the AC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The AC also reviewed the following:

- (a) assistance provided by the Company's officers to the internal and external auditors;
- (b) quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- (c) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual); and
- (d) other functions as detailed in the Corporate Governance Report.

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The AC also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

AUDITORS

During the previous Extraordinary General Meeting on 25 January 2010, KPMG LLP was appointed as auditors of the Company.

KPMG have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors:



Tetsuo Yamashita
Chairman



Leow Tet Sin
Managing Director

Singapore
2 September 2010

Statement by Directors

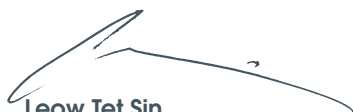
We, Tetsuo Yamashita and Leow Tet Sin, being two of the directors of Japan Land Limited do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2010 and of the results of the business, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (ii) at the date of this statement, having regards to the Company's plan for future actions as disclosed in note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:



Tetsuo Yamashita
Chairman



Leow Tet Sin
Managing Director

Singapore
2 September 2010

Independent Auditors' Report

Members of the Company Japan Land Limited and its Subsidiaries

We were engaged to audit the accompanying financial statements of Japan Land Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 May 2010, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 80. The financial statements for the year ended 31 May 2009 were audited by another firm of Public Accountants and Certified Public Accountants whose report dated 3 September 2009 expressed an unmodified opinion on those financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph below, we are however not in a position to, and do not, express an opinion.

Basis for Disclaimer of Opinion

We have considered the adequacy of the disclosures made in the financial statements concerning the basis of the preparation by management. As disclosed in note 2, as at 31 May 2010, the Group and the Company were in net liabilities position of \$15.3 million and \$6.7 million respectively; and also recorded net current liabilities of S\$17.8 million and S\$18.0 million respectively. Loss for the year ended 31 May 2010 of the Group and the Company amounted to \$65.7 million and \$38.1 million respectively. Notwithstanding this, the financial statements have been prepared on a going concern basis, the validity of which is dependent on the favourable realisation of the assets of a subsidiary currently being placed under liquidation proceeding, timely and successful disposal of associates by the Group and the Group's ability to refinance its short term interest-bearing loans and borrowings. These material uncertainties raise significant doubt on the Group's and the Company's ability to continue as a going concern, and therefore, may not be able to realise the assets and discharge the liabilities in the normal course of business. However, the financial statements do not include any adjustments that may be necessary should the Group and the Company be unable to continue as a going concern.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we are not in a position to, and do not, express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters referred to in the Basis for Disclaimer of Opinion paragraph, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore
2 September 2010

Consolidated Income Statement

For the year ended 31 May 2010

	Note	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
		S\$'000	S\$'000 Re-presented*
Continuing operations			
Revenue	4	5,750	8,584
Gain on disposal of subsidiary company		-	5,522
Other income		91	141
Sales & marketing expenses		(24)	(139)
General & administrative expenses		(10,750)	(11,527)
Other operating expenses		(12,747)	(169)
		<hr/>	<hr/>
(Loss)/profit from operating activities	5	(17,680)	2,412
Finance costs	6	(1,985)	(537)
Share of results of associated companies, net of tax		(332)	702
		<hr/>	<hr/>
(Loss)/profit before tax from continuing operations		(19,997)	2,577
Taxation	7	(423)	(1,559)
		<hr/>	<hr/>
(Loss)/profit from continuing operations, net of tax		(20,420)	1,018
		<hr/>	<hr/>
Operation related to assets classified as held for sale			
Loss from operation related to disposal group classified as held for sale, net of tax	8	(28,164)	(468)
Loss attributable to associates classified as held for sale, net of tax	9	(17,111)	(21,611)
		<hr/>	<hr/>
Loss from discontinued operations, net of tax		(45,275)	(22,079)
		<hr/>	<hr/>
Loss for the year/period		(65,695)	(21,061)
		<hr/>	<hr/>

* See disposal group and associates classified as held for sale – note 8 and note 9.

	Note	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
		S\$'000	S\$'000
Attributable to:			
Equity holders of the Company		(65,695)	(21,061)
Minority interest		-	-
		<u>(65,695)</u>	<u>(21,061)</u>
(Loss)/earnings per share from continuing operations attributable to equity holders of the Company (cents per share)			
Basic	10	<u>(15.69)</u>	0.78
Diluted	10	<u>(15.69)</u>	0.70
Loss per share from operation related to assets classified as held for sale attributable to equity holders of the Company (cents per share)			
Basic	10	<u>(34.79)</u>	(16.96)
Diluted	10	<u>(34.79)</u>	(16.96)

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

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2010

	Note	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
		S\$'000	S\$'000
Loss for the year/period		(65,695)	(21,061)
Other comprehensive income			
Fair value changes on available-for-sale investments		211	(15)
Share of fair value changes on available-for-sale investments held by associated company		172	(54)
Foreign currency translation differences for foreign operations		270	(3,598)
Share of other reserve movement of associates		-	29
Income tax on other comprehensive income		(80)	-
Other comprehensive income for the year/period, net of tax		<u>573</u>	<u>(3,638)</u>
Total comprehensive income for the year/period		<u>(65,122)</u>	<u>(24,699)</u>
Attributable to:			
Equity holders of the Company		<u>(65,122)</u>	<u>(24,699)</u>
Total comprehensive income for the year/period		<u>(65,122)</u>	<u>(24,699)</u>

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

Balance Sheets

As at 31 May 2010

	Note	Group		Company	
		31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Non-Current Assets					
Property, plant and equipment	11	430	525	39	79
Property under development	12	-	31,365	-	-
Intangible assets	13	157	260	157	157
Subsidiary companies	14	-	-	67	3,887
Associated companies	15	764	20,106	-	-
Other investments	16	562	367	562	350
Deferred tax assets	7	-	25	-	-
Other non-current financial assets	17	742	720	-	-
Loans to a subsidiary company	18	-	-	10,522	13,536
		2,655	53,368	11,347	18,009
Current Assets					
Trade and other receivables	20	1,139	1,221	1,122	1,953
Prepayments		160	199	49	64
Tax recoverable		95	1,149	-	-
Fixed deposits	19	5	29	5	10
Cash and bank balances	19	2,384	6,798	406	78
		3,783	9,396	1,582	2,105
Assets of disposal group classified as held for sale	8	232,628	-	-	-
Associates classified as held for sale	9	29,219	26,723	12,016	15,994
Total current assets		265,630	36,119	13,598	18,099
Current Liabilities					
Trade and other payables	24	2,951	9,168	8,730	1,845
Interest-bearing loans and borrowings	27	47,897	12,032	22,860	3,008
Provision for taxation		-	46	-	-
		50,848	21,246	31,590	4,853
Liabilities of disposal group classified as held for sale	8	232,628	-	-	-
Total current liabilities		283,476	21,246	31,590	4,853
Net Current (Liabilities)/Assets		(17,846)	14,873	(17,992)	13,246

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

Balance Sheets (cont'd)

As at 31 May 2010

	Note	Group		Company	
		31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Less: Non-Current Liabilities					
Interest-bearing loans and borrowings	27	-	18,397	-	-
Deferred tax liabilities	7	85	-	80	-
		<u>85</u>	<u>18,397</u>	<u>80</u>	<u>-</u>
Net (Liabilities)/Assets		<u>(15,276)</u>	<u>49,844</u>	<u>(6,725)</u>	<u>31,255</u>
Equity					
Share capital	29	79,713	79,711	79,713	79,711
Reserves		(99,543)	(34,421)	(86,438)	(48,456)
Reserves of associates classified as held for sale		4,554	4,554	-	-
Total (Deficit)/Equity		<u>(15,276)</u>	<u>49,844</u>	<u>(6,725)</u>	<u>31,255</u>

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

Consolidated Statement of Changes in Equity

For the year ended 31 May 2010

	Attributable to equity holders of the Company							
	Share capital S\$'000 (Note 29)	Accumulated losses S\$'000	Other reserves S\$'000 (Note 30)	Reserves of disposal group classified as held for sale S\$'000	Reserves of associates classified as held for sale S\$'000	Total reserves S\$'000	Minority interests S\$'000	Total equity S\$'000
At 1 April 2008 as previously reported	79,711	(16,114)	10,864	(586)	-	(5,836)	26,497	100,372
Reclassification due to restatement by associated company	-	903	(903)	-	-	-	-	-
At 1 April 2008, as restated	79,711	(15,211)	9,961	(586)	-	(5,836)	26,497	100,372
Loss for the period, net of tax	-	(21,061)	-	-	-	(21,061)	-	(21,061)
Other comprehensive income for the period, net of tax	-	-	(3,638)	-	-	(3,638)	-	(3,638)
Total comprehensive income for the period	-	(21,061)	(3,638)	-	-	(24,699)	-	(24,699)
Transactions with owners, recorded directly in equity								
Reserves attributable to associates classified as held for sale	-	-	(4,554)	-	4,554	-	-	-
Disposal of subsidiary company	-	-	-	586	-	586	(26,497)	(25,911)
Cost of share-based payments	-	-	82	-	-	82	-	82
Total contributions by and distributions to owners	-	-	(4,472)	586	4,554	668	(26,497)	(25,829)
At 31 May 2009	79,711	(36,272)	1,851	-	4,554	(29,867)	-	49,844

Attributable to equity holders of the Company

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

Consolidated Statement of Changes in Equity (cont'd)

For the year ended 31 May 2010

	Share capital S\$'000 (Note 29)	Accumulated losses S\$'000	Other reserves S\$'000 (Note 30)	Reserves of disposal group classified as held for sale S\$'000	Reserves of associates classified as held for sale S\$'000	Total reserves S\$'000	Minority interests S\$'000	Total equity S\$'000
At 1 June 2009	79,711	(36,272)	1,851	-	4,554	(29,867)	-	49,844
Loss for the year	-	(65,695)	-	-	-	(65,695)	-	(65,695)
Other comprehensive income for the year, net of tax	-	-	573	-	-	573	-	573
Total comprehensive income for the year	-	(65,695)	573	-	-	(65,122)	-	(65,122)
Transactions with owners, recorded directly in equity								
Total contributions by and distributions to owners/issuance of ordinary shares	2	-	-	-	-	-	-	2
At 31 May 2010	79,713	(101,967)	2,424	-	4,554	(94,989)	-	(15,276)

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

Consolidated Statement of Cash Flows

For the year ended 31 May 2010

	1.6.2009 to 31.5.2010 S\$'000	1.4.2008 to 31.5.2009 S\$'000 Re-presented
Cash flows from operating activities		
(Loss)/profit before tax from continuing operations	(19,997)	2,577
Loss from operation related to disposal group classified as held for sale, net of tax	(28,164)	(468)
Loss attributable to associates classified as held for sale, net of tax	(17,111)	(21,611)
	<hr/>	<hr/>
Loss before taxation, total	(65,272)	(19,502)
Adjustments for:		
Cost of share-based payment	-	82
Depreciation of property, plant and equipment	204	196
Gain on disposal of other investments	(4)	-
Gain on deemed disposal of associated company	-	(1,252)
Gain on disposal of a subsidiary company	-	(5,522)
Goodwill written off	103	-
Impairment loss on disposal group classified as held for sale	26,914	-
Loss recognised on re-measurement to fair value less costs to sell for associates classified as held for sale	17,111	22,863
Interest income	(49)	(18)
Interest expense	1,880	537
Provision for retirement obligations	7	-
Share of profit/(loss) of associated companies	332	(702)
Translation difference	132	(1,397)
	<hr/>	<hr/>
Operating loss before investment in working capital	(18,642)	(4,715)
Decrease/(increase) in receivables	9,694	(1,846)
Increase in prepaid operating expense	(62)	-
Increase/(decrease) in payables	12,176	(3,970)
	<hr/>	<hr/>
Cash generated from/(used in) operations	3,166	(10,531)
Income tax paid	1	(2,411)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	3,167	(12,942)
	<hr/>	<hr/>

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

Consolidated Statement of Cash Flows (cont'd)

for the year ended 31 May 2010

	1.6.2009 to 31.5.2010 S\$'000	1.4.2008 to 31.5.2009 S\$'000 Re-presented
Cash flows from investing activities		
Disposal of subsidiary company, net of cash	-	7,101
Expenditure on property under development	(15,582)	(23,114)
Interest income received	44	18
Purchase of property, plant and equipment	(162)	(145)
Acquisition of other non-current asset	(32)	-
Proceeds from disposal of other investments	21	-
Proceeds from redemption of preference shares	-	10,157
	<hr/>	<hr/>
Net cash used in investing activities	(15,711)	(5,983)
Cash flows from financing activities		
Payment of interest	(1,702)	(537)
Proceeds from bank loans and borrowings	80,610	45,072
Proceeds from issuance of bonds	33,770	-
Proceeds from issuance of shares	2	-
Repayment of bonds	(29,165)	(5,068)
Repayment of loans and borrowings	(72,184)	(62,978)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	11,331	(23,511)
Net decrease in cash and cash equivalents	(1,213)	(42,436)
Effects of exchange differences on cash and cash equivalents at beginning of year/period	(73)	(727)
Cash and cash equivalents related to the disposal group classified as held for sale (Note 8)	(3,152)	-
Cash and cash equivalents at beginning of year/period	6,827	49,990
	<hr/>	<hr/>
Cash and cash equivalents at end of year/period (Note 19)	2,389	6,827

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

Notes to the Financial Statements

For the year ended 31 May 2010

1. Corporate information

Japan Land Limited (the "Company") is a limited liability company, which is domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company is located at 20 Raffles Place, #17-00 Ocean Towers, Singapore 048620. The principal place of business of the Company is located at 8 Temasek Boulevard, Suntec Tower Three #39-01, Singapore 038988.

Related companies in the financial statements refer to companies within the Japan Land Limited Group.

The Company's principal activity is that of investment holding. The principal activities of its subsidiary and associated companies are set out below.

The subsidiary and associated companies of the Group are:

Name of company (Country of incorporation)	Principal activities	Equity held by the Group	
		31.5.2010 %	31.5.2009 %
Subsidiary companies			
¹ Japan Asia Land Limited (Japan)	Investment holding and project management of development projects	100	100
¹ Japan Asia (Vietnam) Company Ltd (Vietnam)	Provision of construction management services	100	100
² Jurong Data Centre Development Pte Ltd (Singapore)	Development and management of data centre (under liquidation)	100	100
³ JLL Investments Pte Ltd (formerly known as WizCorp Investment Pte Ltd) (Singapore)	Dormant	100	100
³ WizOffice.com (Japan), Inc (Japan)	Dormant	64.65	64.65
³ WizOffice International Limited (British Virgin Islands)	Dormant	100	100
³ JLL Trading & Services Pte Ltd (formerly known as WizOffice (S) Pte Ltd) (Singapore)	Dormant	100	100
Associated companies			
³ Lux Partners Co., Ltd (Japan)	Real estate-related funds structuring, facilities asset management and advisory services on corporate revitalisation	50	50

¹ Audited by other member firms of KPMG International.

² The subsidiary company has been placed under liquidation process since 5 May 2010. See note 8 for further details.

³ Not required to be audited by law in its country of incorporation.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

2. Going concern

The financial statements of the Group and the Company have been prepared on a going concern basis notwithstanding that as at 31 May 2010, the Group and the Company were in net liabilities position of \$15.3 million and \$6.7 million respectively; and also recorded net current liabilities of S\$17.8 million and S\$18.0 million respectively. Loss for the year ended 31 May 2010 of the Group and the Company amounted to \$65.7 million and \$38.1 million respectively.

During the year, a wholly owned subsidiary, Jurong Data Centre Development Pte Ltd ("JDD") was put under receivership for the secured liabilities due to M+W Zander (S) Pte Ltd ("MWZ"), the main contractor of its data centre, pursuant to the terms of the debenture, amounting to \$207.2 million. The liquidation procedures commenced on 5 May 2010. As at the date of these financial statements, the Group continues to be in negotiations with various parties to seek a satisfactory and favourable resolution of JDD affairs.

On 21 May 2010, the Group entered into a sales and purchase agreement with Kokusai Kogyo Holdings Co. ("KKH") to sell its entire 77,100 shareholdings in KHC Limited ("KHC") for a cash consideration of \$10.8 million. The sale is subject to obtaining the Company's shareholders' approval at the forthcoming Extraordinary General Meeting. In addition, the Company will seek shareholders' approval for the proposed disposal of the Company's assets, namely, the equity shares in Japan Asia Holdings Limited ("JAH") and Japan Asia Group Limited ("JAG").

The viability of the Group and the Company is dependent on the favourable realisation of JDD's assets, timely and successful disposal of KHC, JAH and JAG; and the Group's and the Company's ability to refinance its short term interest-bearing loans and borrowings. These material uncertainties may cast significant doubt on the Group and the Company to continue to operate as a going concern, and therefore, may not be able to realise the assets and discharge the liabilities in the normal course of business. The financial statements do not include any adjustments that may be necessary as a result of these uncertainties.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRSs") as required by the Singapore Companies Act, Cap.50.

The financial statements have been prepared on a historical cost basis except for certain financial assets that have been measured at their fair values.

The financial statements are presented in Singapore Dollars ("S\$") and all values are rounded to the nearest thousands ("S\$'000") except when otherwise indicated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial period, except as explained in note 3.2, which addresses the changes in accounting policies during the current financial year.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies

Starting as of 1 June 2009 on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for borrowing costs
- Determination and presentation of operating segments

Presentation of Financial Statements

The Group applies revised FRS 1 Presentation of Financial Statements (2008), which became effective as of 1 June 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 June 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. No changes have been made for borrowing costs incurred previously that have been expensed. This change in accounting policy was due to the adoption of FRS 23 Borrowing Costs (2007) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.

The Group has capitalised borrowing costs with respect to property under development.

Determination and presentation of operating segments

As of 1 June 2009, the Group determines and presents operating segments based on the information that is internally provided to the Managing Director (MD), who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 108 Operating Segments. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting.

3.3 FRS and INT FRS not yet effective

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 May 2010 have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Group in the period of initial application.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

3. Summary of significant accounting policies (cont'd)

3.4 Significant accounting estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, 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 financial statements is included in the following note:

Note 9 – Associates classified as held for sale

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 2 – Going concern

Note 8 – Disposal group classified as held for sale

Note 9 – Associates classified as held for sale

3.5 Functional and foreign currencies

Transactions of each entity in the Group are measured and recorded on initial recognition using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency") at exchange rates approximating those ruling at transaction dates. The consolidated financial statements and the financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates, or in the case of items carried at fair value, the exchange rates that existed when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign operations are translated into Singapore dollars at exchange rates ruling at balance sheet date. Revenue and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. Exchange differences due to such currency translations are included in the Group's foreign currency translation reserves. On disposal of a foreign operation, the cumulative exchange differences deferred in equity relating to that foreign operation is recognised in the profit or loss of the Group as a component of the gain or loss of disposal.

3. Summary of significant accounting policies (cont'd)

3.6 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date, after the elimination of all material intra-group balances, transactions and resulting unrealised profits. Unrealised losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 3.11. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit or loss on the date of acquisition.

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

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit or loss.

3.7 Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power or controls the composition of the board of directors.

Investments in subsidiary companies are stated in the Company's separate financial statements at cost less impairment losses.

3.8 Associated companies

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has a long term equity interest of not more than 50 per cent and exercise significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated companies is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. The Group's share of the profit or loss of the associated companies is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associated companies. In the Group's consolidated financial statements, the Group's share of results and reserves of associated companies acquired or disposed of or intended to be disposed of are included in the consolidated financial statements from the date of acquisition, or up to the date of disposal or cessation of significant influence, or up to the date of classification as assets held for sale.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

3. Summary of significant accounting policies (cont'd)

3.8 Associated companies (cont'd)

Goodwill relating to an associated company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminus with those of the Group, the share of results is arrived at from the last audited financial statements available and un-audited management financial statements to the end of accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses, if any.

3.9 Non-current assets held for sale and discontinued operations

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Prior period comparatives are re-presented so that the disclosures relate to all operations that have been discontinued by the balance sheet date of the current financial year.

3.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. All items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and 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, any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit or loss in the period 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 property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

3. Summary of significant accounting policies (cont'd)

3.10 Property, plant and equipment (cont'd)

Depreciation begins when an asset is available for use and is calculated on the straight line method over their estimated useful lives as follows:

Land and buildings	-	7 to 50 years
Furniture and fittings	-	5 years
Office equipment	-	3 to 5 years
Renovation	-	2 to 3 years

Property under development is stated at cost and not subject to depreciation until they are completed and in use.

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

The residual values, useful life and depreciation method are reviewed periodically at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits from items of property, plant and equipment.

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

3.11 Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the combination's synergies, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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

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

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

3. Summary of significant accounting policies (cont'd)

3.12 Financial assets

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

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

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- Trade and other receivables; and
- Other non-current financial assets
- Loans to a subsidiary company

(b) Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant stock exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be measured reliably are measured at cost less impairment loss.

The Group classifies other investments as available-for-sale financial assets.

3. Summary of significant accounting policies (cont'd)

3.13 Cash and cash equivalents

Cash and cash equivalents comprised of cash on hand and at bank, and demand deposits, excluding pledged deposits and cash relating to disposal group classified as held for sale.

3.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

(b) Assets carried at cost

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

(c) Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are not recognised in the profit or loss. Reversals of impairment losses on debt instruments are reversed through the profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

3. Summary of significant accounting policies (cont'd)

3.15 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required, the asset's recoverable amount is estimated.

An asset's recoverable amount is assessed based on the higher of its fair value less costs to sell or its value in use as considered appropriate and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit or loss as impairment losses.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and 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. All reversals of impairment are recognised in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

3.16 Financial liabilities

Financial liabilities include trade and other payables which are normally settled on 30-60 day terms, amounts due to related parties and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value of consideration received plus directly attributable costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

3.17 Provisions

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

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

3. Summary of significant accounting policies (cont'd)

3.18 Operating Leases

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

3.19 Borrowing costs

Borrowing costs are generally expensed as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

3.20 Revenue recognition

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

(a) Rendering of services

Revenue from services rendered is recognised upon services performed.

(b) Dividend income

Dividend income is recognised when the Group/Company's right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method.

3.21 Income tax

(a) Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred taxation

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all deductible temporary differences, except:

- Where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary and associated companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

3. Summary of significant accounting policies (cont'd)

3.21 Income tax (cont'd)

(b) Deferred taxation (cont'd)

Deferred tax assets are also recognised for all deductible temporary differences, carry-forward of unused tax losses and unutilised tax credits only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

At each balance sheet date, the Group reassesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is charged or credited directly to equity if the tax relates to items that are charged or credited, in the same or a different period, directly to equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

3.22 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the state pension scheme, the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

(b) Equity compensation benefits

Share options under the 2000 Japan Land Share Option Plan ("2000 Scheme") are granted to directors of the Company and employees of the Group for services rendered ("equity-settled transactions"). The costs of equity-settled transactions are measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company ("market conditions"), if applicable.

The cost of equity-settled transaction is recognised, together with a corresponding increase in the option reserve, over the period in which the service conditions are fulfilled, ending on the date on which the relevant grantees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

(d) Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised and offset against employee benefits upon receipt.

3.23 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. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

4. Revenue

	Group	
	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
	S\$'000	S\$'000
Project management	1,842	5,223
Property consulting services	3,908	3,361
	5,750	8,584

5. (Loss)/profit from operating activities of continuing operations

(Loss)/profit from operating activities of continuing operations is arrived at after (charging)/crediting:

	Group	
	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
	S\$'000	S\$'000
		Re-presented
Depreciation of property, plant and equipment	(148)	(167)
Directors' fees - directors of the Company	(298)	(280)
Employee benefits (Note 28)	(3,525)	(3,994)
Foreign exchange (loss)/gain	(256)	999
Interest income	49	16
Non-audit fees paid to auditors of the Company	-	(41)
Professional and consultancy fees	(3,102)	(3,518)
Operating lease expense	(1,230)	(1,416)
Travelling expenses	(597)	(1,137)
Goodwill written off	(103)	-

6. Finance costs

	Group	
	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
	S\$'000	S\$'000
Interest expense on loans and borrowings	(1,880)	(537)
Arrangement fee	(105)	-
	(1,985)	(537)

7. Taxation

(a) Major components of income tax expense

The major components of income tax expense for the year ended 31 May 2010 are:

	Group	
	1.6.2009 to 31.5.2010 S\$'000	1.4.2008 to 31.5.2009 S\$'000
(i) Income tax recognised in profit or loss		
Current income tax:		
- Current period	(51)	(3,049)
- Adjustment for prior period	(342)	-
	<u>(393)</u>	<u>(3,049)</u>
Deferred income tax:		
- Reversal of temporary differences	(30)	1,490
	<u>(30)</u>	<u>1,490</u>
Total income tax expense recognised in the profit or loss	<u>(423)</u>	<u>(1,559)</u>
(ii) Income tax recognised in other comprehensive income		
Deferred tax arising from fair value changes of available-for-sale investments	(80)	-
	<u>(80)</u>	<u>-</u>

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

7. Taxation (cont'd)

(b) Relationship between tax expense and accounting (loss)/profit

The reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable statutory tax rate for the year/period ended 31 May is as follows:

	Group	
	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
	S\$'000	S\$'000
Tax credit/(expenses) at domestic rates applicable on profit/(loss) in the countries where the Group operates	16,769	(1,289)
Permanent difference not deductible for tax purpose	(6,486)	(855)
Deferred tax assets not recognised	(10,310)	-
Tax effect of income not taxable	-	490
Effect of changes in tax rate	-	(68)
Benefits from previously unrecognised deferred tax assets	-	235
(Under)/over provision in respect of previous years	(342)	-
Others	(54)	(72)
	(423)	(1,559)

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	Group		Company	
	31.5.2010	31.5.2009	31.5.2010	31.5.2009
	S\$'000	S\$'000	S\$'000	S\$'000
Tax losses	14,782	10,890	8,893	9,123
Capital allowances	1,700	1,700	-	-
Other deductible temporary differences	21,646	-	-	-
	38,128	12,590	8,893	9,123

The Group's tax losses of S\$526,000, S\$245,000 and S\$3,351,000 (2009: nil) expire in 2014, 2015 and 2017 respectively. The remaining tax losses of the Group and the tax losses of the Company do not expire under current tax legislation. The deductible temporary differences do not expire under current tax legislation. The above are available for offsetting against future taxable income, subject to compliance with certain provisions of the tax legislation of the respective countries in which the companies operate and agreement by the relevant tax authorities. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

7. Taxation (cont'd)

(d) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group and the Company during the year/period are as follows:

Group	At 1.4.2008 S\$'000	Recognised in profit or loss S\$'000	At 31.5.2009 S\$'000	Recognised in profit or loss S\$'000	Recognised in other comprehen- sive income S\$'000	At 31.5. 2010 S\$'000
Deferred tax assets						
Enterprise tax paid	119	(119)	-	-	-	-
Impairment of other investments	144	(144)	-	-	-	-
Others	14	11	25	(25)	-	-
	<u>277</u>	<u>(252)</u>	<u>25</u>	<u>(25)</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities						
Available-for-sale investments	-	-	-	-	(80)	(80)
Others	(1,742)	1,742	-	(5)	-	(5)
	<u>(1,742)</u>	<u>1,742</u>	<u>-</u>	<u>(5)</u>	<u>(80)</u>	<u>(85)</u>
Total deferred income tax	<u>-</u>	<u>1,490</u>	<u>-</u>	<u>(30)</u>	<u>(80)</u>	<u>-</u>
Company	At 1.4.2008 S\$'000	Recognised in profit or loss S\$'000	At 31.5.2009 S\$'000	Recognised in profit or loss S\$'000	Recognised in other comprehen- sive income S\$'000	At 31.5. 2010 S\$'000
Deferred tax liabilities						
Available-for-sale investments	-	-	-	-	(80)	(80)

8. Disposal group classified as held for sale

Disposal group classified as held for sale relates to a subsidiary company, Jurong Data Centre Development Pte Ltd ("JDD"). JDD has been placed under receivership by its largest creditor in March 2010 as it failed to settle the outstanding amounts due to the creditor. Subsequently, a shareholders' resolution was passed at the extraordinary general meeting of JDD on 5 May 2010 for JDD to be wound up. Liquidator have been appointed for the purpose of winding up of JDD.

Consequent to the liquidation process, JDD has been accounted for as a disposal group classified as held for sale in accordance with Singapore Financial Reporting Standard 105 ("SFRS105") as of 5 May 2010. The comparative consolidated income statement has been re-presented to show the disposal group classified as held for sale separately from continuing operations.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

8. Disposal group classified as held for sale (cont'd)

The results arising from JDD are presented separately on the consolidated income statement for the year ended 31 May 2010 as "Loss related to disposal group classified as held for sale, net of tax". Prior period's comparatives have been re-presented accordingly. All the assets and liabilities relating to JDD have been presented on the face of the consolidated balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale". JDD is measured at the lower of its carrying amounts and fair value less costs to sell.

As at 31 May 2010, the Group has made full impairment on its investment in JDD at both Group and Company's balance sheets. Management assessed that it is unlikely to recover its investment in JDD from the liquidation process.

Profit or loss disclosures

The results arising from disposal group classified as held for sale are as follows:

	Group	
	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
	S\$'000	S\$'000
Revenue	292	-
Cost of sale	(590)	-
	<hr/>	<hr/>
Gross profit	(298)	-
Expenses	(952)	(468)
	<hr/>	<hr/>
Loss before tax from operating activities	(1,250)	(468)
Loss recognised on re-measurement to fair value less costs to sell	(26,914)	-
Income tax	-	-
	<hr/>	<hr/>
Loss related to disposal group classified as held for sale, net of tax	<u>(28,164)</u>	<u>(468)</u>

8. Disposal group classified as held for sale (cont'd)

Balance sheet disclosures

The major classes of assets and liabilities of disposal group classified as held for sale are as follows:

	Group
	31.5.2010
	S\$'000
Assets:	
Property, plant and equipment	56
Property under development (note 12)	223,872
Trade and other receivables	4,393
GST recoverable	1,078
Prepayments	77
Cash and cash equivalents	3,152
Assets of disposal group classified as held for sale	<u>232,628</u>
Liabilities:	
Trade and other payables	<u>232,628</u>
Liabilities of disposal group classified as held for sale	<u>232,628</u>
Net assets of disposal group classified as held for sale	<u>-</u>

Cash flows disclosures

The cash flows attributable to disposal group classified as held for sale are as follows:

	Group	
	1.6.2009	1.4.2008
	to 31.5.2010	to 31.5.2009
	S\$'000	S\$'000
Operating	7,489	11,005
Investing	(16,017)	(34,822)
Financing	10,000	24,000
Net cash inflows	<u>1,472</u>	<u>183</u>

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

9. Associates classified as held for sale

During the previous financial period, the Company had announced that with effect from 1 October 2008, the Group has ceased equity accounting for its interest in the associated companies of Japan Asia Holdings Limited ("JAH") and Japan Asia Group Limited ("JAG") and had re-classified JAH and JAG from associated companies to assets held for sale in accordance with Singapore Financial Reporting Standard 105 ("SFRS105"), as the Company expects to recover the carrying amounts of these investments through sales transactions rather than through continuing use. As at 31 May 2010, the Group assessed that the criteria as set out in SFRS105 for the extension of the period required to complete a sale beyond one year are met. These assets are available for immediate disposal and are being marketed actively at a reasonable price in the past one year. JAH and JAG should continue to be recognised as assets held for sale although the sale has not been completed within one year since the previous financial period end.

On 20 May 2010, the Group has entered into an agreement to sell its entire shareholdings in KHC Limited ("KHC") for a cash consideration of Japanese Yen 693.9 million (or approximately S\$10.8 million). The Group expects the sale to be completed within the next 12 months. Accordingly, the Group has reclassified KHC from associated company to asset held for sale on 20 May 2010 as the criteria set up in SFRS105 for the classification as assets held for sale are met. The comparative consolidated income statement has been re-presented to show the associates classified as held for sale separately from continuing operations.

As at 31 May 2010, JAH, JAG and KHC are measured at the lower of its carrying amounts and fair value less costs to sell and presented separately on the face of the consolidated balance sheet under current assets as "Associates classified as held for sale". The Group's share of results attributable to these associates from the previous periods to the date of reclassification have been presented separately on the face of the consolidated profit and loss as "Loss attributable to associates classified as held for sale".

The sale is subject to obtaining the Company's shareholders' approval at the forthcoming Extraordinary General Meeting.

Profit or loss disclosures

	Group	
	1.6.2009 to 31.5.2010	1.4.2008 to 31.5.2009
	S\$'000	S\$'000

Re-presented

Loss attributable to associates classified as held for sale are as follows:

Share of profit /(loss) of associated companies up to date of reclassification as assets held for sale	505	(4,484)
Gain on deemed disposal of JAG	-	1,252
Loss recognised on re-measurement to fair value less costs to sell	(17,616)	(18,379)
	<u>(17,111)</u>	<u>(21,611)</u>

9. Associates classified as held for sale (cont'd)

Balance sheet disclosures

Associates classified as held for sale comprise:

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Equity shares at cost	31,976	15,994	15,994	15,994
Share of post-acquisition reserves up to date of classification as assets held for sale	33,238	29,108	-	-
	65,214	45,102	15,994	15,994
Loss recognised on re-measurement to fair value less costs to sell	(35,995)	(18,379)	(3,978)	-
	29,219	26,723	12,016	15,994

The associates classified as held for sale stated at lower of its carrying amount and fair value less costs to sell as at balance sheet date are as follows:

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
JAH	11,697	19,576	11,697	15,675
JAG	7,147	7,147	319	319
KHC	10,375	-	-	-
	29,219	26,723	12,016	15,994

As at 31 May 2010, the fair value of JAG exceeded its carrying amount at Group and Company's balance sheet by S\$5,028,000 (2009:S\$5,772,000) and S\$11,856,000 (2009:S\$12,600,000) respectively. In accordance with SFRS 105, which requires an asset held for sale to be stated at the lower of its carrying amount and fair value less costs to sell, the excess amounts have not been recognised.

10. (Loss)/earnings per share

Basic (loss)/earnings per share are calculated by dividing (loss)/profit for the period from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year/period.

Diluted earnings per share are calculated by dividing (loss)/profit for the period from continuing operations attributable to ordinary equity holders of the Company (after taking into consideration adjustments for the dilutive effect of potential ordinary shares during the financial period) by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and loss and share data used in the computation of basic and diluted (loss)/earnings per share for the period ended 31 May:

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

10. (Loss)/earnings per share (cont'd)

	1.6.2009 to 31.5.2010 S\$'000	Group 1.4.2008 to 31.5.2009 S\$'000 Re-presented
Loss for the year/period, attributable to ordinary equity holders of the Company	(65,695)	(21,061)
Less: (Loss)/profit related to assets classified as held for sale, net of tax attributable to ordinary equity holders of the Company	(45,275)	(22,079)
(Loss)/profit from continuing operations attributable to ordinary equity holders of the Company used in the computation of basic (loss)/earnings per share	(20,420)	1,018
	31.5.2010 '000	Group 31.5.2009 '000
Weighted average number of ordinary shares	130,122	130,122
Effects of dilution		
- Share options granted on 27 December 2005	-	2,113
- Share options granted on 8 May 2007	-	2,334
- Unexercised warrants	-	10,147
Weighted average number of ordinary shares adjusted for the effects of dilution	130,122	144,716

At 31 May 2010, all 4,446,568 outstanding share options (2009: nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. At 31 May 2009, the loss per share from operation related to assets classified as held for sale was the same as the basis of loss per share as it was anti-dilutive.

All warrants were expired on 16 April 2010.

11. Property, plant and equipment

Group	Land and buildings S\$'000	Office equipment S\$'000	Renovation S\$'000	Furniture and fittings S\$'000	Total S\$'000
Cost:					
At 1 April 2008	203	562	104	71	940
Additions	-	67	57	39	163
Disposals	-	(2)	-	-	(2)
Net exchange differences	18	10	-	(1)	27
At 31 May 2009 and 1 June 2009	221	637	161	109	1,128
Additions	-	69	48	-	117
Written off	-	(263)	-	-	(263)
Reclassification to assets of disposal group classified as held for sale	-	(24)	(57)	(18)	(99)
Net exchange differences	5	5	-	(1)	9
At 31 May 2010	226	424	152	90	892
Accumulated depreciation and impairment loss:					
At 1 April 2008	3	383	10	6	402
Charge for the period	22	78	81	15	196
Disposals	-	(2)	-	-	(2)
Net exchange differences	1	6	-	-	7
At 31 May 2009 and 1 June 2009	26	465	91	21	603
Charge for the year	20	74	43	10	147
Written off	-	(263)	-	-	(263)
Reclassification to assets of disposal group classified as held for sale	-	(5)	(21)	(2)	(28)
Net exchange differences	1	2	-	-	3
At 31 May 2010	47	273	113	29	462
Carrying amount:					
At 1 April 2008	200	179	94	65	538
At 31 May 2009 and 1 June 2009	195	172	70	88	525
At 31 May 2010	179	151	39	61	430

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

11. Property, plant and equipment (cont'd)

Company	Renovation S\$'000	Office equipment S\$'000	Total S\$'000
Cost:			
At 1 April 2008	104	100	204
Additions	-	14	14
Disposals	-	(2)	(2)
At 31 May 2009 and 1 June 2009	104	112	216
Additions	-	15	15
At 31 May 2010	104	127	231
Accumulated depreciation and impairment loss:			
At 1 April 2008	10	44	54
Charge for the period	61	24	85
Disposals	-	(2)	(2)
At 31 May 2009 and 1 June 2009	71	66	137
Charge for the year	33	22	55
At 31 May 2010	104	88	192
Carrying amount:			
At 1 April 2008	94	56	150
At 31 May 2009 and 1 June 2009	33	46	79
At 31 May 2010	-	39	39

12. Property under development

	Group	
	2010 S\$'000	2009 S\$'000
At 1 June / 1 April	31,365	1,004
Additions	207,955	30,361
Impairment loss	(15,448)	-
Reclassification to assets of disposal group classified as held for sale (note 8)	(223,872)	-
At 31 May	-	31,365

The property under development relates to the construction of a seven-storey data centre building, with a gross floor area of 34,000 square metres. This has been reclassified to the assets of disposal group classified as held for sale during the current financial year. See note 8 for further details.

13. Intangible assets

Group	Goodwill S\$'000	Club membership S\$'000	Total S\$'000
Cost:			
At 1 April 2008	240	157	397
Written off	(137)	-	(137)
At 31 May 2009, 1 June 2009 and 31 May 2010	103	157	260
Accumulated amortisation and impairment loss:			
At 1 April 2008, 31 May 2009 and 1 June 2009	-	-	-
Impairment loss	103	-	103
At 31 May 2010	103	-	103
Net carrying amount:			
At 1 April 2008	240	157	397
At 31 May 2009 and 1 June 2009	103	157	260
At 31 May 2010	-	157	157

The Group has fully impaired the goodwill of S\$103,000 during the current financial year.

	Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000
Club membership at cost	157	157

14. Subsidiary companies

	Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000
Unquoted shares at cost	31,367	3,887
Less: impairment losses	(31,300)	-
	67	3,887

During the current financial year, the Company invested S\$22,480,000 in its subsidiary, Jurong Data Centre Development Pte Ltd, ("JDD"). The Company also purchased 5,000,000 ordinary shares of JDD at cost of S\$1 per share from its fully owned subsidiary, Japan Asia Land Limited ("JALL") during the financial year.

The Company has fully impaired its investment of S\$28,480,000 in JDD as at 31 May 2010. See note 8 for further details.

As at 31 May 2010, the Company also made full impairment of S\$2,820,000 on its investment in JALL.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

15. Associated companies

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Unquoted shares at cost	138	16,120	-	-
Share of post-acquisition reserves	553	2,370	-	-
Net exchange differences	73	1,616	-	-
	<u>764</u>	<u>20,106</u>	<u>-</u>	<u>-</u>

Further details of associated companies are set out in Note 1.

The financial year end of one of the associated companies, KHC Limited, falls on every 31 March which is non-coterminous with that of the Group. KHC has been reclassified from associated company to asset held for sale as at 31 May 2010. See note 9 for further details.

The summarised financial information of associated companies (excluding those classified as assets held for sale), not adjusted for the percentage ownership held by the Group are as follows:

	31.5.2010 S\$'000	31.5.2009 S\$'000
Assets and liabilities		
Total assets	1,650	244,993
Total liabilities	<u>(122)</u>	<u>(152,006)</u>
	1.6.2009 to 31.5.2010 S\$'000	1.4.2008 to 31.5.2009 S\$'000
Results		
Revenue	1,159	193,950
Profit for the year/period, net of tax	<u>(663)</u>	<u>3,369</u>

16. Other investments

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Available-for-sale financial assets:				
Unquoted equity investments, at cost	-	17	-	-
Quoted equity investments, at fair value	562	350	562	350
	<u>562</u>	<u>367</u>	<u>562</u>	<u>350</u>

Unquoted equity investments and quoted equity investments are denominated in Japanese Yen and Hong Kong Dollars respectively.

17. Other non-current financial assets

	Group	
	31.5.2010	31.5.2009
	S\$'000	S\$'000
Deposits	742	720

The above deposits are denominated in Japanese Yen except for S\$31,000 equivalent amount denominated in Vietnam Dong (2009: S\$23,000 denominated in Singapore Dollar).

18. Loans to a subsidiary company

Loans to a subsidiary company were unsecured, borne interest at 3% (2009: 3%) per annum and would be repayable in lump sum on 1 October 2011 in cash. These loans are denominated in Japanese Yen.

19. Cash and cash equivalents

	Group		Company	
	31.5.2010	31.5.2009	31.5.2010	31.5.2009
	S\$'000	S\$'000	S\$'000	S\$'000
Short term deposits	5	29	5	10
Cash and bank balances	2,384	6,798	406	78
	<u>2,389</u>	<u>6,827</u>	<u>411</u>	<u>88</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one week to one month depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31.5.2010	31.5.2009	31.5.2010	31.5.2009
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore Dollar	411	1,768	411	88
Japanese Yen	1,814	4,749	-	-
Vietnam Dong	164	310	-	-
	<u>2,389</u>	<u>6,827</u>	<u>411</u>	<u>88</u>

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

20. Trade and other receivables

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Trade receivables (Note 21)	880	189	-	-
Other receivables (Note 22)	259	1,030	432	1,024
Amounts due from subsidiary companies – non-trade (Note 23)	-	-	690	927
Amounts due from associated company	-	2	-	2
	<u>1,139</u>	<u>1,221</u>	<u>1,122</u>	<u>1,953</u>

21. Trade receivables

Trade receivables are non-interest bearing and generally on 30 to 90 days' term. They are recognised at their original invoices amounts which represent their fair values on initial recognition.

Trade receivables are denominated in Japanese Yen.

The Group does not have any trade receivables that are past due or impaired at the balance sheet date.

22. Other receivables

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Accrued income	-	733	-	-
Deposits	136	150	136	150
Sundry receivables	123	147	58	66
Accrued interest on loans to a subsidiary company (Note 18)	-	-	238	808
	<u>259</u>	<u>1,030</u>	<u>432</u>	<u>1,024</u>

Sundry receivables are unsecured, non-interest bearing and repayable on demand.

Other receivables are denominated in the following currencies:

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Singapore Dollar	199	219	194	216
Japanese Yen	21	741	238	808
Vietnam Dong	39	70	-	-
	<u>259</u>	<u>1,030</u>	<u>432</u>	<u>1,024</u>

23. Amounts due from subsidiary companies – non-trade

Amounts due from subsidiary companies are unsecured, interest-free and repayable in cash on demand. These amounts are denominated in Singapore Dollar.

24. Trade and other payables

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Trade payables	107	3,915	–	–
Accruals for operating expenses	693	3,730	585	176
Other payables (Note 25)	1,846	1,243	336	105
Amounts due to subsidiary companies – non-trade (Note 26)	–	–	7,504	1,284
Amounts due to directors	305	280	305	280
	<u>2,951</u>	<u>9,168</u>	<u>8,730</u>	<u>1,845</u>

Trade payables are normally settled on 30 day terms.

Amounts due to directors are unsecured, interest-free and repayable in cash on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Singapore Dollar	2,496	8,462	8,730	1,845
Japanese Yen	386	687	–	–
Vietnam Dong	69	19	–	–
	<u>2,951</u>	<u>9,168</u>	<u>8,730</u>	<u>1,845</u>

25. Other payables

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Consumption tax payable	–	79	–	–
Sundry creditors	1,846	1,164	336	105
	<u>1,846</u>	<u>1,243</u>	<u>336</u>	<u>105</u>

Sundry creditors are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

26. Amounts due to subsidiary companies – non-trade

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Subsidiary companies	-	-	7,504	1,284

Amounts due to subsidiary companies are unsecured, interest-free and are repayable on demand.

27. Interest-bearing loans and borrowings

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Unsecured				
Bonds	7,680	3,008	-	-
Loans from related parties	-	18,397	-	-
Loans from a subsidiary company	-	-	-	3,008
	<u>7,680</u>	<u>21,405</u>	<u>-</u>	<u>3,008</u>
Secured				
Loans from related parties	38,220	7,520	22,860	-
Loan from a financial institution	1,997	1,504	-	-
	<u>40,217</u>	<u>9,024</u>	<u>22,860</u>	<u>-</u>
Total	<u>47,897</u>	<u>30,429</u>	<u>22,860</u>	<u>3,008</u>
Represented by:				
Current	47,897	12,032	22,860	3,008
Non-current	-	18,397	-	-
	<u>47,897</u>	<u>30,429</u>	<u>22,860</u>	<u>3,008</u>

27. Interest-bearing loans and borrowings (cont'd)

The terms and repayment schedule of the Group's and the Company's loans and borrowings are as follows:

Group	Total	Within 1 year	After 1 year but within 5 years	After 5 years
31.5.2010	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured				
JPY bonds	7,680	7,680	-	-
	<u>7,680</u>	<u>7,680</u>	<u>-</u>	<u>-</u>
Secured				
S\$ loan from a related party	22,860	22,860	-	-
JPY loans from related parties	15,360	15,360	-	-
JPY loan from a financial institution	1,997	1,997	-	-
	<u>40,217</u>	<u>40,217</u>	<u>-</u>	<u>-</u>
Total	<u>47,897</u>	<u>47,897</u>	<u>-</u>	<u>-</u>
31.5.2009				
Unsecured				
JPY bonds	3,008	3,008	-	-
S\$ loan from a related party	18,397	-	-	18,397
	<u>21,405</u>	<u>3,008</u>	<u>-</u>	<u>18,397</u>
Secured				
JPY loans from a related party	7,520	7,520	-	-
JPY loan from a financial institution	1,504	1,504	-	-
	<u>9,024</u>	<u>9,024</u>	<u>-</u>	<u>-</u>
Total	<u>30,429</u>	<u>12,032</u>	<u>-</u>	<u>18,397</u>

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

27. Interest-bearing loans and borrowings (cont'd)

Company	Total	Within 1 year	After 1 year but within 5 years	After 5 years
31.5.2010	S\$'000	S\$'000	S\$'000	S\$'000
Secured				
S\$ loan from a related party	22,860	22,860	-	-
31.5.2009				
Unsecured				
JPY loans from a subsidiary company	3,008	3,008	-	-

Bonds

As at 31 May 2010, the JPY bonds due to a related party are unsecured and bear interest at 3.5% per annum.

As at 31 May 2009, the JPY bonds are unsecured and bear interest at 3% per annum. The JPY bonds of S\$3,008,000 were repaid during the financial year using the proceeds from the issuance of new bonds issued.

S\$ loan from a related party

As at 31 May 2009, the unsecured S\$ loan from a related party arose from the issuance of 18 million Redeemable Cumulative Preferred Shares ("RCPS") by a subsidiary company to the related party. The shares were issued at S\$1 each with a mandatory redemption date on 30 September 2016 at a yield to maturity of 14%. Dividend of 3% on the nominal value is payable annually in arrears commencing 2 years from the agreed date of 30 September 2009. All unpaid dividends on the RCPS will be cumulative and accrued for payment on the next successive dividend payment date. All unpaid dividend shall be paid on the mandatory redemption date. The shareholders of the RCPS have no voting rights.

During the current financial year, the Company purchased the RCPS from the related party at a consideration of S\$22,860,000. As at 31 May 2010, this outstanding S\$ loan due to that related party is interest-free and repayable on 30 June 2010. The repayment date is subsequently extended to 30 September 2010. This S\$ loan is secured by a pledge of 3,889,582 shares of Japan Asia Holdings Limited and 54,735 shares of Japan Asia Group Limited.

JPY loans from related parties

As at 31 May 2010, the JPY loan of S\$4,608,000 (2009:S\$7,520,000) from a related party bears interest rate at 10% (2009: 5.5%) per annum and is secured by a pledge of 37,500 shares of Japan Asia Group Limited (2009: 55,000 shares of KHC Limited).

During the current financial year, the Group obtained a new loan of JPY700,000,000 from another related party. As at 31 May 2010, this JPY loan bears interest rate at 4% per annum and is secured by 77,100 shares of KHC Limited.

JPY loans from a subsidiary company

The Company has fully settled the JPY loans due to a subsidiary company during the current financial year.

27. Interest-bearing loans and borrowings (cont'd)

JPY loan from a financial institution

As at 31 May 2010, the JPY loan from a financial institution bears interest at 12% (2009: 8.5%) and is secured by a pledge of 16,250 shares of Japan Asia Group Limited (2009: pledge of 55,000 shares of KHC Limited).

28. Employee benefits

	Group 1.6.2009 to 31.5.2010 S\$'000	1.4.2008 to 31.5.2009 S\$'000 Re-presented
Employee benefit expense (including directors and key management personnel)		
<u>Continuing operations</u>		
Salaries and bonuses	3,246	3,630
Central Provident Fund Contribution	254	257
Cost of share-based payments	-	82
Staff welfare	18	25
Retirement benefit	7	-
	<u>3,525</u>	<u>3,994</u>
<u>Operation related to disposal group classified as held for sale</u>		
Salaries and bonuses	355	452
Central Provident Fund Contribution	26	40
Staff welfare	4	-
	<u>385</u>	<u>492</u>

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

28. Employee benefits (cont'd)

(a) Compensation of key management personnel

	Group	
	1.6.2009 to 31.5.2010 S\$'000	1.4.2008 to 31.5.2009 S\$'000
<u>Continuing operations</u>		
Salaries and bonuses	1,368	1,668
Central Provident Fund Contribution	10	17
Cost of share-based payments	-	82
	1,378	1,767
Made up of:		
Directors	661	865
Directors of subsidiary companies	376	488
Key management personnel	341	414
	1,378	1,767
<u>Operation related to disposal group classified as held for sale</u>		
Salaries and bonuses	94	-
Central Provident Fund Contribution	1	-
	95	-
Made up of:		
Key management personnel	95	-
	95	-

(b) Employee share option plan

The Company currently has an employee share option scheme in effect. Under the 2000 Japan Land Limited Share Option Scheme ("2000 Scheme"), options may be granted to employees of the Group, and executive and non-executive directors of the Company, except where they are also controlling shareholders or their associates, in which case specific prior approval of the grant by shareholders at a general meeting is required.

Options to acquire the Company's ordinary shares are granted with terms of 10 years or earlier as may be determined by the Remuneration Committee. The options are exercisable after the first anniversary of grant where the exercise price ("Exercise Price") for each share option is equal to a price (the "Market Price") equal to the average of the last dealt prices for the Company's share for the last 5 consecutive trading days immediately preceding the date that the share option was offered to a director of the Company or employee of the Group. Options granted with the Exercise Price set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price and the shareholders of the Company in general meeting shall have authorised the making of offers and grants of options at a discount not exceeding the maximum discount as aforesaid, are exercisable by the option holders after the second anniversary of the grant.

28. Employee benefits (cont'd)

(b) Employee share option plan (cont'd)

Movement of share options during the financial year/period

No share options were granted during the current financial year.

The number and weighted average exercise prices of, and movements in, the options granted under the 2000 Scheme are as follows:

	31.5.2010		31.5.2009	
	Number of options '000	Exercise price S\$	Number of options '000	Exercise price S\$
Outstanding at beginning of year/period	4,447	0.780	4,447	0.780
Outstanding at end of year/period	4,447	0.780	4,447	0.780
Exercisable at end of year/period	4,447	0.780	4,447	0.780

29. Share capital

	Group and Company			
	31.5.2010		31.5.2009	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Ordinary shares issued and fully paid				
Balance at beginning of year/period	130,122	79,711	130,122	79,711
Issue of shares arising from exercise of warrants ^(a)	2	2	-	-
Balance at end of year/period	130,124	79,713	130,122	79,711

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

^(a) All outstanding and unexercised warrants were expired on 16 April 2010.

30. Other reserves

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Fair value adjustment reserve (a)	391	88	391	260
Foreign currency translation reserve (b)	669	399	-	-
Share option reserve (c)	1,364	1,364	1,292	1,292
	2,424	1,851	1,683	1,552

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

30. Other reserves (cont'd)

(a) Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Balance at beginning of year/period, as previously stated	88	1,509	260	275
Reclassification due to restatement by associated company	-	(976)	-	-
Balance at beginning of year/period, as restated	88	533	260	275
Net gain/(loss) on fair value changes during the year/period	211	(15)	211	(15)
Share of fair value changes of available-for-sale financial assets of associated companies	172	(54)	-	-
Tax effects of net fair value changes of available-for-sale financial assets	(80)	-	(80)	-
Attributable to associates classified as held for sale	-	(376)	-	-
Balance at end of year/period	391	88	391	260

(b) Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Balance at beginning of year/period	399	8,050	-	-
Reclassification due to restatement by associated company	-	73	-	-
Balance at beginning of year/period, as restated	399	8,123	-	-
Net effect of exchange differences	270	(3,598)	-	-
Attributable to associates classified as held for sale	-	(4,126)	-	-
Balance at end of year/period	669	399	-	-

30. Other reserves (cont'd)

(c) Share option reserve

Share option reserve represents the equity-settled share options granted to employees and directors (Note 28(b)). The reserve is made up of the cumulative value of services received from employees and directors recorded on grant of equity-settled share options.

	Group		Company	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Share-based				
Balance at beginning of year/period	1,364	1,291	1,292	1,216
Cost of share-based payment	-	82	-	76
Share of share option reserves of associated companies	-	2	-	-
Attributable to associates classified as held for sale	-	(11)	-	-
Balance at end of year/period	<u>1,364</u>	<u>1,364</u>	<u>1,292</u>	<u>1,292</u>

31. Segment information

The Group has three reportable segments which relate to the Group's strategic business units in three geographical areas. The strategic business units offer similar services but in different geographical locations, which are managed separately as they require local expertise and different marketing strategies. The Group's Managing Director reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Singapore Developing a high quality data centre. Investment holding company.

Japan Developer of high quality data centre and property management services.

Vietnam Exploring the property development business, project management and arrangement services in Vietnam.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management report. Information regarding the discontinued operations is excluded from the reportable segments and presented separately.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

31. Segment information (cont'd)

Geographical segments

1.6.2009 to 31.5.2010	Singapore S\$'000	Japan S\$'000	Vietnam S\$'000	Elimination S\$'000	Total continuing operations S\$'000	Operation related to disposal group classified as held for sale Singapore S\$'000 (Note 8)	Operation related to associates classified as held for sale Japan S\$'000 (Note 9)	Operation related to associates classified as held for sale Hong Kong S\$'000 (Note 9)	Total S\$'000
Revenue and expenses									
Segmental revenue from external customers	-	5,750	-	-	5,750	-	-	-	5,750
Inter-segment revenue	-	-	503	(503)	-	-	-	-	-
Segment results	(3,412)	(13,567)	(701)	-	(17,680)	-	-	-	(17,680)
Share of profit of associated companies	-	(332)	-	-	(332)	-	-	-	(332)
Loss attributable to assets held for sale						(28,164)	(9,228)	(7,883)	(45,275)
Finance expenses					(1,985)	-	-	-	(1,985)
Loss before tax					(19,997)	(28,164)	(9,228)	(7,883)	(65,272)
Taxation					(423)	-	-	-	(423)
Loss for the period, net of tax					(20,420)	(28,164)	(9,228)	(7,883)	(65,695)

31. Segment information (cont'd)

31.5.2010	Singapore S\$'000	Japan S\$'000	Vietnam S\$'000	Elimination S\$'000	Total continuing operations S\$'000	Operation related to disposal group classified as held for sale Singapore S\$'000 (Note 8)	Operation related to associates classified as held for sale Japan S\$'000 (Note 9)	Operation related to associates classified as held for sale Hong Kong S\$'000 (Note 9)	Total S\$'000
Assets and liabilities									
Segment assets	37,354	10,162	349	(42,286)	5,579	-	-	-	5,579
Investment in associated companies	-	764	-	-	764	-	-	-	764
Assets held for sale	-	-	-	-	-	232,628	17,522	11,697	261,847
Unallocated assets	-	-	-	-	95	-	-	-	95
Total assets					<u>6,438</u>	<u>232,628</u>	<u>17,522</u>	<u>11,697</u>	<u>268,285</u>
Segment liabilities	8,966	1,061	73	(7,068)	3,032	-	-	-	3,032
Unallocated liabilities	-	-	-	-	47,901	-	-	-	47,901
Liabilities of disposal group held for sale	-	-	-	-	-	232,628	-	-	232,628
Total liabilities					<u>50,933</u>	<u>232,628</u>	<u>-</u>	<u>-</u>	<u>283,561</u>
Other segment information									
Capital expenditure	15	46	56	-	117	-	-	-	117
Depreciation	55	75	18	-	148	56	-	-	204

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

31. Segment information (cont'd)

1.4.2008 to 31.5.2009 (Re-presented)	Singapore S\$'000	Japan S\$'000	Vietnam S\$'000	Elimination S\$'000	Total continuing operations S\$'000	Operation related to disposal group classified as held for sale Singapore S\$'000 (Note 8)	Operation related to associates classified as held for sale Japan S\$'000 (Note 9)	Operation related to associates classified as held for sale Hong Kong S\$'000 (Note 9)	Total S\$'000
Revenue and expenses									
Segment revenue from external customers	-	8,584	-	-	8,584	-	-	-	8,584
Inter-segment revenue	-	-	-	-	-	-	-	-	-
Segment results	(1,747)	5,313	(630)	(524)	2,412	-	-	-	2,412
Share of profit of associated companies	-	702	-	-	702	-	-	-	702
Loss attributable to assets held for sale						-	(468)	(853)	(22,079)
Finance expenses					(537)	-	-	-	(537)
Loss before tax					2,577	(468)	(853)	(20,758)	(19,502)
Taxation					(1,559)	-	-	-	(1,559)
Profit/(loss) for the period, net of tax					1,018	(468)	(853)	(20,758)	(21,061)

31. Segment information (cont'd)

31.5.2009	Singapore S\$'000	Japan S\$'000	Vietnam S\$'000	Elimination S\$'000	Total continuing operations S\$'000	Operation related to disposal group classified as held for sale Singapore S\$'000 (Note 8)	Operation related to associates classified as held for sale Japan S\$'000 (Note 9)	Operation related to associates classified as held for sale Hong Kong S\$'000 (Note 9)	Total S\$'000
Assets and liabilities									
Segment assets	56,896	18,190	457	(34,060)	41,483	-	-	-	41,483
Investment in associated companies	-	20,106	-	-	20,106	-	-	-	20,106
Assets held for sale					-	-	7,147	19,576	26,723
Unallocated assets					1,175	-	-	-	1,175
Total assets					<u>62,764</u>	<u>-</u>	<u>7,147</u>	<u>19,576</u>	<u>89,487</u>
Segment liabilities	14,076	1,494	330	(6,733)	9,167	-	-	-	9,167
Unallocated liabilities					30,476	-	-	-	30,476
Total liabilities					<u>39,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,643</u>
Other segment information (Re-presented)									
Capital expenditure	14	8	33	-	55	30,455	-	-	30,510
Depreciation	84	75	8	-	167	29	-	-	196

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

31. Segment information (cont'd)

Business segments

The following table presents the revenue information regarding the business segments. It is not meaningful to show the total assets employed and capital expenditure by business activities as the assets and liabilities are generally shared and not identifiable by business segments.

	Project management S\$'000	Property consulting services S\$'000	Total S\$'000
1.6.2009 to 31.5.2010			
Revenue			
Segmental revenue from external customers	1,842	3,908	5,750
1.4.2008 to 31.5.2009			
Revenue			
Segmental revenue from external customers	5,223	3,361	8,584

32. Financial risk management objectives and policies

The main risks arising from the Group's and the Company's financial instruments are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks as follows:

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. Financial assets that potentially subject to the Group's and Company's credit risk consist primarily of trade and other receivables, cash and cash equivalents, other investments (including assets held for sales), other non-current financial assets and loans to a subsidiary company. The Group has no significant concentration of credit risk from trade and other receivables and other non-current financial assets. At the balance sheet date, 90% (2009: 87%) of Company's receivables were loans to a subsidiary company. Credit risk is managed through the application of credit assessment and monitoring procedures.

The Group and the Company monitor its investment in unquoted equity investments and makes provision for impairment in its financial statements in the event of impairment in such investments.

The Group and the Company place its cash and cash equivalents and quoted investments with a number of major and high credit rating commercial banks and other financial institutions.

32. Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the companies within the Group. The companies within the Group customarily conduct their business in their respective functional currency. These foreign subsidiary companies mainly generate revenue and incur costs denominated in Japanese Yen ("JPY"). Their assets are mainly denominated in Japanese Yen, Vietnam Dong ("VND"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD"), and, to a large extent, are financed by borrowings in the same currency.

No company in the Group has entered into any derivatives to manage foreign currency risk.

Sensitivity analysis for foreign currency risk affecting continuing operations

The following table demonstrates the sensitivity of the Group's (loss)/profit and equity to a reasonably possible change in the following foreign currency exchange rates against the respective functional currencies of the Group's entities, of the Group's continuing operations, with all other variables constant, are as follows:

Group	Profit or loss		Equity	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010	31.5.2009
JPY/SGD – strengthened 5%	288	457	–	–
– weakened 5%	(288)	(457)	–	–
JPY/VND – strengthened 5%	(45)	(30)	–	–
– weakened 5%	45	30	–	–
HKD/SGD – strengthened 5%	–	–	28	–
– weakened 5%	–	–	(28)	–
<hr/>				
Company	Profit or loss		Equity	
	31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010	31.5.2009
JPY/SGD – strengthened 5%	536	457	–	–
– weakened 5%	(536)	(457)	–	–
HKD/SGD – strengthened 5%	–	–	28	–
– weakened 5%	–	–	(28)	–
<hr/>				

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

32. Financial risk management objectives and policies (cont'd)

Interest rate risk

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

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Surplus cash balances are placed with reputable financial institutions with varying maturities and interest rate terms.

Sensitivity analysis for interest rate risk affecting continuing operations

As at 31 May 2010, the Group's and the Company's continuing operations are not significantly affected by changes in interest rates as the outstanding loans and borrowings of the continuing operations are short term and fixed rate borrowings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its liquidity risk and actively manages its operating cashflows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contracted undiscounted payments.

	Total	1 year or less	1 to 5 years	Over 5 years
	S\$'000	S\$'000	S\$'000	S\$'000
31 May 2010				
Group				
Trade and other payables	2,944	2,944	-	-
Loans and borrowings	47,897	47,897	-	-
Total	50,841	50,841	-	-
Company				
Trade and other payables	8,730	8,730	-	-
Loans and borrowings	22,860	22,860	-	-
Total	31,590	31,590	-	-
31 May 2009				
Group				
Trade and other payables	9,168	9,168	-	-
Loans and borrowings	59,295	12,032	1,080	46,183
Total	68,463	21,200	1,080	46,183
Company				
Trade and other payables	1,845	1,845	-	-
Loans and borrowings	3,008	3,008	-	-
Total	4,853	4,853	-	-

Fair values

The carrying amounts of the following financial assets and financial liabilities approximate their fair value due to their short-term nature: cash and cash equivalents, trade and other receivables, trade and other payables, short-term interest bearing loans and borrowings, and loans to a subsidiary company.

The fair values of other non-current financial assets and non-current fixed-rate loans and borrowings have been determined using the discounted estimated cash flows. The discount rates used are the current market incremental lending rates for borrowing arrangements. The fair values determined approximate the carrying values.

The quoted equity investments are carried at fair value at level 1, which have been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.

The unquoted equity investments as at 31 May 2009 were insignificant to the Group. The Group disposed of these investments during the current financial year.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

33. Financial Instruments

Disclosures relating to balance sheet

The categories of financial instruments of the continuing operations include financial assets and financial liabilities that are classified as held for trading, those that are designated upon initial recognition as financial assets or financial liabilities at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, and financial liabilities measured at amortised cost.

	Note	Group		Company	
		31.5.2010 S\$'000	31.5.2009 S\$'000	31.5.2010 S\$'000	31.5.2009 S\$'000
Loan and receivables					
Other non-current financial assets	17	742	720	-	-
Loans to a subsidiary company	18	-	-	10,522	13,536
Trade and other receivables	20	1,139	1,221	1,122	1,953
Total		<u>1,881</u>	<u>1,941</u>	<u>11,644</u>	<u>15,489</u>
Financial liabilities measured at amortised costs					
Trade and other payables	24	2,951	9,168	8,730	1,845
Interest bearing loans and borrowings	27	47,897	30,429	22,860	3,008
Total		<u>50,848</u>	<u>39,597</u>	<u>31,590</u>	<u>4,853</u>
Available-for-sale financial assets					
Other investments	16	<u>562</u>	<u>367</u>	<u>562</u>	<u>350</u>

34. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year/period:

	Group	
	1.6.2009 to 31.5.2010 S\$'000	1.4.2008 to 31.5.2009 S\$'000
Advisory fee		
- related parties	(292)	(886)
- associated companies	(1,151)	(1,418)
Interest expense on loan from related parties	(1,431)	(336)
Interest expense on loan from associated company	(4)	-
Professional and consultancy fees paid to director - related companies	-	(460)
Management fees income from related parties	461	-
Management fees income from associated companies	<u>368</u>	<u>1,103</u>

35. Commitments

(a) Capital commitments

Capital expenditure of the continuing operations contracted for as at balance sheet date but not provided in the financial statements are as follows:

	Group	
	31.5.2010	31.5.2009
	S\$'000	S\$'000
Amounts approved and contracted in respect of:		
- Property under development	-	199,361

(b) Operating lease commitment

The Group and the Company has entered into commercial leases on land and premises. These leases have the tenure between two and twenty nine years with renewal options but no contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debts or entering into other leasing agreements.

Minimum lease payment recognised as an expense in the consolidated profit or loss for the financial year ended 31 May 2010 amounted to S\$1,230,000 (31 March 2009: S\$1,484,000).

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	31.5.2010	31.5.2009	31.5.2010	31.5.2009
	S\$'000	S\$'000	S\$'000	S\$'000
Not later than 1 year	811	1,605	281	328
Later than 1 year but not later than 5 years	220	3,715	187	-
More than 5 years	-	17,021	-	-
Total	1,031	22,341	468	328

36. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and operating results of the Group.

The Group monitors its cash flows and capital requirements on a regular basis so as to ensure that there are adequate fundings available for its operations. Loans and borrowings are approved and obtained to meet such capital requirements.

During the year, the Group focus in divesting its assets so as to enable the Group to repay its outstanding loans and borrowings.

Notes to the Financial Statements (cont'd)

For the year ended 31 May 2010

37. Authorisation of financial statements

The financial statements of Japan Land Limited for the year ended 31 May 2010 were authorised for issue in accordance with a resolution of the directors on 2 September 2010.

Statistics of Shareholdings

As at 30 August 2010

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 999	708	13.51	248,936	0.19
1,000 - 10,000	3,525	67.23	15,760,505	12.11
10,001 - 1,000,000	1,003	19.13	47,173,204	36.25
1,000,001 and above	7	0.13	66,941,767	51.45
Total	5,243	100.00	130,124,412	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	HSBC (Singapore) Nominees Pte Ltd	52,584,097	40.41
2	Tai Ko Investment Pte Ltd	4,823,323	3.71
3	Tan Suan Keng	2,400,000	1.84
4	United Overseas Bank Nominees Pte Ltd	2,271,717	1.75
5	DBS Nominees Pte Ltd	2,222,570	1.71
6	Citibank Nominees Singapore Pte Ltd	1,485,560	1.14
7	DBS Vickers Securities (S) Pte Ltd	1,154,500	0.89
8	Nomura Singapore Limited	1,000,000	0.77
9	Kua Sei Peng or Kee Puay Kiang	950,000	0.73
10	OCBC Securities Private Ltd	914,600	0.70
11	Chua Che Hoo	900,000	0.69
12	Wong Moy Loy	783,400	0.60
13	Morgan Stanley Asia (Singapore) Securities Pte Ltd	750,000	0.58
14	OCBC Nominees Singapore Pte Ltd	717,630	0.55
15	Lee Kwok Keow Peggy	600,000	0.46
16	UOB Kay Hian Pte Ltd	591,608	0.45
17	Phillip Securities Pte Ltd	536,566	0.41
18	Mayban Nominees (S) Pte Ltd	534,000	0.41
19	Lew Wing Kit	530,000	0.41
20	Seet Chon Nge	530,000	0.41
	Total	76,279,571	58.62

Statistics of Shareholdings (cont'd)

As at 30 August 2010

Class of shares : Ordinary shares
 No. of issued shares : 130,124,412 ordinary shares
 Voting rights : One vote per ordinary share

SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 30 August 2010, 69.21% of the issued ordinary shares of the Company is held by the public and therefore is in compliance with Rule 723 of the Listing Manual.

SUBSTANTIAL SHAREHOLDERS (as shown in the Company's Registrar of Substantial Shareholders)

Name of Substantial Shareholders	No. of shares held			
	Direct Interest	(%) of issue capital	Deemed Interest Section 7 of the Companies Act, Cap. 50)	(%) of issued capital
Aizawa Securities Co., Limited	-	-	25,919,675	19.92
Kokusai Kogyo Holdings Co., Ltd	13,000,000	9.99	-	-

DIRECTORS' SHAREHOLDINGS (as shown in the Company's Registrar of Directors)

Name of Substantial Shareholders	No. of shares held			
	Direct Interest	(%) of issue capital	Deemed Interest Section 7 of the Companies Act, Cap. 50)	(%) of issued capital
Tetsuo Yamashita	-	-	351,800	0.27
Wu Wen-Hsiu, Sandra	-	-	-	-
Jen Shek Voon	260,000	0.20	30,000	0.02
Guok Chin Huat Samuel	-	-	442,000	0.34
Leow Tet Sin	51,200	0.04	6,480	0.01
Tiong Yung Suh Edward	-	-	-	-

Notice of 12th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting (**AGM**) of Japan Land Limited (**Company**) will be held at Suntec Singapore International Convention Centre, 1 Raffles Boulevard, Suntec City, Meeting Room 201, Level 2, Singapore 039593 on Tuesday, 28th September 2010 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements together with the report and statement of directors for the financial year ended 31 May 2010. **(Resolution 1)**

2. To approve the payment of directors' fees of S\$304,074 for the financial year ended 31 May 2010 (2009: S\$279,686) **(Resolution 2)**

3. To re-elect Mr Tetsuo Yamashita as a Director of the Company who would be retiring at the forthcoming AGM of the Company pursuant to Article 97 of the Company's Articles of Association. **(Resolution 3)**

Note: Mr Yamashita, upon re-election as a director of the Company, will remain as the Chairman of the Board and a member of the Audit Committee.

4. To re-elect Mr Guok Chin Huat Samuel as a Director of the Company who would be retiring at the forthcoming AGM of the Company pursuant to Article 97 of the Company's Articles of Association. **(Resolution 4)**

Note: Mr Guok, upon re-election as a Director of the Company, will remain the Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee; and is considered an Independent Director for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (**SGX-ST**).

5. To re-elect Mr Tiong Yung Suh Edward as a Director of the Company who would be retiring at the forthcoming AGM of the Company pursuant to Article 103 of the Company's Articles of Association. **(Resolution 5)**

Note: Mr Tiong, upon re-election as a Director of the Company, will remain an Independent Director and a member of the Audit Committee.

6. To re-appoint Messrs KPMG LLP as auditors of the Company for the financial year ended 31 May 2010 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other business that may be transacted at an AGM of the Company.

Notice of 12th Annual General Meeting (cont'd)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to allot and issue shares in the capital of the Company

(Resolution 7)

That, pursuant to Section 161 of the Companies Act, Chapter 50 (**Act**) and the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company (**Shares**) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, **Instruments**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the issued Share (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the issued Shares (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the issued Shares at the time this Resolution is passed, after adjusting for:
 - (aa) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (bb) any subsequent consolidation or subdivision of Shares;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

9. **Authority to allot and issue shares under the 2000 Japan Land Limited Share Option Scheme** (Resolution 8)

That, approval be and is hereby given to the Directors of the Company to:

- (a) offer and grant options in accordance with the provisions of the 2000 Japan Land Limited Share Option Scheme **2000 Scheme**; and
- (b) to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the 2000 Scheme, provided that the aggregate number of new shares to be issued pursuant to the 2000 Scheme shall not exceed fifteen per cent (15%) of the total issued capital of the Company from time to time.

10. **The Proposed Renewal of the IPT General Mandate** (Resolution 9)

That:

- (1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (**Chapter 9**) of the Singapore Exchange Securities Trading Limited (**SGX-ST**), for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9) or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Circular with any party who is of the class of interested persons described in the Appendix to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (2) the approval given in paragraph (1) above (the **IPT General Mandate**) shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting of the Company is held or required by law to be held, whichever is earlier; and
- (3) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT General Mandate and/or this Resolution.

Notice of 12th Annual General Meeting (cont'd)

11. The Proposed Renewal of the Share Buy Back Mandate

(Resolution 10)

That:

- (1) the Directors of the Company be and are hereby authorised to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company (the **Shares**), up to a maximum of 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution (the **Approval Date**) at any price which the Directors may determine at their discretion, up to but not exceeding the Maximum Price (defined below), and such purchases and acquisitions of the Shares may be effected by way of on-market share purchases (**Market Purchases**) transacted on the SGX-ST (the **Share Buy Back Mandate**), through one or more duly licensed stockbrokers appointed by the Company for such purpose;
- (2) the purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:
 - (a) the date on which the next Annual General Meeting of the Company is held or is required by law to be held;
 - (b) the date on which the share buybacks are carried out to the full extent mandated; or
 - (c) the date on which the authority contained in the Share Buy Back Mandate is revoked or varied (with such variation complying with requirement that the total number of issued Shares that may be purchased or acquired by the Company shall not exceed 10% of the issued ordinary share capital of the Company and subject always to the Maximum Price (as defined below)),

whichever is the earlier;

- (3) in this Resolution, the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be determined by the Directors, in the case of a Market Purchase, shall not be more than 5% above the Average Closing Price (as defined below) of the Shares (the **Maximum Price**), excluding related expenses of the purchase or the acquisition;

For the above purposes:

Average Closing Price means the average of the closing market prices of the Shares over the last 5 Market Days on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the Market Purchase by the Company, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant 5-day period; and

Market Day means a day on which the SGX-ST is open for trading in securities; and

- (4) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Share Buy Back Mandate and/or this Resolution.

By Order of the Board
Japan Land Limited

Huang Yen San, Petrus
Company Secretary

Singapore
11 September 2010

Notes:

1. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the Company's place of business at 8 Temasek Boulevard, Suntec Tower 3 #39-01 Singapore 038988, not less than 48 hours before the time appointed for the AGM of the Company. The sending of a proxy form by a member does not preclude him from attending and voting in person at the AGM of the Company if he finds that he is able to do so. In such event, the relevant proxy forms will be deemed to be revoked.

Notice of 12th Annual General Meeting (cont'd)

STATEMENT PURSUANT TO ARTICLE 60 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Ordinary Resolution 7

The Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and/or Instruments (as defined above) up to the limit as specified in the resolution for such purposes as they consider would be in the interests of the Company, during the validity period of the resolution.

The authority will continue in force until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, unless previously revoked or varied at a general meeting.

Ordinary Resolution 8

The Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue ordinary shares in the capital of the Company pursuant to the exercise of options under the 2000 Scheme provided that the aggregate number of ordinary shares issued pursuant to the 2000 Scheme shall not exceed fifteen per cent (15%) of the issued ordinary share capital of the Company for the time being.

Ordinary Resolution 9

The Ordinary Resolution 9, if passed, will renew the IPT General Mandate (which was previously renewed at the extraordinary general meeting of the Company held on 29 September 2009) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into interested persons transactions, the details of which are set out in Appendix. The authority pursuant to the renewed IPT General Mandate will, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier.

Ordinary Resolution 10

Resolution 10, if passed, will renew the Share Buy Back Mandate (which was previously renewed at the extraordinary general meeting of the Company held on 29 September 2009) and authorise the Directors of the Company to make purchases or otherwise acquire the Company's Shares from time to time subject and in accordance with the rules of the SGX-ST, the details of which are set out in the Appendix.

APPENDIX

This Appendix is circulated to Shareholders of JAPAN LAND LIMITED (the "Company") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information to the Shareholders for i) the proposed renewal of the Share Buy Back Mandate and ii) the proposed renewal of the IPT General Mandate to be tabled at the Annual General Meeting to be held on 28 September 2010 at 10.30 a.m. at Suntec Singapore International Convention Centre, 1 Raffles Boulevard, Suntec City, Meeting Room 201, Level 2, Singapore 039593.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited takes no responsibilities for the correctness of any of the statements made, reports contained/referred to, or opinions expressed, in this Appendix.



JAPAN LAND LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199707417K)

APPENDIX

in relation to

- (1) PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS
- (2) PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

DEFINITIONS

In this appendix ("Appendix"), the following definitions apply throughout unless otherwise stated:

"AGM"	:	The annual general meeting of the Company
"Associate"	:	<p>(a) in relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:</p> <p style="margin-left: 40px;">(i) his immediate family;</p> <p style="margin-left: 40px;">(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p style="margin-left: 40px;">(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.</p> <p>(b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.</p>
"Auditors"	:	The external auditors of the Company
"Audit Committee"	:	The audit committee of the Company
"Authority"	:	The Monetary Authority of Singapore
"Board"	:	The board of Directors of the Company as at the Latest Practicable Date
"CDP"	:	The Central Depository (Pte) Limited
"CFO"	:	Chief Financial Officer
"Company" or "JLL"	:	Japan Land Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Controlling Shareholder"	:	A person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company or who in fact exercises control over a company
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"Group"	:	The Company, its subsidiaries and associated companies as at the Latest Practicable Date
"Interested Person"	:	Shall have the meaning ascribed to it in the Listing Manual as amended from time to time
"Interested Person Transaction(s)" or "IPT"	:	Shall have the meaning ascribed to it in the Listing Manual as amended from time to time
"IPT General Mandate"	:	The general mandate for the purposes of Chapter 9 of the Listing Manual, for the companies within the Group, to enter into the Interested Person Transactions, provided that such transactions are on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders
"Latest Practicable Date"	:	30 August 2010, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date

" <i>Ordinary Resolutions</i> "	:	The ordinary resolutions as set out in the notice of AGM
"NAV"	:	Net asset value
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
" <i>Share Buy Back Mandate</i> "	:	The general mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual
" <i>Shareholders</i> "	:	Registered holders of Shares, except that where the registered holder is CDP, the term " <i>Shareholders</i> " shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
" <i>Shares</i> "	:	Ordinary shares in the capital of the Company
" <i>Substantial Shareholder</i> "	:	A person who has an interest in not less than five (5) per cent. of the issued voting shares of the Company
" <i>Take-over Code</i> "	:	The Singapore Code on Take-overs and Mergers
"S\$" and " <i>Singapore cents</i> "	:	Singapore dollars and cents respectively
"US\$" and " <i>US cents</i> "	:	United States dollars and cents respectively
"%" or " <i>per cent.</i> "	:	Per centum
"¥"	:	Japanese Yen

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SGX-ST Listing Manual or any modification thereof and used in this Appendix shall have the same meaning assigned to it under the Companies Act, the SGX-ST Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any reference to "**you**" or "**your**" in this Appendix is a reference to the Shareholders unless the context otherwise requires.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

JAPAN LAND LIMITED
(Incorporated in Singapore)
(Company Registration No. 199707417K)

Board of Directors:

Tetsuo Yamashita (Non-Executive Chairman)
Leow Tet Sin (Managing Director)
Wu Wen-Hsiu Sandra (Non-Executive Director)
Guok Chin Huat Samuel (Independent Director)
Jen Shek Voon (Independent Director)
Tiong Yung Suh Edward (Independent Director)

Registered Office:

20 Raffles Place
#17-00 Ocean Towers
Singapore 048620

Date: 30 August 2010

To: The Shareholders of Japan Land Limited

Dear Sir/Madam

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with information relating to and explaining i) the proposed renewal of the Share Buy Back Mandate and ii) the proposed renewal of the IPT General Mandate to be tabled at the AGM and to seek Shareholders' approval for such proposals at the AGM.

2. PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

2.1 The IPT General Mandate

At an extraordinary general meeting held on 12 January 2009, approval of the Shareholders was obtained for the adoption of the IPT General Mandate to enable the Company, its subsidiaries and associated companies which are "entities at risk" (together, the "EAR Group") within the meaning of Rule 904(2) of the Listing Manual to enter into certain categories of Interested Person Transactions with specified classes of the Company's Interested Persons.

2.2 Proposed Renewal of the IPT General Mandate

The IPT General Mandate was expressed to take effect until the next AGM of the Company, being the 12th AGM to be held on 28 September 2010. Accordingly, the Directors propose that the IPT General Mandate be renewed at the AGM on 28 September 2010, to take effect until the 13th AGM of the Company.

The particulars of the Interested Person Transactions in respect of which the IPT General Mandate is sought to be renewed, as set out in the circular to Shareholders dated 23 December 2008, remain unchanged.

Details of the IPT General Mandate, including the rationale for and the benefits to the Company, the review procedures for determining transaction prices with Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in the Schedule to this Appendix.

2.3 Audit Committee Statement

Having considered, amongst other things, the terms, the rationale and the benefits of the Interested Person Transactions and the IPT General Mandate, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT General Mandate have not changed since the adoption of the IPT General Mandate at the EGM held on 12 January 2009; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

3.1 The Share Buy Back Mandate

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders.

In this regard, the renewal of the Share Buy Back Mandate was approved by Shareholders at the 11th AGM enabling the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buy Back Mandate. This approval conferred on the Directors will, unless renewed, expire at the forthcoming AGM to be held on 28 September 2010.

The Company proposes to renew the Share Buy Back Mandate for the Company to make market buy-backs of Shares from time to time of up to 10% of the total number of issued Shares of the Company as at the date of the forthcoming AGM in accordance with the terms set out below.

3.2 Rationale for the Share Buy Back Mandate

The Share Buy Back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares, at any time and from time to time, subject to market conditions, during the period that the Share Buy Back Mandate is in force. The Share Buy Back Mandate will provide the Company with:

- (1) a mechanism to facilitate the return of surplus cash over and above the Company's requirements in an expedient and cost-efficient manner; and
- (2) the opportunity to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net asset value per Share.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company.

3.3 Terms of the Share Buy Back Mandate

The authority and limits of the Share Buy Back Mandate are summarised below:

3.3.1 Maximum number of Shares

The total number of issued Shares that may be purchased or acquired by the Company shall not exceed 10% of the issued ordinary share capital of the Company as at the date of the AGM at which the Share Buy Back Mandate is approved ("Approval Date").

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date comprising 130,124,412 Shares, and assuming no further Shares are issued on or prior to the 12th AGM to be convened, not more than 13,012,441 Shares (representing 10% of the issued ordinary share capital of the Company as at the date of the AGM) may be bought by the Company pursuant to the Share Buy Back Mandate.

3.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of:

- (a) the date on which the next AGM of the Company is held or is required by law to be held;
- (b) the date on which the share buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buy Back Mandate is revoked or varied (with such variation complying with requirement that the total number of issued Shares that may be purchased or acquired by the Company shall not exceed 10% of the issued ordinary share capital of the Company and subject always to the Maximum Price (as defined below)), whichever is the earlier.

3.3.3 Manner of purchase

Purchases of Shares may only be made by way of on-market purchases transacted through the SGX-ST's Central Limit Order Book trading system ("Market Purchases"), and will not be made by way of an off-market acquisition in accordance with an "equal access scheme" as defined under Section 76C of the Companies Act.

The Directors may additionally impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to a Market Purchase of Shares.

3.3.4 Purchase price

The purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be determined by the Directors, in the case of a Market Purchase shall not be more than 5% above the Average Closing Price of the Shares ("Maximum Price"), excluding related expenses of the purchase or the acquisition.

For the purpose of determining the Maximum Price:

"Average Closing Price" means the average of the closing market prices of the Shares over the last 5 market days on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the Market Purchase by the Company, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant 5-day period; and

"Market Day" means a day on which the SGX-ST is open for trading in securities.

3.4 Status of purchased or acquired Shares

Under the Companies Act, any Shares purchased or acquired by the Company may be held as treasury shares in accordance with the provisions of the Companies Act as set out in Sections 76H to 76K. As the Company has Shares of only one class, the aggregate number of Shares held by the Company as treasury shares shall not at any time exceed 10% of the total number of Shares of the Company at that time.

Where such Shares purchased or acquired by the Company are not held as treasury shares in accordance with the provisions of the Companies Act, such Shares purchased or acquired by the Company are deemed to be cancelled immediately on such purchase or acquisition, and all rights and privileges attached to such cancelled Shares will expire on cancellation.

Further, the Company shall reduce the amount:

- (a) of its share capital where the Shares were purchased or acquired out of the capital of the Company; or
- (b) of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the shares cancelled. All such cancelled Shares will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition. Where Shares purchased or acquired by the Company are held as treasury shares in accordance with the provisions of the Companies Act, all voting and other rights of treasury shares will not be exercisable by the Company and any purported exercise of such a right is void. The Company may dispose of or cancel treasury shares in accordance with the Companies Act. Treasury shares can be used by the Company to meet its obligations under employee share option schemes, fund acquisitions or to raise capital.

3.5 Source of funds

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the articles of association of the Company as shall be amended from time to time ("Articles of Association") and the applicable laws of Singapore. The Company will use internal resources to fund the purchase or acquisition of Shares pursuant to the Share Buy Back Mandate.

The Companies Act stipulates that any purchase or acquisition of Shares by the Company can be made out of the Company's capital or distributable profits that are available for the payment of dividends, so long as the Company is solvent.

3.6 Financial Effects

The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of dividends by the Company.

The Company's total issued share capital will be diminished by the total amount of the Shares purchased or acquired by the Company.

Based on 130,124,412 issued Shares as at the Latest Practicable Date, the exercise in full of the Share Buy Back Mandate would result in the purchase of 13,012,441 Shares, representing 10% of the issued Shares. Assuming that the Company purchases (pursuant to a Market Purchase), on the Latest Practicable Date, the 13,012,441 Shares at the Maximum Price of S\$0.28 for each Share (being the price equivalent to 5% above the Average Closing Price), the amount of funds required would be approximately S\$3,643,483.48.

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the proposed Share Buy Back Mandate as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased and the purchase prices paid at the relevant time.

However, purely for illustrative purposes only, based on the announced audited accounts of the Group for the financial year ended 31 May 2010 and assuming that the Company's Share Buy Back had occurred on 1 April 2009, the impact of such purchases on the financial position of the Group is set out below.

	As at 31 May 2010	
	Before Share Buy Back	After Share Buy Back
	S\$'000	S\$'000
Shareholders' Funds	(15,196)	(18,839)
Net Tangible Assets ("NTA")	(15,353)	(18,996)
Current Assets	265,630	261,987
Current Liabilities	(283,469)	(283,469)
Cash and Cash Equivalents	5,541	1,898
Number of Shares ('000)	130,124	117,112
Financial Ratios		
NTA per Share (cents)	(11.68)	(16.09)
Loss per Share (cents)	(50.49)	(56.10)
Return on equity (%)	432.32	348.71
Current ratio (times)	0.94	0.92

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only.

In particular, it is important to note that the above illustration is based on adjusted numbers in respect of the financial year ended 31 May 2010 and is not necessarily representative of future financial performance.

3.7 Taxation

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases or acquisitions by the Company or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

3.8 Listing Manual

Any purchase or acquisition by the Company of its issued Shares pursuant to the Share Buy Back Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST. The Listing Manual specifies that in respect of a share buy back by a listed company, the listed company shall notify SGX-ST of all on-market purchases of its shares to the SGX-ST not later than 9.00 a.m. on the market day following the day of such on-market purchase of any of its shares. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include details of the total number of shares purchased, the date of purchase, the purchase price per share or the highest and lowest prices paid for such shares, the number of treasury shares held and number of shares cancelled, as applicable.

In line with Rule 1207(18) of the Listing Manual, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buy Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. The officers of the Company will not deal in the Company's securities on short-term considerations and the Company and its officers will not deal in the Company's securities during the period commencing 2 weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year or one month before the announcement of its financial statements for the financial year and ending on the date of announcement of the relevant results.

The Listing Manual provides that a listed company shall ensure that at least 10% of a class of its listed securities is at all times held by the public. The percentage of issued Shares held in public hands as at the Latest Practicable Date is approximately 69.21%. Accordingly, the Company is of the view that there is at present and that the Company will continue to ensure, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases of its Shares up to the full 10% limit pursuant to the Share Buy Back Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

3.9 Last 12 Months

In the last 12 months preceding the Latest Practicable Date, the Company did not purchase any Shares pursuant to the Share Buy Back Mandate previously renewed at the EGM held on 29 September 2009.

3.10 Take-over Code

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a shareholder or group of shareholders acting in concert obtaining or consolidating effective control of the Company (as defined in the Takeover Code), such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

The circumstances under which shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons (inter alia) will be presumed to be acting in concert:

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other.

In relation to Directors and persons acting in concert with them, Rule 14 of the Take-over Code provides that unless exempted (or if exempted, such exemption is subsequently invalidated), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (b) if they together hold between 30% and 50% of the Company's voting rights, the percentage of their voting rights increases by more than 1% in any period of 6 months.

For purposes of the aforesaid paragraphs, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

Under Appendix 2 of the Take-over Code, a shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such shareholder would increase to 30% or more, or, if such shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such shareholder would increase by more than 1% in any period of 6 months. Such shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

The Share Buy Back Mandate even if fully utilised would not trigger the provisions of the Takeover Code requiring the Company or any of our Directors or substantial shareholders or parties acting in concert with them to incur an obligation to make a take-over offer under Rule 14 of the Takeover Code.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 Directors' Interests

As at the Latest Practicable Date, the Directors' interests in the Share and Options of the Company are as follows:-

Name	Direct Interest		Deemed Interest ⁽¹⁾		Number of Shares comprised in Options
	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	
Tetsuo Yamashita	-	-	351,800 ⁽³⁾	0.27	868,739
Leow Tet Sin	51,200	0.04	6,480 ⁽⁴⁾	0.01	480,092
Wu Wen-Hsiu Sandra	-	-	-	-	331,492
Guok Chin Huat Samuel	-	-	442,000 ⁽⁵⁾	0.34	331,492
Jen Shek Voon	260,000	0.20	30,000 ⁽⁶⁾	0.02	331,492
Tiong Yung Suh Edward	-	-	-	-	-

Notes:

- (1) Deemed interest refers to an interest determined pursuant to Section 7 and/or Section 164 of the Companies Act, Cap. 50.
- (2) Based on 130,124,412 issued Shares as at the Latest Practicable Date.
- (3) Tetsuo Yamashita's deemed interest of approximately 0.27% arises out of his interest in 351,800 Shares held by East Asia Strategic Holdings Limited through HSBC (Singapore) Nominees Pte Ltd.
- (4) Leow Tet Sin's deemed interest of approximately 0.01% arises out of his interest in 6,480 Shares held through HSBC (Singapore) Nominees Pte Ltd.
- (5) Guok Chin Huat Samuel's deemed interest of approximately 0.30% arises out of his interest in 48,000 Shares held through The Central Provident Fund, 264,000 Shares held through Mayban Nominees (Singapore) Pte Ltd and 130,000 Shares held by his wife.
- (6) Jen Shek Voon's deemed interest of approximately 0.02% arises out of his interest in 30,000 Shares held by his wife.

4.2 Substantial Shareholder's Interests

As at the Latest Practicable Date, the Substantial Shareholder's interests in the Shares and Warrants of the Company are as follows:

Name	Direct Interest		Deemed Interest ⁽¹⁾	
	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Aizawa Securities Co., Limited ⁽³⁾	–	–	25,919,675	19.92
Kokusai Kogyo Holdings Co., Ltd	13,000,000	9.99	–	–

Notes:

- (1) Deemed interest refers to an interest determined pursuant to Section 7 and/or Section 164 of the Companies Act, Cap. 50.
- (2) Based on 130,124,412 issued Shares as at the Latest Practicable Date.
- (3) Aizawa Securities Co., Limited is listed on JASDAQ Securities Exchange, Inc.

5. DIRECTORS' RECOMMENDATION

5.1 Proposed Renewal of the IPT General Mandate

The Directors who are considered independent for the purposes of the IPT General Mandate are, Leow Tet Sin, Guok Chin Huat Samuel, Jen Shek Voon and Tion Yung Suh Edward (the "IPT General Mandate Independent Directors"). The IPT General Mandate Independent Directors are of the opinion that the proposed renewal of the IPT General Mandate is in the best interests of the Company. Accordingly, the IPT General Mandate Independent Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the IPT General Mandate as set out in the Notice of AGM.

The interested persons named in the IPT General Mandate and their Associates should abstain from voting on the ordinary resolution relating to the proposed renewal of the IPT General Mandate as set out in the Notice of AGM. They should also not accept nominations to act as proxy, corporate representative or attorney to vote in respect of the said resolution unless the Shareholders appointing them have indicated clearly how votes are to be cast in respect of the said resolution.

5.2 Proposed Renewal of the Share Buy Back Mandate

The Directors are of the opinion that the renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed Share Buyback Mandate as set out in the Notice of AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors and the Directors (including those who have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts, the omission of which would make any statement in this Circular misleading.

SCHEDULE

1. CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual of the SGX-ST governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("NTA")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

- (a) 5% of the listed company's latest audited consolidated NTA; or
- (b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

Under the Listing Manual:

- (a) an “entity at risk” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “listed group”), or the listed group and its interested person(s), has control over the associated company;
- (b) an “interested person” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) an “associate” in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/ his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual; and
- (e) an “interested person transaction” means a transaction between an entity at risk and an interested person.

2. RATIONALE FOR THE IPT GENERAL MANDATE

It is envisaged that in the ordinary course of their business, transactions between members in the EAR Group (as defined below) and the Company’s interested persons are likely to occur from time to time. Such transactions would include, but are not limited to the obtaining of goods and services in the ordinary course of business of the EAR Group (as defined below) from the Company’s interested persons.

In view of the time-sensitive nature of these requirements and the frequency of commercial transactions between members in the EAR Group (as defined below) and the Company’s interested persons, obtaining the IPT General Mandate pursuant to Chapter 9 of the Listing Manual will enable:

- (a) the Company;
- (b) subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of the Company (other than an associated companies that is listed on the SGX-ST or an approved exchange) over which the Group and its interested person(s), has or have control,

(together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of Interested Person Transactions set out in paragraph 4 below with the specified classes of the Company’s Interested Persons set out in paragraph 5 below which are necessary for the day-to-day operations of the Company, provided such Interested Person Transactions are made on normal commercial terms.

3. BENEFIT TO SHAREHOLDERS

The IPT General Mandate will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant member in the EAR Group into such Interested Person Transactions. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining other business objectives.

4. SCOPE OF THE IPT GENERAL MANDATE

The EAR Group needs to obtain a range of services which include the following principal activities for which the IPT General Mandate is being sought:

- (a) property and general transactions;
- (b) treasury transactions; and
- (c) management support services.

The IPT General Mandate will not cover any transaction by a member in the EAR Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT General Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

5. CLASSES OF INTERESTED PERSONS

The IPT General Mandate applies to the Interested Person Transactions (as described in paragraph 6 below) which are carried out with the following classes of Interested Persons;

- (a) Aizawa Securities Co., Limited ("**Aizawa**"), which has a shareholding interest of approximately (19.92)% of the total number of issued shares of the Company and is accordingly a Controlling Shareholder of the Company;
- (b) Subsidiaries and associated companies of Aizawa; and
- (c) Directors and Controlling Shareholders (other than Aizawa) of the Company and their respective Associates.

Transactions with Interested Persons which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions with the Interested Persons (as described in paragraph 5 above) which will be covered by the IPT General Mandate and the benefits to be derived therefrom are set out below:

(a) Property and General Transactions

- (i) Leasing and rental of land parcels and office space in connection with the development of data centre and other properties;

(Note: The Group's principal activities are mainly in the property development and provision of project management services. The operation of data centre entails customers to take up short or long-term leases provided by the data centre. This will provide another source of revenue income to the Group)

- (ii) provision and purchase of property marketing services for the sale or lease in connection with the development of data centre and other properties;
- (iii) provision and purchase of project management, project management and asset management services;
- (iv) development and sales of computer systems and software including planning, consulting and management; and
- (v) provision and purchase of data storage services including hosting services; software licenses, design and other technology services.

(b) Treasury Transactions

(Note: Treasury transactions are indispensable for the Group's day to day operations. The Group borrows mainly short-term rollover loans for its working capital requirements. Though the Group borrows mainly from Aizawa Securities Co., Limited, it also source funding from other lenders and associated companies as well.)

- (i) placement of funds with any Interested Person;
- (ii) the borrowing of funds from any Interested Person; and
- (iii) the subscription of debt securities or preference shares issued by any Interested Person and the buying from, or selling to, any Interested Person of debt.

(c) Management Support Services

Receive and provide management and support services by way of staff secondment and transfer in the areas of strategic development, accounting and administration services, human resources management and management information systems.

The Interested Person Transactions mentioned above arise in the normal course of business of the EAR Group and are necessary for the day-to-day operations of the EAR Group. The EAR Group will benefit from having access to (i) competitive rates and quotes in an expedient manner for property and general transactions from Interested Persons; (ii) competitive rates and quotes in an expedient manner on the placement of funds or borrowings from any Interested Persons; and (iii) the experience and expertise of the Interested Persons in respect of the products and services mentioned in the section above.

7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms.

In general, there are procedures established by the EAR Group to ensure that the Interested Person Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(a) Property and General Transactions

Review Procedures

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or by obtaining quotations (where possible or available) from at least two other unrelated third party suppliers or service providers on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties or otherwise in accordance with applicable industry norms; and

- (ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, a Director or the Chief Financial Officer of the Company (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are on normal and commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Threshold Limits

In addition to the review procedures, the Group supplements its internal systems to ensure that property and general transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:-

- (i) a Category 1 transaction is one where the transaction with an Interested Person is below or equal to S\$1,000,000; and
- (ii) a Category 2 transaction is one where the transaction with an Interested Person is in excess of S\$1,000,000.

Category 1 transactions do not require the prior approval of the Audit Committee but shall be reviewed on a quarterly basis by the Audit Committee. Category 2 transactions must be approved by the Audit Committee prior to being contracted.

In the event that a member of the Audit Committee (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction to ensure that the Interested Person Transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

(b) Treasury Transactions

Review Procedures

- (i) Placement

In relation to the placement with any Interested Person by the Group of its funds, the Company will require that quotations shall be obtained from such Interested Person and at least two banks of the funds placed by the Group. The Group will only place its funds with such Interested Person, provided that the terms quoted are no less than favourable than the terms quoted by such banks for equivalent amounts. In addition, the Audit Committee will also evaluate the credit risks of the interested person to ensure that risks of default have been considered when determining whether or not to allow for the placement.

- (ii) Borrowings

In relation to the borrowing of funds from any Interested Person by the Group, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for rates for loans of the funds to be borrowed. The Group will only borrow funds from such Interested Person, provided that the terms quoted are no less than favourable than those quoted by such banks.

- (iii) Debt Securities and Preference Shares

In relation to the subscription of debt securities or preference shares issued by, or purchase of debt securities or preference shares from Interested Persons, the Group will only enter into the subscription or purchase of such debt securities or preference shares provided that the price(s) at which the Group subscribed for or purchases such debt or preference shares will not be higher than the price(s) at which such debt securities or preference shares are subscribed for or purchased by third parties.

In relation to the issue or sale to Interested Persons of debt securities or preference shares, the Group will only issue or sell such debt securities or preference shares to Interested Persons provided that the price(s) at which the Group issues or sells such debt securities or preferences shares will not be lower than the price(s) at which such debt securities or preference shares are issued or sold to their parties.

Threshold Limits

In addition to the review procedures, the Group supplements its internal systems to ensure that treasury transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:-

Type of Treasury Transactions	Treasury Limit (S\$ million)
Placements	15
Borrowings	15
Subscription or purchase of debt securities	15
Issue or sale of debt securities and preference shares	15

(Note: The proposed treasury limits are based on the average of transactions ranging from S\$8.5m to S\$14m).

Where the transaction with an Interested Person exceeds any of the treasury limits set out above, such transaction must be approved by the AC prior to its entry. Where the transaction is equal or below any of the treasury limits set out above, such transaction do not require the prior approval of the AC, but shall be reviewed on a quarterly basis by the AC.

In the event that a member of the AC (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction to ensure that the Interested Person Transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the AC.

(c) Management Support Services

Review Procedures

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or by obtaining quotations (where possible or available) from at least two other unrelated third party suppliers or service providers on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties or otherwise in accordance with applicable industry norms; and
- (ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, a Director or the CFO of the Company (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are on normal and commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Threshold Limits

In addition to the review procedures, the Group supplements its internal systems to ensure that management support services are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:-

- (i) a Category 1 transaction is one where the transaction with an Interested Person is below or equal to S\$500,000; and
- (ii) a Category 2 transaction is one where the transaction with an Interested Person is in excess of S\$500,000.

Category 1 transactions do not require the prior approval of the AC but shall be reviewed on a quarterly basis by the AC. Category 2 transactions must be approved by the AC prior to being contracted.

In the event that a member of the AC (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction to ensure that the Interested Person Transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the AC.

8. REGISTER OF INTERESTED PERSON TRANSACTIONS

The Company will maintain a register of all transactions carried out with the Interested Persons pursuant to the IPT General Mandate and shall include all information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to the amount of the Interested Person Transactions, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such basis.

The register of Interested Person Transactions shall be prepared, maintained and monitored by personnel of the Company (who shall not be interested in any of the Interested Person Transactions) who is duly delegated to do so by the AC and reviewed by external auditors of the Company.

9. INTERNAL/EXTERNAL AUDITORS

The Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the IPT General Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions had been adhered to. Such compliance review will be performed on a quarterly basis and a quarterly report on such transactions will be forwarded to the AC. The internal auditors shall assist the AC in the review and carry out such tests as they deem necessary on the Interested Person Transactions entered into pursuant to the proposed IPT General Mandate. The external auditors shall review all Interested Person Transactions where the Company's proportionate share in a transaction with an Interested Person is above 3% of the Group's latest audited net tangible assets. The internal or external auditors, as the case may be, shall report directly to the AC.

10. REVIEW BY THE AC

As mentioned under paragraph 9, the AC shall review these quarterly internal audit reports on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. If during these quarterly reviews by the AC, the AC is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, to ensure that the mandated Interested Person Transactions will be conducted based on the Company's normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will then revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Interested Persons to ensure that Interested Person Transactions will be on an arm's length basis and on normal commercial terms. During the period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the AC.

11. VALIDITY PERIOD OF THE IPT GENERAL MANDATE

The IPT General Mandate will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from the Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

12. DISCLOSURE IN THE ANNUAL REPORT

The Company will announce the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT General Mandate for the relevant financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT General Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT General Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

The name of interested persons and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)

JAPAN LAND LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199707417K)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF moneys to buy shares in the capital of Japan Land Limited, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting of Japan Land Limited as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary, Japan Land Limited. (Agent Banks: please see note No. 8 on required format).

I/We, _____ (Name)

of _____ (Address)

being a *member/members of **JAPAN LAND LIMITED (Company)** hereby appoint the Chairman of the 12th Annual General Meeting (**AGM**) of the Company or*

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or

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as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf, at the 12th AGM of the Company, to be held at Suntec Singapore International Convention Centre, 1 Raffles Boulevard, Suntec City, Meeting Room 201, Level 2, Singapore 039593 on Tuesday, the 28th day of September 2010 at 10.30 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM of the Company as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM of the Company.

* delete as appropriate.

No.	Ordinary Resolutions	To be used in the event of a show of hands		To be used in the event of a poll	
		For *	Against *	No. of Votes For **	No. of Votes Against **
Ordinary Business					
1.	To adopt the Directors' Report and the Audited Accounts for the financial year ended 31 May 2010, together with the Auditors' Report thereon.				
2.	To approve Directors' Fees of S\$304,074 for the financial year ended 31 May 2010 (2009: S\$279,686).				
3.	To re-elect Mr Tetsuo Yamashita as a Director.				
4.	To re-elect Mr Guok Chin Huat Samuel as a Director.				
5.	To re-elect of Mr Tiong Yung Suh Edward as a Director.				
6.	To re-appoint Messrs KPMG LLP as auditors of the Company and authorise Directors to fix their remuneration.				
Special Business					
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				
8.	To authorise Directors to issue shares under the 2000 Japan Land Limited Share Option Scheme.				
9.	To renew the IPT General Mandate.				
10.	To renew the Share Buy Back Mandate.				

* Please indicate your vote "For" or "Against" with an "X" within the box provided.

** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2010

Signature/Common Seal of Member(s)

Total number of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

NOTES:-

1. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specified the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the Company's place of business at 8 Temasek Boulevard, Suntec Tower 3 #39-01 Singapore 038988, not less than 48 hours before the time appointed for the Annual General Meeting (**AGM**) of the Company.

First fold along this line

Affix
Postage
Stamp

Japan Land Limited

8 Temasek Boulevard
Suntec Tower 3 #39-01
Singapore 038988

Second fold along this line

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF Investors who wish to attend the AGM of the Company as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the AGM of the Company.

Corporate Information

BOARD OF DIRECTORS

Tetsuo Yamashita
Non-Executive Chairman

Leow Tet Sin
Managing Director

Wu Wen-Hsiu Sandra
Non-Executive Director

Guok Chin Huat Samuel
Independent & Non-Executive Director

Jen Shek Voon
Independent & Non-Executive Director

Tiong Yung Suh Edward
Independent & Non-Executive Director

SECRETARY
Huang Yen San Petrus

REGISTERED OFFICE
20 Raffles Place #17-00
Ocean Towers
Singapore 048620

SOLICITORS
Drew & Napier LLC
Allen & Gledhill

SHARE REGISTRAR
Boardroom Corporate &
Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

AUDITORS
KPMG LLP
Audit Partner: Lee Chin Siang Barry
(appointed in financial year
ended 31 May 2010)

COMPANY REGISTRATION NO.
199707417K

BANKERS
DBS Bank Limited
Overseas-Chinese Banking
Corporation Limited
Sumitomo Mitsui Banking Corporation

AUDIT COMMITTEE
Jen Shek Voon, Chairman
Tetsuo Yamashita
Guok Chin Huat Samuel
Tiong Yung Suh Edward

NOMINATING COMMITTEE
Guok Chin Huat Samuel, Chairman
Leow Tet Sin
Jen Shek Voon

REMUNERATION COMMITTEE
Jen Shek Voon, Chairman
Wu Wen-Hsiu Sandra
Guok Chin Huat Samuel



JAPAN LAND LIMITED Company Registration No.19970717K
8 Temasek Boulevard #39-01 Suntec Tower 3, Singapore 038988

www.japanlandltd.com