登高集團

TANCO HOLDINGS BERHAD

(3326-K)

2011
ANNUAL REPORT

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Group Managing Director

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Independent Non-Executive Director

Dato' Dr. Mohd. Noordin bin Haji Keling
Independent Non-Executive Director

James Wong Kwong Yew
Independent Non-Executive Director

Dato' Neo Say Yeow
Independent Non-Executive Director

AUDIT COMMITTEE
Dato' Dr. Mohd. Noordin bin Haji Keling (Chairman)
James Wong Kwong Yew
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse

NOMINATION COMMITTEE
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse (Chairman)
Dato' Dr. Mohd. Noordin bin Haji Keling

REMUNERATION COMMITTEE
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse (Chairman)
Dato' Dr. Mohd. Noordin bin Haji Keling
Dato' Tan Jing Nam

COMPANY SECRETARIES
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Choi Siew Fun

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SHARE REGISTRAR
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AUDITORS
Baker Tilly Monteiro Heng
Chartered Accountants

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities
Berhad, Malaysia

DIRECTORS' PROFILE

DATO' TAN JING NAM
Group Managing Director

Dato' Tan Jing Nam, a Malaysian aged 56, was appointed to the Board on 28 July 1995 and is the Group Managing Director since 23 October 1995. He is also a member of the Remuneration Committee of Tanco Holdings Berhad ("THB").

He has extensive experience in the property and construction sectors. Under his leadership, the Tanco Group diversified from plantation business to property development, construction and leisure businesses. He is the driving force behind the successful development of Bandar Country Homes, a self-contained township in Rawang.

He is the brother of Dato' Tan Lee Sing and the father of Andrew Tan Jun Suan. Save as aforesaid, he does not have any family relationship with any other directors and/or major shareholders of THB. He is deemed in conflict of interest with THB by virtue of his interest in certain privately-owned companies which are also involved in property development. However, these privately-owned companies are not in direct competition with the business of THB. He has not been convicted for offences within the past ten years.

He attended all the eleven Board Meetings held during the financial period ended 30 June 2011.

DATO' TAN LEE SING
Executive Director

Dato' Tan Lee Sing, a Malaysian aged 52, was appointed to the Board as Executive Director on 28 July 1995.

She graduated from the University of Melbourne, Australia with a degree in Commerce in 1980. She has extensive experience in the property and construction sectors.

She is the sister of Dato' Tan Jing Nam and the aunt of Andrew Tan Jun Suan. Save as aforesaid, she does not have any family relationship with any other directors and/or major shareholders of THB. She is deemed in conflict of interest with THB by virtue of her interest in certain privately-owned companies which is also involved in property development. However, these privately-owned companies are not in direct competition with the business of THB. She has not been convicted for offences within the past ten years.

She attended all the eleven Board Meetings held during the financial period ended 30 June 2011.
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ANDREW TAN JUN SUAN
Executive Director

Andrew Tan Jun Suan, a Malaysian aged 31, was appointed to the Board as Executive Director on 22 November 2007.

He graduated from The University of Melbourne, Australia, with a Degree in Commerce in 2002. Prior to joining THB, he was actively involved in private businesses of his own in industries such as loyalty programs, information technology, trading, construction and property development. He joined THB in year 2005.

He is the son of Dato' Tan Jing Nam and the nephew of Dato' Tan Lee Sing. Save as aforesaid, he does not have any family relationship with any other directors and/or major shareholders of THB. He is deemed in conflict of interest with THB by virtue of his interest in certain privately-owned companies which is also involved in property development. However, these privately-owned companies are not in direct competition with the business of THB. He has not been convicted for offences within the past ten years.

He attended ten out of eleven Board Meetings held during the financial year period ended 30 June 2011.

DIRECTORS' PROFILE (cont'd)

DATO' DR. MOHD. AMINUDDIN BIN MOHD. ROUSE
Independent Non-Executive Director

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse, a Malaysian aged 66, was appointed to the Board as an Independent Non-Executive Director on 20 October 1997. He is the Chairman of the Remuneration Committee, Chairman of the Nomination Committee and a member of the Audit Committee of THB.

He graduated with a B. Sc (Hons) in Biochemistry from University Malaya and holds a Ph.D in Agriculture Chemistry from University of Adelaide. Prior to venturing into the commercial sector, he was an academician for 14 years having started as a lecturer in University Putra Malaysia and served as a Professor in University Sains Malaysia. While in academia, he held numerous positions including Head of Biochemistry and Microbiology, Deputy Dean, Dean and Professor of Biochemistry.

He ventured into the corporate world in 1983. He also sits on the Board of several public listed company including Star Publications (Malaysia) Bhd, Ajiya Bhd and Karambunai Corp Bhd.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended ten out of eleven Board Meetings held during the financial period ended 30 June 2011.

DATO' DR. MOHD. NOORDIN BIN HAJI KELING
Independent Non-Executive Director

Dato' Dr. Mohd. Noordin bin Haji Keling, a Malaysian aged 85, was appointed to the Board as an Independent Non-Executive Director on 1 July 1994. He is the Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee of THB.

A veterinary surgeon by profession, he graduated from the Bengal Veterinary College, Calcutta in 1950 and in 1956 from the Royal Veterinary College, University of London as a Member of the Royal College of Veterinary Surgeons, England. While in Government service, he obtained post-graduate qualifications in tropical veterinary medicine at the University of Edinburgh in 1960 and in veterinary public health at the University of Toronto in 1966. He later obtained the Bachelor of Laws degree, LLB (Hons) from the University of London and the Certificate in Legal Practice (C.L.P) awarded by the Legal Profession Qualifying Board, Malaysia. He was admitted as an Advocate and Solicitor of the High Court, Malaya in December 1996. He had a distinguished career in the Veterinary Department, Malaysia, retiring in 1982 as the Director-General of the National Livestock Development Authority. On retirement he served for two years as Executive Vice-Chairman of MAX Agriculture Sdn Bhd, a company with principal activities in the manufacture and trading of fertilizers. Currently he also sits on the Board of several private limited companies.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended all the eleven Board Meetings held during the financial period ended 30 June 2011.

DIRECTORS' PROFILE (cont'd)

MR. JAMES WONG KWONG YEW
Independent Non-Executive Director

Mr. James Wong Kwong Yew, a Malaysian aged 65, was appointed to the Board on 28 July 1995 and subsequently appointed as Group Executive Director on 23 October 1995. He was re-designated as Non-Independent Non-Executive Director on 30 April 2007. On 4 May 2009, he was re-designated as Independent Non-Executive Director. He is also a member of the Audit Committee of THB.

He is a Chartered Accountant (England and Wales since 1971) and has extensive experiences in professional firms and the commercial sector, he is well versed in the field of accounting, corporate finance, banking and property development. Prior to joining THB, he was the Executive Vice President/Director of a listed financial services group.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended all the eleven Board Meetings held during the financial period ended 30 June 2011.

DATO' NEO SAY YEOW
Independent Non-Executive Director

Dato' Neo Say Yeow, a Malaysian aged 53 was appointed to the Board as Independent Non-Executive Director on 2 July 2008.

He graduated from University of Malaya with a degree in Bachelor of Civil engineering in 1983. He is a Fellow in Institution of Engineers (Malaysia), a Member in Board of Engineers (Malaysia) , APEC Engineer Register and EMF International Engineer Register. He is also a Life Member of ASEAN Federation of Engineering Organisation.

He is a Professional Engineer with extensive experience in consultancy and construction sectors. He is currently a Director of SY Perunding Sdn Bhd, a consultancy he has established since 1993.

He does not have any family relationship with any other directors and/or major shareholders of THB. He does not have any conflict of interest with THB. He has not been convicted for offences within the past ten years.

He attended all the eleven Board Meetings held during the financial period ended 30 June 2011.

GROUP MANAGING DIRECTOR'S STATEMENT

INTRODUCTION

On behalf of the Board of Directors, I am pleased to present an overview of the Group's performance for the period 1st January 2010 to 30th June 2011.

FINANCIAL PERFORMANCE

The Company had on 22nd February 2011, announced a change of its financial year end from 31st December to 30th June. The financial statement in this report will thus cover an 18 months period from 1st January 2010 to 30th June 2011.

For the period under review, the Group recorded a profit before tax and minority interest of RM98.158 million, arising principally from the gain the Group has recorded pursuant to the terms of the Settlement Scheme with Lehman Brothers Commercial Corporation Asia Limited (in Liquidation) ("Lehman") and other related parties.

THE SETTLEMENT SCHEME

As described in Note 35 to the Financial Statements, the Company and its affected subsidiaries had executed a conditional Settlement Agreement incorporating the terms of a Proposed Settlement Scheme with Lehman and other related parties to resolve conclusively the respective parties' differences in the Civil Suit proceedings.

The salient terms of the Proposed Settlement Scheme were set out in the Circular dated 9th May 2011 to the Company's shareholders, and approval of the shareholders to the Proposed Settlement Scheme was duly secured at the Extraordinary General Meeting of the Company convened on 24th May 2011.

The Consent Order to the Civil Suit was entered on 30th June 2011. With the Consent Order being entered, the terms of the settlement between the parties to the Settlement Scheme shall constitute a full and final settlement of all their disputes in the Civil Suit proceedings. The rights as the parties may have against any one or more of the other parties shall be limited to the terms of the said Settlement Scheme.

PROPERTY DEVELOPMENT

In anticipation of the timely completion of the Settlement Scheme, the Group has identified several parcels of land in Palm Springs Resorts City for development. The proposed developments will comprise of a theme park, resort suites and spa chalets. We will commence these developments immediately after the completion of the Settlement Scheme.

VACATION OWNERSHIPS AND RESORT OPERATIONS

For the period under review, the performance of the resort operation sector was significantly affected by lower revenues generated from reduced corporate and government functions against a backdrop of increased utilities and maintenance costs. The Group will continue to identify new market segments and improve the operational cost efficiencies to boost the performance of this sector.

GROUP MANAGING DIRECTOR'S STATEMENT (cont'd)

OUTLOOK

Despite the uncertainties of the global economies amidst a deepening Eurozone debt crisis, the Malaysian economy is expected to sustain its growth momentum. GDP is projected to grow by 5% – 5.5% for the full 2011 calendar year, driven mainly by the strong demand for commodity and resource based products and a healthy domestic demand against the backdrop of an aggressive roll out of the 10th Malaysian plan and the Economic Transformation Program.

The outlook for the property and hospitality sector for Malaysia is expected to remain healthy. Barring unforeseen circumstances, we are confident that upon completion of the Settlement Scheme, the Group will be in the position to move forward and revive its business operations, particularly in the property development sector.

ACKNOWLEDGEMENTS

The period under review has been challenging, but productive. I wish to convey my heartfelt appreciation to my fellow directors, the management and staff for their dedication, support and commitment.

On behalf of the Board, I would like to express our sincere gratitude to our valued customers, shareholders, business partners and associates for their continued support and confidence in the Group. We are equally grateful to all Government Agencies and regulatory authorities for their guidance and assistance.

DATO' TAN JING NAM
Group Managing Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Tanco Holdings Berhad recognizes the importance of good corporate governance and fully supports the recommendations of the Malaysian Code on Corporate Governance (“the Code”). Accordingly, the Board is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value.

Set out below is a statement of how the Group has applied the principles and complied with the best practice provisions as set out in the Code during the year.

DIRECTORS

The Board

The Group is led and controlled by an effective Board. During the financial period from 1st January 2010 to 30th June 2011, eleven (11) Board Meetings were held. The composition of the Board together with the attendance of the respective Directors at Board Meetings is as follows:

Name of Director	Date of Appointment	Attendance
Dato' Tan Jing Nam	28.07.1995	11/11
James Wong Kwong Yew	28.07.1995	11/11
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	20.10.1997	10/11
Dato' Dr. Mohd. Noordin bin Haji Keling	01.07.1994	11/11
Dato' Tan Lee Sing	28.07.1995	11/11
Andrew Tan Jun Suan	22.11.2007	10/11
Dato’ Neo Say Yeow	02.07.2008	11/11

All Board members bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The Board has delegated specific responsibilities to three (3) sub-committees (Audit, Nomination and Remuneration Committees), the details of which are set out below. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Board Balance

The Board has a balanced composition of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision making. The Board currently has seven (7) members, comprising three (3) Executive Directors and four (4) Non-Executive Directors. All the Non-Executive Directors are Independent Non-Executive Directors within the meaning of Chapter 1.01 of the Listing Requirements. The Board therefore fulfilled the Listing Requirements under Paragraph 15.02, which states that one third of the Board members must be Independent Directors.

Together, the Directors bring a wide range of business and financial experience relevant to the Group. A brief description of the background of each Director is presented on pages 3 to 5 of the Annual Report.

The role of the Chairman and the Group Managing Director are distinct and separate; the Chairman being Non-Executive is not involved in the management and day-to-day operations of the Group.

Dato' Dr. Mohd. Noordin bin Haji Keling is the Senior Independent Non-Executive Director, to whom all concerns may be conveyed.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The presence of Independent Non-Executive Directors in the Board provides objectivity and they are of the caliber necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts business.

Supply of Information

All Directors are provided with an agenda and a set of Board papers, prior to every Board Meeting. The Board papers circulated include quarterly and annual financial statements, minutes of meetings, major operational and financial matters, and performance report of the Group. All matters requiring Board approvals are also circulated prior to the Board Meetings and during Board Meetings these matters are duly discussed and deliberated with senior management before decisions are made.

All Directors have access to the advice and services of the Company Secretaries and where necessary, in the furtherance of their duties, take independent professional advice at the Group's expense.

Appointments to the Board

The Nomination Committee recommends new appointments to the Board for their approval. The other responsibilities of the Nomination Committee include making recommendations to the Board on the appointment of members of Board Committees, the review on an annual basis of the Board structure, size and composition, and assessment of the effectiveness of the Board, its Committees and the contribution of each Board.

The Nomination Committee consists of wholly Independent Non-Executive Directors and its composition is as follows:-

		Designation
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	Chairman of the Nomination Committee, Independent Non-Executive Director
Dato' Dr. Mohd. Noordin bin Haji Keling	-	Independent Non-Executive Director

For the financial period under review, the Nomination Committee had one (1) meeting held on 24th February 2010.

Directors' Training

All the Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors are updated on new regulations and statutory requirements.

The Directors are encouraged to continually attend relevant training programmes and seminars to further enhance their skills and knowledge to keep abreast with the changing business developments relevant to Company's interests.

CORPORATE GOVERNANCE STATEMENT (cont'd)

For the financial period under review, the training programmes attended by the Directors are as follows:

Name of Director	Training Programmes/Seminars
Dato' Tan Jing Nam	2nd World Chinese Economic Forum Launch of Sustainability Programme for Corporate Malaysia - "Powering Business Sustainability"
Dato' Tan Lee Sing	2nd World Chinese Economic Forum Launch of Sustainability Programme for Corporate Malaysia - "Powering Business Sustainability" Securities Commission - Bursa Malaysia Corporate Governance Week 2010 ("CG week") Session:- - Launch of the CG week and Corporate Governance Roundtable - Views from the Boardroom - Challenges Directors Face
Mr. Andrew Tan Jun Suan	2nd World Chinese Economic Forum Launch of Sustainability Programme for Corporate Malaysia - "Powering Business Sustainability"
Dato' Dr. Mohd. Aminuddin bin Mohd Rouse	Recent Changes to Financial Reporting Standards (FRS) Securities Commission – Bursa Malaysia Corporate Governance Week 2010 Session:- - Independent Directors – Actual verses Perceived Independence
Mr. James Wong Kwong Yew	Goods and Services Tax Seminar
Dato' Dr. Mohd. Noordin bin Haji Keling	Goods and Services Tax Seminar
Dato' Neo Say Yeow	Seminar on Geotechnical Engineering

Re-election

In accordance with the Company's Articles of Association, at least one third of the Directors are required to retire by rotation at each Annual General Meeting and shall be eligible for re-election at the Annual General Meeting. Directors who are appointed by the Board to fill a casual vacancy or as an addition to the existing Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Directors also shall retire from office at least once in three years, but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

CORPORATE GOVERNANCE STATEMENT (cont'd)

DIRECTORS' REMUNERATION

Remuneration Policy

The Remuneration Committee reviews annually and recommends to the Board, the Group's remuneration policy for Directors to ensure that the Directors are rewarded appropriately for their contributions to the Group's growth and profitability, and that the remuneration policy supports the Group's objectives and shareholders' interest.

In framing the Group's remuneration policy, the Remuneration Committee, if deem necessary will seek to obtain advice and information from external source. Nevertheless, the determination of remuneration packages of Directors (including fees) is a matter for the Board as a whole and each individual will abstain from discussion when the matter concerns their own remuneration.

Procedure

The Remuneration Committee consists of three (3) members of which one (1) is Executive Director and two (2) Independent Non-Executive Directors and its composition is as follows:-

		Designation
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	Chairman of the Remuneration Committee, Independent Non-Executive Director
Dato' Dr. Mohd. Noordin bin Haji Keling	-	Independent Non-Executive Director
Dato' Tan Jing Nam	-	Group Managing Director

For the financial period under review, the Remuneration Committee had one (1) meeting held on 24th February 2010.

Disclosure

A summary of the remuneration of the Directors paid or payable for the financial period from 1st January 2010 to 30th June 2011, distinguishing between Executive and Non-Executive Directors in aggregate, with categorization into appropriate components and the number of Directors whose remuneration falls within the following bands are as follows:

	Executive	Non-Executive Directors	Total
Directors' Fees (RM)	-	144,000	144,000
Salaries (RM)	2,394,000	-	2,394,000
Meeting Allowances (RM)	-	10,500	10,500
Benefits-in-kind (RM)	130,634	27,695	158,329
Directors' Remuneration			
Below RM50,000	-	3	3
RM50,000-RM100,000	-	1	1
RM300,001-RM350,000	1	-	1
RM650,001-RM700,000	1	-	1
RM1,500,001-RM1,550,000	1	-	1

The above disclosures format meets the requirements of the Listing Requirements.

CORPORATE GOVERNANCE STATEMENT (cont'd)

SHAREHOLDERS

Dialogue between the Company and Investors

The Board recognizes the importance of communication and proper dissemination of information to its shareholders, stakeholders and the public generally. However, any information that may be regarded as undisclosed material information about the Group will not be given. The following are the channels of communication of the Company to its shareholders, stakeholders, analysts and the public: -

1) the distribution of annual reports and circulars to shareholders;
2) timely quarterly results announcements and various disclosures and announcements made to the Bursa Malaysia Securities Berhad;
3) company's website at http://www.tancoholdings.com.

Annual General Meeting

At each Annual General Meeting, the Board presents the progress and performance report of the Group and encourages shareholders to participate and pose questions to the Board in the Question and Answer session. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

Audit Committee

The Audit Committee comprises of three (3) Non-Executive Directors, all of whom, including the Chairman are Independent Non-Executive Directors. The composition of the Audit Committee together with the terms of reference and activities of the Audit Committee during the financial period from 1st January 2010 to 30th June 2011 is provided separately in this Annual Report.

Internal Control

The Board acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investment and the Group's assets. Such system can, however, only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Group's Statement on Internal Control is set out on page 18 of the Annual Report.

Relationship with the Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee. The auditors have continued to report to shareholders of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. From time to time, the auditors would highlight to the Audit Committee matters that require their attention.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Directors' Responsibility Statement for preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements that give a true and fair view of the state of affairs, the results and cash flows of the Group and of the Company.

In preparing the financial statements, the directors have ensured that appropriate accounting policies have been used and applied consistently and supported by reasonable and prudent judgements and estimates. The Directors have also ensured that all applicable approved accounting standards in Malaysia have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

CORPORATE SOCIAL RESPONSIBILITY

The company acknowledges the importance of corporate social responsibility and is committed to ensuring its actions benefit not only its shareholders, but also its employees, society and the environment.

The company has long maintained safe and conducive working conditions for its employees. Training programmes have been conducted during the period to inculcate awareness for safety and health amongst its employees.

During the financial period, the Group organized a charity event under the Charity For Hope : Tancorians Do Care. The event was carried out through a donation programme with the main objective of raising funds to a Spastic Center, The Spastic Children's Association of Selangor and Federal Territory,

This Statement is made in accordance with the Board of Directors' resolution dated 20th October 2011.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the following additional information has been provided:-

i) **Material Contracts**
Save as disclosed in Note 36 of the Financial Statements for the financial period ended 30th June 2011, there is no other material contracts entered into by the Company and its subsidiary companies, involving Directors and major shareholders up to the date of this report.

ii) **Utilisation of Proceeds**
No proceed was raised by the Company from any corporate proposal during the financial period.

iii) **Share buybacks**
During the financial period, there was no share buyback by the Company.

iv) **Options, warrants or convertible securities**
During the financial period, there was no warrant exercised.

v) **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**
During the financial period, the Company did not sponsor any ADR or GDR programme.

vi) **Imposition of sanctions/penalties**
(a) Penalty on late payment of assessment bills amounting to RM8,412.00 imposed on its subsidiaries by Municipal Councils.

(b) Penalty on late payment of quit rent amounting to RM4,305.00 imposed on a subsidiary by Selangor State Treasury.

vii) **Non-audit fees**
During the financial period ended 30th June 2011, the non-audit fee paid or payable to the external auditors by the Company and its subsidiaries amounted to RM25,000.00.

viii) **Profit estimate, forecast or projection**
There is no material variance between the results for the financial period and the unaudited results previously announced by the Company. The Company did not issue any profit estimate, forecast or projections for the financial year.

ix) **Profit guarantee**
During the financial period, the Company had not provided any profit guarantees nor is there any profit guarantee given to the Company.

x) **Recurrent related party transactions statement**
There was no recurrent related party transaction of a revenue nature, which requires shareholders' mandate during the financial period.

xi) **Revaluation policy on landed properties**
Please refer to Note 3 of the Financial Statements.

AUDIT COMMITTEE

Members		Designation
Dato' Dr. Mohd. Noordin bin Haji Keling	-	Chairman of the Audit Committee Independent Non-Executive Director
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	Independent Non-Executive Director
James Wong Kwong Yew	-	Independent Non-Executive Director

Composition of Audit Committee

1. The Audit Committee shall be appointed by the Board of Directors from among its members and all the members must be non-executive directors, with a majority of them, being independent directors.
2. The Audit Committee shall include at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years working experience and have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the 1st Schedule of the Accountants Act 1967 or a person who fulfils such other requirements as prescribed or approved by the Exchange.
3. No alternate Director shall be appointed as a member of the Audit Committee.
4. The members of the Audit Committee shall elect a chairman from among their number and that person so elected need to be an Independent Non-Executive Director.
5. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Terms of Memberships

The Board should review the term of office of Audit Committee members once every three (3) years.

Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference, and shall be given the resources and full access to information, which it needs to do.

The Audit Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity and be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE (cont'd)

Duties

The duties of the Audit Committee should include the following:-

(i) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
(ii) To review with the external auditors before the audit commences, the nature and scope of the audit and their audit plan;
(iii) To review the assistance given by the Company's officers to the internal and external auditors;
(iv) To review the quarterly and year-end financial statements of the Company, prior to the approval of the Board of Directors, focusing particularly on:-
  - any changes in accounting policies and practices;
  - significant and unusual events;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements;

(v) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
(vi) To review the external auditors' management letter and management's response;
(vii) To do the following in relation to the internal audit function :-
  - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of internal auditor;
  - take cognizance of the resignation of the internal auditor and to provide the resigning internal auditor an opportunity to submit his reason(s) for resigning.

(viii) To consider any related party transactions or conflict of interests that may arise within the Company or Group;
(ix) To consider the major finding of internal investigations and management's response;
(x) To report promptly to the Bursa Malaysia Securities Berhad ("Bursa Securities") matters reported by the Audit Committee to the Board which have not been satisfactorily resolved resulting in a breach of Listing Requirements of Bursa Securities; and
(xi) To consider other topics as defined by the Board.

Attendance at Meetings

The Group Financial Controller, internal auditors and a representative of the external auditors shall attend meetings upon the invitation of the Audit Committee. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without Executive Board members present at least twice a year.

The Company Secretary shall be the secretary of the Audit Committee. The secretary shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Audit Committee members and to the other members of the Board of Directors.

Quorum

The quorum of the Audit Committee Meetings shall consist of a majority of members of whom is Independent.

AUDIT COMMITTEE (cont'd)

Frequency of Meetings

The Audit Committee shall meet not less than four (4) times a year. In addition, the Chairman may call a meeting of the Audit Committee if requested to do so by any Audit Committee member or by the external auditors if they consider it necessary.

Number of Meetings & Details of Attendance

During the financial period from 1st January 2010 to 30th June 2011, the Audit Committee held a total of eight (8) meetings. The details of attendance of the Audit Committee members are as follows:-

Name of Director	Attendance
Dato' Dr. Mohd. Noordin bin Haji Keling	8/8
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	7/8
James Wong Kwong Yew	8/8

Summary of Activities of the Audit Committee

The Audit Committee performed the following activities during the financial period from 1st January 2010 to 30th June 2011:-

(a) Reviewed the audit plans for the year prepared by the external auditors on the Company and the Group for adequacy and relevance of the scope of internal works as stipulated in the plan;
(b) Reviewed the audit reports prepared by the external auditors on the Company and the Group and considered all major findings, if any by the auditors and the adequacy of the management's responses to these findings;
(c) Reviewed the quarterly and annual results of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
(d) Reviewed the audited financial statements for the financial year ended 31st December 2009;
(e) Reviewed related party transactions entered into by the Company and the Group;

Internal Audit Function

The Group has outsourced its internal audit function to a professional consulting firm. The internal audit function is therefore independent of the activities of the Group and performs its duties with impartiality, objectivity and due professional care.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendation for improvements.

During the financial period from 1st January 2010 to 30th June 2011, the audit activities carried out during the year included the following: -

(a) Prepared the audit plan for the approval of the Audit Committee.
(b) Reviewed the key controls and assess the effectiveness and efficiency of the operation of Palm Springs Resort City, Port Dickson, Negeri Sembilan Darul Khusus.
(c) Reviewed for compliance with the principles of the Malaysian Code of Corporate Governance ("MCCG"), compliance with the best practices of the MCGG and compliance with the Listing Requirements of Bursa Malaysia Berhad on Corporate Governance.
(d) Rendered internal audit reports based on the above reviews to the Audit Committee, Board of Directors and management, identifying weaknesses and providing recommendations for improvements.
(e) Attended Audit Committee meetings to table and discuss the audit reports, and to follow up on the matters raised, if any.

The total cost incurred for the outsourced internal audit function of the Group for the financial period from 1st January 2010 to 30th June 2011 was RM21,000.00.

STATEMENT ON INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements requires Directors of listed companies to include a Statement on Internal Control in their annual reports. Set out below is the statement:-

The Board of Directors of Tanco Holdings Berhad affirms its overall responsibility for the Group's system of internal control, risk management, and for reviewing the adequacy and integrity of the system. Due to the limitations that are inherent in any system of internal control, such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives. Accordingly such systems can only provide reasonable but not absolute assurances against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This includes examining principal business risks in critical areas and identifying measures to mitigate, avoid and eliminate these risks. The Audit Committee and the Board reviews this process with guidance from "Statement on Internal Control: Guidance For the Directors of Public Listed Companies".

The joint venture and associated companies are not material to the Group and therefore have not been dealt with as part of the Group for the purpose of applying the guidance from "Statement on Internal Control : Guidance For the Directors of Public Listed Companies".

The key elements of the Group's system of internal control include the following:-

- An organization structure, which formally defines lines of responsibility and delegation of authority.
- Key functions such as corporate affairs, finance, tax, treasury and human resources are controlled centrally.
- Incompatible responsibilities are properly segregated to ensure that no staff is in total control of whole transactions.
- The Group has a policy on financial limits and approving authority for its operating and capital expenditure.
- There is effective reporting system in place to ensure timely generation of financial information for management review.
- The internal audit function adopts a risk-based approach in identifying areas of priority and carries out its works in accordance with an annual audit plan approved by the Audit Committee and the Board. The Audit Committee holds regular meetings and reviews internal audit reports covering such matters. Major findings and concerns of the internal auditors are documented in the audit reports, which are tabled and discussed at the Audit Committee meetings together with appropriate corrective measures, and necessary action shall be taken by the management. Significant issues are brought to the attention of the Board.

In order to achieve the above objectives, the Group has the following procedures/processes in place:-
- The Audit Committee and the Board review financial results quarterly.
- Operating units' meetings are conducted regularly to review financial performance review, business development and deliberate on management issues.
- There are regular meetings between the senior management (Managing Director and Executive Directors) and Heads of Department to discuss business, operational and key management issues; and to review the financial performance of all the companies in the Group.
- The Audit Committee has access to internal auditor and their reports and meets them to discuss their findings and reports.

The Groups' system of internal controls will continue to be reviewed, added to or updated in line with the changes in the operating environment to ensure its continuing effectiveness.

The statement is made in accordance with the Board of Directors' resolution dated 20th October 2011.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for financial period from 1st January 2010 to 30th June 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiaries and associates are disclosed in Notes 8 and 9 to the financial statements.

There have been no significant changes to the nature of these principal activities during the financial period.

RESULTS

	Group RM'000	Company RM'000
Total comprehensive income for the financial period	99,613	25,443
Attributable to:		
Owners of the Company	99,216	25,443
Minority interest	27	-
	99,243	25,443

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial period ended 30th June 2011.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial period have been disclosed in the financial statements.

DIRECTORS' REPORT (cont'd)

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial period, other than as stated in Note 34 to the financial statements.

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

DIRECTORS' REPORT (cont'd)

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 35 to the financial statements.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company did not issue any shares or debentures.

DIRECTORS

The directors in office since the date of the last report are:-

Dato' Tan Jing Nam
Dato' Tan Lee Sing
Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse
Dato' Dr. Mohd. Noordin Bin Haji Keling
James Wong Kwong Yew
Andrew Tan Jun Suan
Dato' Neo Say Yeow

In accordance with Article 101 of the Company's Articles of Association, Dato' Neo Say Yeow and Mr. Andrew Tan Jun Suan, retire by rotation at the forthcoming Annual General Meeting and being, eligible, offer themselves for re-election.

In accordance with Section 129 of the Companies Act, 1965, Dato' Dr. Mohd. Noordin Bin Haji Keling retires and being eligible, offers himself for re-election.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those directors who held office at the end of the financial period in shares in the Company and its related corporations during the financial period ended 30th June 2011 are as follows:-

	Number of ordinary shares of RM1/- each			
	At 1.1.2010	**Bought**	**Sold**	**At 30.06.2011**
The Company				
Tanco Holdings Berhad				
Dato' Tan Jing Nam				
- direct	88,903,669	-	-	88,903,669
Dato' Neo Say Yeow				
- direct	17,786,796	540,000	(510,000)	17,816,796
Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse				
- direct	200,000	-	(200,000)	-
Dato' Dr. Mohd. Noordin Bin Haji Keling				
- direct	62,510	-	-	62,510
James Wong Kwong Yew				
- direct	5,000	-	(3,000)	2,000
Dato' Tan Lee Sing				
- direct	5,000	-	-	5,000
The subsidiaries				
Tanco Enterprise Sdn. Bhd.				
Dato' Tan Jing Nam				
- direct	30,004	-	-	30,004
Medan Melati Sdn. Bhd.				
Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse				
- direct	200	-	-	200

By virtue of their interests in the Company, the directors are also deemed interested in the shares of all the subsidiaries to the extent the Company has an interest.

Other than as stated above, the other director in office at the end of the financial period had no interest in shares in the Company and its related corporations during the financial period.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in the financial statements) 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 a substantial financial interest.

Neither during nor at the end of the financial period was the Company or any of its related corporations a party to any arrangement, whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CHANGE OF FINANCIAL YEAR END

The Group and the Company changes its financial year end from 31st December to 30th June annually with effect from the current financial period ended 30th June 2011.

The financial statements for the current financial period are made up from 1st of January 2010 to 30th June 2011.

SIGNIFICANT EVENTS

Significant events during and after the financial period are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

DATO' TAN JING NAM Director	DATO' TAN LEE SING Director

Kuala Lumpur

Date: 25th October 2011

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2011

		Group		Company	
		30.06.2011	31.12.2009	30.06.2011	31.12.2009
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	175,428	191,244	631	652
Land held for property development	6(a)	90,679	239,125	-	-
Prepaid lease payments	7	17,252	17,568	-	-
Investment in subsidiaries	8	-	-	52,494	114,629
Investment in associates	9	-	-	-	-
Other investments	10	5,484	6,511	2	2
Investment in jointly controlled entity	11	-	-	-	-
Amount owing by subsidiaries	12	-	-	250,009	257,915
		288,843	454,448	303,136	373,198
Current assets					
Property development costs	6(b)	22,566	22,531	-	-
Inventories	13	21,410	37,568	-	-
Trade receivables	14	20,866	19,361	-	-
Other receivables, sundry deposits and prepayments	15	5,906	4,687	21	21
Amount owing by associates	16	1	1	-	-
Cash, bank balances and deposits	17	10,589	10,381	9,923	9,596
		81,338	94,529	9,944	9,617
Total Assets		370,181	548,977	313,080	382,815

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2011 (cont'd)

		Group		Company	
		30.06.2011	31.12.2009	30.06.2011	31.12.2009
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	18	334,887	334,887	334,887	334,887
Accumulated losses		(59,489)	(158,705)	(120,229)	(145,672)
Foreign Currency Reserve		(1,303)	(1,673)	-	-
Shareholders' funds		274,095	174,509	214,658	189,215
Minority interest		85	58	-	-
Total equity		274,180	174,567	214,658	189,215
Non-current liabilities					
Borrowings	19	208	292	-	-
Amount owing to subsidiaries	20	-	-	47,297	973
Other long term payables (unsecured)	21	748	748	-	-
Deferred tax liabilities	22	1	-	-	-
		957	1,040	47,297	973
Current liabilities					
Provisions	23	7,797	8,560	-	-
Trade payables	24	18,706	11,003	-	-
Other payables, sundry deposits and accruals	25	66,787	38,714	50,203	7,025
Borrowings	19	87	107	-	-
Amount owing to directors	26	936	607	796	576
Deferred benefits pending outcome of litigation	27	-	314,062	-	184,900
Tax payable		731	317	126	126
		95,044	373,370	51,125	192,627
Total liabilities		96,001	374,410	98,422	193,600
TOTAL EQUITY AND LIABILITIES		370,181	548,977	313,080	382,815

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1ST JANUARY 2010 TO 30TH JUNE 2011

	Note	Group		Company	
		1.1.2010 to 30.6.2011 RM'000	1.1.2009 to 31.12.2009 RM'000	1.1.2010 to 30.6.2011 RM'000	1.1.2009 to 31.12.2009 RM'000
Revenue	28	33,734	24,989	972	648
Cost of sales		(22,511)	(2,818)	-	-
GROSS PROFIT		11,223	22,171	972	648
Other operating income	29	179,722	12,939	102,102	-
Administrative expenses		(92,858)	(29,916)	(77,952)	(2,653)
OPERATING PROFIT/(LOSS)	30	98,087	5,194	25,122	(2,005)
Finance costs (net)	31	71	(22)	321	20,247
PROFIT BEFORE TAXATION		98,158	5,172	25,443	18,242
Taxation	32	1,085	(6)	-	-
PROFIT FOR THE FINANCIAL PERIOD/YEAR		99,243	5,166	25,443	18,242
Other comprehensive income					
Foreign currency translation reserve		370	(1,489)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR		99,613	3,677	25,443	18,242
Profit attributable to:					
Owners of the Company		99,216	5,164	25,443	18,242
Minority interest		27	2	-	-
		99,243	5,166	25,443	18,242
Total comprehensive income attributable to:					
Owners of the Company		99,586	3,675	25,443	18,242
Minority interest		27	2	-	-
		99,613	3,677	25,443	18,242
Earning per ordinary share (sen)	33				
- Basic		29.63	1.54		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1ST JANUARY 2010 TO 30TH JUNE 2011

Group	Share Capital RM'000	Attributable to Owners of the Company Distributable Accumulated Losses RM'000	Foreign Currency Reserve RM'000	Minority Interest RM'000	Total Equity RM'000
At 1st January 2009	334,887	(163,869)	(184)	56	170,890
Total comprehensive income for the financial year	-	5,164	-	2	5,166
Foreign currency translation	-	-	(1,489)	-	(1,489)
At 31st December 2009	334,887	(158,705)	(1,673)	58	174,567
Total comprehensive income for the financial period	-	99,216	-	27	99,243
Foreign currency translation	-	-	370	-	370
At 30th June 2011	334,887	(59,489)	(1,303)	85	274,180

Company	Share Capital RM'000	Distributable Accumulated Losses RM'000	Total Equity RM'000
At 1st January 2009	334,887	(163,914)	170,973
Total comprehensive income for the financial year	-	18,242	18,242
At 31st December 2009	334,887	(145,672)	189,215
Total comprehensive income for the financial period	-	25,443	25,443
At 30th June 2011	334,887	(120,229)	214,658

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1ST JANUARY 2010
TO 30TH JUNE 2011

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before taxation	98,158	5,172	25,443	18,242
Adjustments for:				
Amortisation of prepaid lease payments	316	157	-	-
Amortisation of other investment	107	72	-	-
Bad debts written off	1,210	1,566	-	-
Currency realignment	1,016	(2,640)	-	-
Depreciation	4,046	3,191	23	16
Gain from loan settlement	(169,474)	-	(102,423)	-
Loss on disposal of property, plant and equipment	144	-	-	-
Impairment of receivables	3,825	55	12,115	6
Impairment of property, plant and equipment	11,181	-	-	-
Impairment of land held for property development	5,881	-	-	-
Impairment of investments	920	-	62,135	-
Inventories written off	63	-	-	-
Interest expenses	256	22	6	-
Interest income	(327)	-	(327)	(20,247)
Over provision for cost of completion	-	(3,143)	-	-
Unrealised gain on foreign exchange	-	(269)	-	-
Waiver of debt	-	(48)	-	-
Waiver of tax penalty	-	(3,772)	-	-
Operating (Loss)/Profit Before Working Capital Changes	(42,678)	363	(3,028)	(1,983)
Changes In Working Capital:				
Property development costs	41,942	259	-	-
Assets classified as held for sale	-	5,411	-	-
Receivables	(7,759)	(3,149)	-	-
Inventories	16,095	45	-	-
Provisions	(763)	(2,079)	-	-
Payables	(8,224)	(2,765)	43,178	750
	(1,387)	(1,915)	40,150	(1,233)
Interest received	327	-	327	-
Tax refund/(paid)	1,500	(787)	-	-
Net Operating Cash Flows	440	(2,702)	40,477	(1,233)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1ST JANUARY 2010
TO 30TH JUNE 2011(cont'd)

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net (repayment)/advance to subsidiaries	-	-	(40,695)	2,873
Purchase of property, plant and equipment*	(205)	(866)	(2)	-
Proceeds from disposal of property, plant and equipment	4	-	-	-
Fixed deposit held as security value	(321)	-	-	-
Net Investing Cash Flows	(522)	(866)	(40,697)	2,873
CASH FLOWS FROM FINANCING ACTIVITIES:				
Changes in amount owing to directors	329	92	220	70
Interest paid	(256)	(22)	6	194
Investment in a subsidiary	-	-	-	(3,900)
Payments to hire purchase and lease liabilities	(104)	(7)	-	-
Withdrawal of fixed deposit	-	1,872	-	1,863
Net Financing Cash Flows	(31)	1,935	226	(1,773)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(113)	(1,633)	6	(133)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/ YEAR	1,958	3,591	1,173	1,306
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/ YEAR	1,845	1,958	1,179	1,173
Cash and cash equivalents comprise of the following:-				
Cash and bank balances	1,877	1,944	1,253	1,247
Deposits placed with licensed banks and finance companies	8,670	8,349	8,670	8,349
Cash held under Housing Development Account	42	88	-	-
	10,589	10,381	9,923	9,596
Less: Monies placed with trustee	(74)	(74)	(74)	(74)
Deposits placed with licensed banks	(8,670)	(8,349)	(8,670)	(8,349)
	1,845	1,958	1,179	1,173

* During the financial period, the Group acquired property, plant and equipment amounting to RM205,000/- (31.12.2009: RM866,010/-) of which RM 133,000/- (31.12.2009: RM Nil) were acquired under hire purchase arrangements. Cash payments amounting to RM 72,000 (31.12.2009: RM Nil) was made during the financial period.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiaries and associates are disclosed in Notes 8 and 9 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are both located at No.1, Persiaran Ledang, Off Jalan Duta, 50480 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25th October 2011.

2. FUNDAMENTAL ACCOUNTING CONCEPT

In the previous financial year ended 31st December 2009, the current liabilities of the Group and of the Company exceeded their current assets by RM278,841,000/- and RM183,010,000/- respectively. The ability of the Group and the Company to continue as going concerns was dependent on:-

(i) The favourable outcome of a significant litigation, as disclosed in Note 35 to the financial statements which relates to a write of summons filed against Lehman Brothers Commercial Corporation Asia Limited ("Lehman") and other related parties to declare that all the related agreements with Lehman in relation to a term loan facility (Note 27) amounting to RM314mil as unlawful, void and unenforceable. The writ of summons also seeks compensation of damages of RM35.4 million together with other damages. As such, the board of directors have decided to classify the term loan obligation as deferred benefits pending outcome of litigation under the current liabilities in the Group's and the Company's statements of financial position as at 31st December 2009;

(ii) The Group and the Company generating adequate cash flows for its operating activities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. FUNDAMENTAL ACCOUNTING CONCEPT (CONTINUED)

The Company and its affected subsidiaries (collectively "the THB Group") had on 21st February 2011 executed a conditional Settlement Agreement with Lehman and other related parties on the amicable settlement of all claims on the term loan facility with Lehman, the writ against Lehman and other related parties and the Defence and Counterclaim by Lehman against the THB Group for a settlement sum of RM144,587,595/- ("Settlement Sum"). The Settlement Sum comprises of a cash settlement sum of RM44 million (to be paid by the Group over a period of 12 months in the manner prescribed in the Proposed Settlement Scheme), and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595 (as prescribed in the Proposed Settlement Scheme) to Malaysian Trustees Bhd for the benefit of Lehman or such other person nominated by Lehman, on the terms and conditions set out in the Proposed Settlement Scheme.

The first instalment payment of RM10 million on the cash settlement sum has been settled by the Company on 6th July 2011. As for the portion of the cash settlement that has been identified to be paid from the sale of certain identified properties, the sale of these properties have since been secured and are pending completion. The balance sum of RM24 million is to be secured from bank borrowings. The Group is actively in the process of securing the required facility.

On the Settlement Properties, the Group is in the process of seeking the consent from the relevant State Authorities on the transfer of the properties to Malaysian Trustees Bhd, the nominee of Lehman.

As at 30th June 2011, the current liabilities of the Group and the Company exceeded their current assets by RM13,706,000/- and RM41,181,000/- respectively. The ability of the Group and the Company to continue as going concerns is dependent on the ability of the Group and the Company to secure additional funding through bank borrowings as disclosed above to meet their financial obligations as and when they fall due and generating adequate cash flows for its operating activities.

In view of the above, the directors are of the opinion that it is appropriate for the financial statements of the Group and of the Company to be prepared on the assumption that the Group and the Company will continue as going concerns.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the provision of the Companies Act, 1965 in Malaysia. The financial statements of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.3 to the financial statements.

The preparation of financial statements in conformity with the FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the directors' best knowledge of the current events and actions, and therefore actual results may differ.

The areas involving a higher degree of judgement of complexity, or areas where assumption and estimates are significant in the financial statements are disclosed in Note 4 to the financial statements.

3.2 New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int

(a) Adoption of New FRSs, Amendments/Improvements to FRSs, IC Int and Amendment to IC Int

The Group and the Company had adopted the following new FRSs, amendments to FRSs, IC Int and Amendment to IC Int that are relevant to their operations and are mandatory for the current financial period:

New FRSs

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments : Recognition and Measurement

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share – based payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (Continued)**

(a) **Adoption of New FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int (Continued)**

Amendments/Improvements to FRSs

FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 140	Investment Property

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives

Adoption of the new and revised FRSs, amendments/improvements to FRSs, IC Int and Amendment to IC Int did not have any effect on the financial performance or position of the Group and the Company except for those discussed below.

FRS 7 Financial Instruments: Disclosure

Prior to 1st January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosure to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial period ended 30th June 2011.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (Continued)**

(a) **Adoption of New FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int (Continued)**

FRS 8 Operating Segments

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

FRS 101 Presentation of Financial Statements (revised)

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

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error of the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes of managing capital.

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

FRS 117 Leases

Amendment to FRS117 *Leases* removes the classification of leases of land and building, and instead, requires assessment of classification based on risks and rewards of itself. The reassessment of land elements of unexpired leases shall be made restropectively in accordance with FRS108. The Group has reassessed and determined that all leasehold land of the Group which are in substance operating leases and has continued to classify its leasehold land under prepaid land lease payments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (Continued)**

(a) **Adoption of New FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int (Continued)**

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets and financial liabilities. The Group and the Company have adopted FRS 139 prospectively on 1st January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1st January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(i) Investments in equity securities

Prior to 1st January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1st January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM 2,000/-.

(ii) Impairment of trade and other receivables

Prior to 1st January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

As at 1st January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the amount of allowance for impairment loss to be recognised as at 1st January 2010 is equal to the allowance for doubtful debts recognised prior to 1st January 2010. Thus, no adjustments to the opening balance of retained earnings as at that date.

(iii) Inter-company loans

Prior to 1st January 2010, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (Continued)**

(b) **Revised FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int that are issued, not yet effective and have not been adopted early**

The Group and the Company have not adopted the following revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:

		Effective for financial periods beginning on or after
	Revised FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 124	Related Party Disclosures	1 Jan 2012
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments/Improvements to FRSs		
FRS 128	Investments in Associates	1 January 2011
FRS 131	Interests in Joint Ventures	1 January 2011
FRS 132	Financial Instruments : Presentation	1 March 2010 and 1 January 2011
FRS 134	Interim Financial Reporting	1 January 2011
FRS 138	Intangible Assets	1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2011
IC Int		
IC Int 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 15	Agreements for the Construction of Real Estate	1 January 2012
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Int 18	Transfers of Assets from Customers	1 January 2011
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Int		
IC Int 9	Reassessment of Embedded Derivatives	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2011
IC Int 14	Prepayments of a Minimum Funding Requirements	1 July 2011
IC Int 15	Agreements for the Construction of Real Estate	30 August 2010

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (Continued)**

(b) **Revised FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int that are issued, not yet effective and have not been adopted early (Continued)**

Except for the changes in accounting policies arising from the new disclosure required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

3.3 **Significant Accounting Policies**

(a) **Subsidiaries and Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are those corporations in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any. The policy for the recognition and the measurement of impairment losses is in accordance with Note 3.3(o). On disposal of such investments, the difference between the net disposal proceeds and the carrying amounts is recognised as gain or loss in the Company's profit or loss.

In the Group's consolidated financial statements, the different between the net disposal proceeds and the Group's share of the subsidiary's net assets together with any unamortised goodwill as the date of disposal is recognised as a gain or loss on disposal in the consolidated profit or loss.

(ii) **Basis of Consolidation**

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(a) **Subsidiaries and Basis of Consolidation (Continued)**

(ii) **Basis of Consolidation (Continued)**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial period. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Any excess of the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition and is recognised immediately in the profit or loss.

Intra-group transactions, balances and unrealised gains resulting from intra-group transactions are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those adopted by the Group.

Minority interest represents that portion of the profit or loss for the period and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through a subsidiary. It is measured at the minority's share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiary's equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

(b) **Associates**

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(b) **Associates (Continued)**

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements of the associates. Under the equity method, the investment in associate is carried in the consolidated statements of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transaction between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is amortised. Any excess of the Group's share of the net fair value of the associate'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 associate's profit or loss in the period which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the Group and its associates are all drawn up to the same reporting date.

On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss as gain or loss on disposal of investment in associate.

(c) **Investments**

Investment in subsidiaries, associates, jointly controlled entities and other investments are stated at cost less any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o).

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition. Goodwill on acquisition of subsidiaries is included in the statements of financial position as intangible assets.

Goodwill is tested annually for impairment and carried at cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGU) for purpose of impairing testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from synergies of the business combination in which the goodwill arose. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o).

Negative goodwill represents the excess of the Group's interest in the fair value of identifiable net assets and liabilities over cost of acquisition, and is recognised directly in the profit or loss at the date of acquisition.

Goodwill on acquisitions of jointly controlled entities and associates is included in jointly controlled entities and associates respectively. Such goodwill is tested for impairment as part of the overall balance.

(e) Jointly Controlled Entity

A jointly controlled entity is an entity in which the Group has joint control over its economic activity established under a contractual arrangement.

Investment in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 3.3(b) based on the management financial statements of the jointly control entities.

(f) Property, Plant and Equipment and Depreciation

All property, plant and equipment were initially stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o). Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(f) Property, Plant and Equipment and Depreciation (Continued)

Freehold lands are not depreciated. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Golf course and club village	over 97 years
Furniture and fittings	5% - 20%
Motor vehicles	10% - 20%
Office Equipment	10% - 20%
Resort Properties	1%
Maintenance Equipment	10% - 20%
Buildings	2% - 4%

Construction in progress will be depreciated when the property is ready for its intended use.

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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 arising on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

(g) Property Development Activities

(i) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o).

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and is expected to be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(g) **Property Development Activities (Continued)**

(ii) **Property Development Costs**

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

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

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

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

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

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

(h) **Inventories**

Inventories have been valued at the lower of cost and net realisable value.

Cost of completed properties comprises all direct construction cost, land cost and direct development expenditure which is determined on specific identifiable basis.

Inventories of food, beverages and golf accessories are determined on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(i) **Assets Classified as Held for Sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to the terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the profit or loss.

(j) **Leases**

(i) **Finance Lease**

Assets financed by hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. Finance charges are charged to the profit or loss over the periods of the respective agreements to give a constant periodic rate of change on the remaining hire purchase and lease liabilities.

(ii) **Operating Lease**

Lease payments for assets under operating lease where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the profit or losss on a straight line basis over the lease term.

Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and is amortised on a straight line basis over the remaining lease term.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(k) **Borrowing costs**

Borrowing costs are charged to the profit or loss as an expense in the period in which they are incurred.

(l) **Provisions for Liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) **Foreign Currency Translation**

(i) ***Functional and presentation currency***

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

(ii) ***Translation and balances***

Transactions in foreign currencies are translated to Ringgit Malaysia at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Ringgit Malaysia at the rate of exchange ruling on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates at the date the fair value was determined. Exchange differences arising from the settlement of foreign currency transactions and from the retranslation of foreign currency monetary assets and liabilities are included in the profit or loss.

(iii) ***Foreign entity***

The Group's foreign entities are those operations that are not an integral part of the operations of the Group. Statements of comprehensive income of foreign entities are translated into Ringgit Malaysia at average exchange rates for the financial period and the Statements of financial position are translated at exchange rates ruling at the reporting date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken up in Exchange Translation Reserve in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(n) **Financial Assets**

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

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

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

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

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

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

(i) **Financial Assets at Fair Value Through Profit or Loss**

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

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

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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(n) **Financial Assets (Continued)**

(ii) **Loans and Receivables**

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

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

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) **Held-to-Maturity Investments**

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

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

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

(iv) **Available-for-Sale Financial Assets**

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(n) **Financial Assets (Continued)**

(iv) **Available-for-Sale Financial Assets (Continued)**

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(o) **Impairment of Assets**

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(o) **Impairment of Assets (Continued)**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation), if no impairment loss had been recognised. Reversals of impairment losses are credited to the profit or loss in the period in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the profit or loss, a reversal of that impairment loss is also recognised in the profit or loss.

(p) **Financial Liabilities**

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

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

(i) Financial Liabilities at Fair Value Through Profit or Loss

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Significant Accounting Policies (Continued)

(p) **Financial Liabilities (Continued)**

(ii) Other Financial Liabilities

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

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

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

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the profit or loss.

(q) **Income Tax**

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(q) **Income Tax (Continued)**

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(r) **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The full specific recognition criteria must also be met before revenue is recognised.

(i) ***Property Development***

Revenue from sale of property development projects is recognised progressively based on the stage of completion method as described in Note 3.3(g)(ii).

Interest income from late payments by house buyers and forfeiture income are recognised on receipt basis.

(ii) ***Revenue from annual subscription fee***

Revenue from annual fee is recognised on an accrual basis.

(iii) ***Revenue from club and resort operations***

Revenue from sales of club memberships is recognised upon admission of the applicants as members. Revenue from club subscription fees is recognised on an accrual basis. Revenue from club operations is recognised when services are rendered.

Revenue from rental of rooms, sale of food and beverage and other related income is recognised on an accrual basis.

(iv) ***Revenue from services***

Revenue from services rendered is recognised net of service taxes and discounts upon performance of services.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(r) **Revenue Recognition (Continued)**

(v) ***Interest income and dividend income***

Interest income on instalment repayment scheme granted to the members is recognised on time proportion basis that reflect the effective yield on the assets. Default interest and dividend income are recognised in the profit or loss when the Group's and the Company's right to receive payment is established.

(vi) ***Interest income from money lending business***

Interest income earned from money lending business is recognised on an accrual basis.

(s) **Employee benefits**

(i) ***Short term employee benefits***

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) ***Post-employment benefits***

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(t) **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits, bank balances and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(u) **Share Capital**

Ordinary shares

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) **Segmental Information**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

(w) **Intersegment Transfers**

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on the straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 5 to 100 years. The carrying amount of property, plant and equipment of the Group and of the Company as at 30th June 2011 were RM175,428,000/- and RM631,000/- respectively (31.12.2009: RM191,244,000/- and RM652,000/- respectively). Changes in expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment, therefore the future depreciation charges could be revised.

(ii) Impairment of property, plant and equipment

The Group assesses impairment of assets whenever the events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

During the financial period, the Group made an impairment of property, plant and equipment amounting to RM5,983,000/- (31.12.2009: RM Nil) respectively.

(iii) Property development projects

The Group recognises property development revenue and costs in the profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs of work performed. Significant judgement is required in determining the percentage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

(iv) **Deferred tax assets**

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total unrecognised deferred tax assets of the Group and of the Company were RM47,835,000/- and RM17,872,000/- respectively (31.12.2009: RM40,808,000/- and RM18,000,000/- respectively).

(v) **Allowance for inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(vi) **Recoverability of receivables**

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vii) **Impairment of investment in subsidiaries and other investments**

The Group tests investments in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. Cost of investments in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investments in subsidiaries entails an impairment of receivables to be made to the amount owing by these subsidiaries.

(viii) **Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the estimation of the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group

							Resort Operations							
												Construction -in-Progress		
30.6.2011	**Freehold Land** RM'000	**Leasehold Building** RM'000	**Freehold Land and Buildings** RM'000	**Furniture and Fittings** RM'000	**Office Equipment** RM'000	**Maintenance Equipment** RM'000	**Golf Course and Club Village** RM'000	**Rights in resort properties** RM'000	**Resort properties** RM'000	**Furniture and Fittings** RM'000	**Motor Vehicles** RM'000	**Marina Club** RM'000	**Others** RM'000	**Total** RM'000
Cost														
At 1st January 2010	11,839	779	25,494	10,939	8,276	4,513	22,927	13,653	81,644	7,875	6,658	37,624	16,714	248,935
Additions	-	-	-	9	34	9	-	-	-	10	143	-	-	205
Disposals	-	-	-	(13)	(12)	-	-	-	-	-	(198)	-	-	(223)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2011	11,839	779	25,494	10,935	8,298	4,522	22,927	13,653	81,644	7,885	6,603	37,624	16,714	248,917
Accumulated Depreciation and Impairment Losses														
At 1st January 2010	-	269	7,740	6,525	8,252	4,055	2,996	2,177	6,359	6,720	6,288	-	6,310	57,691
Depreciation for the financial period		322	214	513	11	98	344	717	1,004	704	119	-	-	4,046
Impairment for the financial period	-	-	154	-	-	-	-	10,759	268	-	-	-	-	11,181
Disposal	-	-	-	(2)	(1)	-	-	-	-	-	(72)	-	-	(75)
Currency translation differences	-	-	-	-	-	-	-	-	646	-	-	-	-	646
At 30th June 2011	-	591	8,108	7,036	8,262	4,153	3,340	13,653	8,277	7,424	6,335	-	6,310	73,489
Net Book Value as at 30th June 2011	11,839	188	17,386	3,899	36	369	19,587	-	73,367	461	268	37,624	10,404	175,428

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

31.12.2009	Freehold Land RM'000	Leasehold Building RM'000	Freehold Land and Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Maintenance Equipment RM'000	Resort Operations: Golf Course and Club Village RM'000	Resort Operations: Rights in resort properties RM'000	Resort Operations: Resort properties RM'000	Resort Operations: Furniture and Fittings RM'000	Resort Operations: Motor Vehicles RM'000	Resort Operations: Construction-in-Progress Marina Club RM'000	Resort Operations: Construction-in-Progress Others RM'000	Total RM'000
Cost														
At 1st January 2009	11,839	328	25,068	10,842	8,154	4,317	22,927	12,898	81,330	7,875	6,658	37,624	16,712	246,572
Additions	-	451	-	97	122	194	-	-	-	-	-	-	2	866
Transfer to assets classified														-
as held for sale	-	-	426	-	-		-			-	-	-	-	426
Currency translation differences	-	-		-	-	2	-	755	314	-	-	-	-	1,071
At 31st December 2009	11,839	779	25,494	10,939	8,276	4,513	22,927	13,653	81,644	7,875	6,658	37,624	16,714	248,935
Accumulated Depreciation and Impairment Losess														
At 1st January 2009	-	81	7,584	6,467	7,795	3,986	2,767	1,409	6,359	6,251	6,223	-	5,475	54,397
Depreciation for the financial year	-	188	156	58	457	68	229	666	-	469	65	-	835	3,191
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	1	-	102	-	-	-	-	-	103
At 31st December 2009	-	269	7,740	6,525	8,252	4,055	2,996	2,177	6,359	6,720	6,288	-	6,310	57,691
Net Book Value at 31st December 2009	11,839	510	17,754	4,414	24	458	19,931	11,476	75,285	1,155	370	37,624	10,404	191,244

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

30.06.2011	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Total RM'000
Cost				
At 1st January 2010	722	487	93	1,302
Additions	-	-	2	2
Disposals	-	-	-	-
At 30th June 2011	722	487	95	1,304
Accumulated Depreciation				
At 1st January 2010	71	487	92	650
Depreciation for the financial period	22	-	1	23
Disposals	-	-	-	-
At 30th June 2011	93	487	93	673
Net Book Value at 30th June 2011	629	-	2	631

31.12.2009	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Total RM'000
Cost				
At 1st January 2009	722	487	93	1,302
Additions	-	-	-	-
Disposals	-	-	-	-
At 31st December 2009	722	487	93	1,302
Accumulated Depreciation				
At 1st January 2009	56	487	91	634
Depreciation for the financial year	15	-	1	16
Disposals	-	-	-	-
At 31st December 2009	71	487	92	650
Net Book Value at 31st December 2009	651	-	1	652

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

As at the reporting date, certificate of titles to the freehold land of RM11,818,000/- (31.12.2009: RM11,818,000/-) and freehold land and buildings of RM6,840,000/- (31.12.2009 : RM6,840,000/-) have not been issued in the names of the subsidiaries.

Rights In Resort Properties, at cost, represent cost of rights to use the resort properties. The rights to use the resort properties are conferred on a subsidiary by virtue of a sale and purchase agreement dated 23rd November 1998 between the subsidiary and the owner of the resort properties. The subsidiary will have beneficial ownership to the resort properties upon full settlement of the rights to use. The principal amount outstanding as at 30th June 2011 is RM NIL (31.12.2009: RM 1,341,000/-) included in other payables as disclosed in Note 25 to the financial statements.

The freehold land and building at net book value of RM1,446,000/- (31.12.2009: RM1,446,000/-) is pledged to a licensed bank as security for a loan made available to a company in which certain directors, Dato' Tan Jing Nam and Dato' Tan Lee Sing have interests, namely Renown Projects Sdn. Bhd. for the sole purpose to finance the construction costs of the said resort property. This arrangement has been entered into prior to the acquisition by the Group of the affected subsidiary.

Included in construction-in-progress of the Group are interest expenses incurred during the financial period amounting to RM NIL (31.12.2009: RM47,000/-).

The following assets of the Group have been charged to Lehman to secure the borrowings stated in Notes 27 and 35 to the financial statements:-

	At Net Book Value	
	30.06.2011	31.12.2009
	RM'000	RM'000
Freehold land	11,839	11,839
Golf course and club village	19,587	19,931
Freehold land and buildings	17,386	17,754
Resort properties	63,961	65,879
Construction-in-progress		
- Marina club	37,623	37,623
- others	4,328	4,329
	154,724	157,355

The Group had executed a conditional settlement agreement with Lehman during the financial period as disclosed in Note 27 and 35 to the financial statements. As such, the assets will be discharged upon completion of the settlement scheme.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

The net book value of property, plant and equipment of the Group includes the following property, plant and equipment acquired under hire purchase and finance lease agreements:-

	At Net Book Value	
	30.06.2011	31.12.2009
	RM'000	RM'000
Furniture and fittings	-	68
Motor vehicles	378	363
	378	431

6. **PROPERTY DEVELOPMENT ACTIVITIES**

(a) **Land held for property development**

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
At the beginning of the financial period/year		
- land, at cost	153,875	153,875
- development costs	88,654	88,654
- accumulated costs charged to profit or loss	(3,404)	(3,404)
	239,125	239,125
Less: Transfer as part of loan settlement *	(142,565)	-
Impairment losses	(5,881)	-
	90,679	239,125
At the end of the financial period/year		
- land, at cost	105,820	153,875
- development costs	66,585	88,654
- accumulated cost charged to profit or loss	(81,726)	(3,404)
	90,679	239,125

All parcels of the freehold land with net book value of RM105,820,000 (31.12.2009:RM153,875,000/-) have been pledged to Lehman to secure the borrowings as stated in Notes 27 and 35 to the financial statements.

The Group had executed a conditional settlement agreement with Lehman during the financial period as disclosed in Note 27 and 35 to the financial statements. As such, the assets will be discharged upon completion of the settlement scheme.

*Land held for property development to be transferred to Malaysia Trustees Berhad as disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. **PROPERTY DEVELOPMENT ACTIVITIES (Continued)**

(b) **Property development costs**

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
At the beginning of the financial period/year		
- land, at cost	6,574	7,678
- development costs	39,072	57,236
- accumulated costs charged to profit or loss	(23,115)	(42,124)
	22,531	22,790
Add: Costs incurred during the financial period/year		
- development costs	258	91
	258	91
Less: Costs recognised in profit or loss during the financial period/year		
- land	(223)	-
	(223)	-
Less:		
- foreseeable loss recognised in profit or loss	-	(350)
	22,566	22,531
At the end of the financial period/year		
- land, at cost	6,574	6,574
- development costs	39,330	39,072
- accumulated costs charged to profit or loss	(23,338)	(23,115)
	22,566	22,531

Certain parcels of the freehold land of the Group with net book value of RM6,574,000/- (31.12.2009 : RM6,574,000/-) have been pledged to Lehman to secure the borrowings as stated in Notes 27 and 35 to the financial statements.

The Group had executed a conditional settlement agreement with Lehman during the financial period as disclosed in Note 27 and 35 to the financial statements. As such, the assets will be discharged upon completion of the settlement scheme.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. PREPAID LEASE PAYMENTS

	Group 30.06.2011 RM'000	Group 31.12.2009 RM'000
Leasehold lands, at cost	18,253	18,253
Less: Amortisation	(1,001)	(685)
	17,252	17,568

The leasehold lands are pledged to Lehman to secure the borrowings as stated in Notes 27 and 35 to the financial statements.

The Group had executed a conditional settlement agreement with Lehman during the financial period as disclosed in Note 27 and 35 to the financial statements. As such, the assets will be discharged upon completion of the settlement scheme.

8. INVESTMENT IN SUBSIDIARIES

	Company 30.06.2011 RM'000	Company 31.12.2009 RM'000
Unquoted shares - at cost	119,059	119,059
Less: Impairment losses	(66,565)	(4,430)
	52,494	114,629

The following information relates to the subsidiaries:-

Name of Company	Country of Incorporation	Group Effective Equity Interest 30.06.2011 %	Group Effective Equity Interest 31.12.2009 %	Principal Activities
Held directly:-				
+ Palm Springs Resort Management Berhad	Malaysia	100	100	Hotel operator.
+ Pentapeak Properties Sdn. Bhd.	Malaysia	100	100	Investment holding.
+ Point Resort Club Sdn. Bhd.	Malaysia	100	100	Investment holding.
+ Popular Elegance (M) Sdn. Bhd.	Malaysia	100	100	Investment holding.
+ Tanco Properties Management Services Sdn. Bhd.	Malaysia	100	100	Property management services.
+ Tanco Development Sdn. Bhd.	Malaysia	100	100	Property development.
+ Wheels, Sails & Wings SuperClub Bhd.	Malaysia	100	100	Operator of points based scheme.
+ World Vacation Ownership Sdn. Bhd.	Malaysia	100	100	Provision of consultancy services and investment holding.
+ Medan Melati Sdn. Bhd.	Malaysia	70	70	Investment holding .
+ Cool-Wheels SuperClub Bhd.	Malaysia	100	100	Dormant.
+ Platinum Residence Sdn. Bhd.	Malaysia	100	100	Dormant.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Country of Incorporation	Group Effective Equity Interest 30.06.2011 %	Group Effective Equity Interest 31.12.2009 %	Principal Activities
Subsidiaries of Tanco Development Sdn. Bhd.:-				
+ Tanco Builders Sdn. Bhd.	Malaysia	100	100	Contracting and building works.
+ Tanco Dot Com Sdn. Bhd.	Malaysia	100	100	Multimedia related business.
Subsidiary of Medan Melati Sdn. Bhd.:-				
+ Gerak Gaya Land Sdn. Bhd.	Malaysia	42	42	Property development.
Subsidiaries of World Vacation Ownership Sdn. Bhd.:-				
+ Tanco Resorts Berhad	Malaysia	100	100	Investment holding, and the management and operation of resorts and of vacation ownership interval and point based schemes.
+ BizCredit Sdn. Bhd.	Malaysia	100	100	Money lending business.
JKMB Development Sdn. Bhd.	Malaysia	100	100	Property development.
+ Palm Springs Development Sdn. Bhd.	Malaysia	100	100	Property development.
+ Palm Springs Resort (MM2H) Sdn. Bhd.	Malaysia	100	100	Provide services in relation to Malaysia My Second Home Programme.
+ Tanco Properties Sdn. Bhd.	Malaysia	100	100	Property development.
+ Genium Corporation Sdn. Bhd.	Malaysia	100	100	General agent.
Subsidiaries of Palm Springs Development Sdn. Bhd.:-				
+ Palm Springs Club Sdn. Bhd.	Malaysia	100	100	Investment holding.
+ Regal Resort Sdn. Bhd.	Malaysia	100	100	Property development.
Subsidiary of Tanco Properties Sdn. Bhd.:-				
+ Tanco Land Sdn. Bhd.	Malaysia	100	100	Property investment.
Subsidiary of Palm Springs Club Sdn. Bhd.:-				
+ Palm Springs Resort Bhd.	Malaysia	100	100	Operator of golf and marina clubs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Country of Incorporation	Group Effective Equity Interest 30.06.2011 %	Group Effective Equity Interest 31.12.2009 %	Principal Activities
Subsidiaries of Tanco Resorts Berhad:-				
+ Palm Springs Leisure Sdn. Bhd.	Malaysia	100	100	Property management and resort management
Tanco Enterprise Sdn. Bhd.	Malaysia	90.32	90.32	Property investment.
+ Tanco Club Berhad	Malaysia	100	100	Club operator.
Tanco Holidays Sdn. Bhd.	Malaysia	100	100	Travel and tour agent.
+ Tanco Lake Resorts Sdn. Bhd.	Malaysia	100	100	Resort operator.
+ Tanco Recreational Holdings Sdn. Bhd.	Malaysia	100	100	Property management.
¥* Tanco Resorts (Australia) Pty. Ltd.	Australia	100	100	Resort management.
¥* Burnham Global Inc.	British Virgin Islands	100	100	Investment holding.
+ TIVR Sdn. Bhd.	Malaysia	100	100	General trading.
Subsidiaries of Burnham Global Inc:-				
¥* Noreast Co. Ltd.	British Virgin Islands	100	100	Property holding.
¥* TRB Leisure (Mauritius) Pte. Ltd.	Mauritius	100	100	Property investment.
¥* TRB Vacation (Mauritius) Pte. Ltd.	Mauritius	100	100	Property investment.

* *Subsidiaries not audited by Baker Tilly Monteiro Heng.*

\+ *In view of the matters as disclosed in Note 2 to the financial statements, the auditors' report of these subsidiaries have accordingly emphasised on the going concern consideration.*

¥ *The audited financial statements and auditors reports of these subsidiaries are not available for consolidation. These subsidiaries are currently dormant. The financial statements of these subsidiaries are reviewed for consolidation purposes.*

9. INVESTMENT IN ASSOCIATES

	Group 30.06.2011 RM'000	Group 31.12.2009 RM'000
Unquoted shares, at cost	500	500
Group's share of post-acquisition results	(500)	(500)
	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVESTMENT IN ASSOCIATES (Continued)

The following information relates to the associates:-

Name of Company	Country of Incorporation	Group Effective Equity Interest 30.06.2011 %	Group Effective Equity Interest 31.12.2009 %	Principal Activities
^# Sunshine Genius Sdn. Bhd.	Malaysia	50	50	Provision of timeshare exchange activities.
^ Sunshine Genius Co. Ltd.	United States of America	50	50	Provision of timeshare exchange activities.
Benua Produktif Sdn. Bhd.	Malaysia	40	40	Dormant.

^ *Held directly via World Vacation Ownership Sdn. Bhd.*

\# *Under creditors winding-up.*

10. OTHER INVESTMENTS

	Group 30.06.2011 RM'000	Group 31.12.2009 RM'000	Company 30.06.2011 RM'000	Company 31.12.2009 RM'000
Quoted shares in Malaysia, at cost	23	23	23	23
Less: Allowance for diminution in value	(21)	(21)	(21)	(21)
	2	2	2	2
Vacation ownership intervals, at cost	5,885	5,885	-	-
Less: Accumulated amortisation	(1,690)	(686)	-	-
	4,195	5,199	-	-
Golf club membership	1,500	1,500	-	-
Less: Accumulated amortisation	(213)	(190)	-	-
	1,287	1,310	-	-
	5,484	6,511	2	2
Market value of quoted shares	2	2	2	2

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
Unquoted shares, at cost	80	80
Group's share of post acquisition results	(80)	(80)
	-	-

Details of jointly controlled entity are as follows:-

Name of Company	Country of Incorporation	Group Effective Equity Interest 30.06.2011	31.12.2009	Principal activity
		%	%	
α Palm Springs Centre of Excellence Sdn. Bhd.	Malaysia	40	40	Educational institution

α *Held indirectly via Palm Springs Resort (MM2H) Sdn. Bhd.*

12. AMOUNT OWING BY SUBSIDIARIES

	Company	
	30.06.2011	31.12.2009
	RM'000	RM'000
Amount owing by subsidiaries	399,374	395,165
Less: Impairment of amount owing by subsidiaries	(149,365)	(137,250)
	250,009	257,915

The amount owing by subsidiaries is unsecured, interest free and is repayable on demand except for the amount owing by certain subsidiaries amounting to RM NIL (31.12.2009: RM394,232,000/-) which bear interest at rates ranging from 1.00% to 9.00% per annum in prior financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. INVENTORIES

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
At cost,		
Developed properties	25,852	41,953
Less : Impairment of developed properties	(4,536)	(4,536)
	21,316	37,417
Food and beverages	40	97
Golf accessories	54	54
	21,410	37,568

The developed properties were charged to Lehman to secure the borrowings stated in Notes 27 and 35 to the financial statements.

The Group had executed a conditional settlement agreement with Lehman during the financial period as disclosed in Notes 27 and 35 to the financial statements. As such, the assets will be discharged upon completion of the settlement scheme.

14. TRADE RECEIVABLES

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
Trade receivables	26,199	20,539
Less: Impairment of receivables	(5,333)	(1,178)
	20,866	19,361

The Group and the Company's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group are amounts recoverable by instalment schemes amounting to RM NIL (31.12.2009 : RM960,000/-). The instalment schemes are for periods ranging between six and twelve months.

In determining the extent of impairment of receivables, the directors have given due consideration to all information available to assess the likelihood of bad debts arising. Although uncertainty generally exists with regard to the recovery of debts, the directors are of the opinion that sufficient impairment has been made and the amounts receivable net of the impairment of receivables are expected to be substantially recovered.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. TRADE RECEIVABLES (Continued)

Ageing analysis of trade receivables

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

	Group 30.6.2011 RM'000
Neither past due nor impaired	
1 to 30 days past due not impaired	3,888
31 to 60 days past due not impaired	2,500
61 to 90 days past due not impaired	103
91 to 120 days past due not impaired	169
More than 121 days past due not impaired	14,206
	20,866
Impaired	5,333
	26,199

Receivables that are neither past due nor impaired.

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

Receivables that are past due not impaired.

The directors of the Company are in the opinion that no impairment is required based on previous years experiences and the minimal probability that these receivables will default in payments.

15. OTHER RECEIVABLES, SUNDRY DEPOSITS AND PREPAYMENTS

	Group		Company	
	30.06.2011 RM'000	31.12.2009 RM'000	30.06.2011 RM'000	31.12.2009 RM'000
Other receivables	5,688	3,883	19	19
Less: Impairment of receivables	(859)	(1,189)	-	-
	4,829	2,694	19	19
Sundry deposits	1,019	1,773	2	2
Prepayments	58	220	-	-
	5,906	4,687	21	21

Included in the other receivables of the Group are the following:-

(a) an amount of RM NIL (31.12.2009: RM1,000,000/-) representing a deposit paid towards securing a development project. The Company is currently taking legal action to recover the said deposit. Impairment of receivables has been made for the said amount.

(b) an amount totaling RM372,000/- (31.12.2009: RM372,000/-) representing amount owing by Millennium Land Sdn. Bhd. in which Dato' Tan Jing Nam, Dato' Tan Lee Sing and Andrew Tan Jun Suan have interests. This arose out of the ordinary course of business of the Group and is not an activity where the Group has lent or advanced any money or guarantee indemnity or provide collateral for a debt to Millennium Land Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. AMOUNT OWING BY ASSOCIATES

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Amount owing by associates	3	3	2	2
Less: Impairment of amount owing by associates	(2)	(2)	(2)	(2)
	1	1	-	-

The amount owing by the associates is unsecured, interest free and is repayable on demand.

17. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,803	1,870	1,179	1,173
Cash held under Trustee	74	74	74	74
Cash held under Housing Development Account	42	88	-	-
Deposits placed with :-				
- licensed banks	8,670	8,349	8,670	8,349
	10,589	10,381	9,923	9,596

Group

Cash held under Housing Development Account represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

Group and Company

Deposits placed with licensed banks of the Group and of the Company amounting to RM8,670,000/- and RM8,670,000/- respectively (31.12.2009: RM8,349,000/- and RM8,349,000/-) forms part of the unutilised facilities obtained by the Group from Lehman.

Subsequent to the financial period ended 30th June 2011, the Group and the Company had repaid the amount to Lehman as part of the instalment payment of RM10 million on the cash settlement sum as disclosed in Note 35 to the financial statements.

18. SHARE CAPITAL

	Group and Company			
	Number of Shares			
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	Unit '000	Unit '000	RM'000	RM'000
Authorised:				
1,000,000,000 ordinary shares of RM1/- each				
At the beginning/end of the financial period/year	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
334,886,726 ordinary shares of RM1/- each				
At the beginning/end of the financial period/year	334,887	334,887	334,887	334,887

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. BORROWINGS

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
Minimum hire purchase and lease payments:		
- not later than one year	99	110
- later than one year and not later than five years	225	273
- later than five years	6	54
	330	437
Less: Future finance charges	(35)	(38)
Present value of hire purchase and lease liabilities	295	399

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
Represented by:		
Current	87	107
Non-current	208	292
	295	399

Interest rates on the hire purchase and lease liabilities for the year range from 3.35% to 11.20% (31.12.2009: 3.35% to 11.20%) per annum.

20. AMOUNT OWING TO SUBSIDIARIES

Company

The amount owing to subsidiaries is unsecured, interest free and is repayable on demand except for an amount of RM NIL (31.12.2009 : RM543,411/-) which bear interest at a rate of 1% (31.12.2009 : 1%) per annum.

21. OTHER LONG TERM PAYABLES (Unsecured)

Group

The amount of RM748,000/- (31.12.2009: RM748,000/-) represents redeemable sums due to the preference shareholders of a subsidiary upon expiry of the golf memberships on 22nd October 2093.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. DEFERRED TAX LIABILITIES

	Group	
	30.06.2011	31.12.2009
	RM'000	RM'000
At the beginnning of the financial period/year	-	52
Transfer to profit or loss (Note 32)	1	(52)
At the end of the financial period/year	1	-
Representing deferred tax effect of:		
Temporary differences between net book value and corresponding tax written down value	1	-

23. PROVISIONS FOR LIABILITIES

	Group		
	Provision for liquidated ascertained damages	**Property development expenditure**	**Total**
	RM'000	RM'000	RM'000
At 1st January 2009	9,416	-	9,416
Addition during the financial year	159	-	159
Utilised during the financial year	(1,015)	-	(1,015)
At 31st December 2009	8,560	-	8,560
Addition during the financial period	-	-	-
Utilised during the financial period	(763)	-	(763)
At 30th June 2011	7,797	-	7,797

Provision for liquidated ascertained damages ("LAD") is in respect of projects undertaken by the Group and the Company. LAD is recognised for expected LAD claims based on the contract agreements. Provision for liquidated ascertained damages is made when a delay in the handing over of vacant possession of developed properties is anticipated. These damages are accrued from the handover date as stated in the sale and purchase agreements to the expected handover date of vacant possession to purchasers. Of this amount, legal claims have been initiated by various purchasers against a subsidiary for damages and for refunds due to terminated sale and purchase agreements, amounting to approximately RM1,377,000/- (31.12.2009 : RM1,011,000/-).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

Included in trade payables of the Group are the following:-

(a) an amount of RM7,262,000/- (31.12.2009: RM1,862,000/-) owing to Renown Projects Sdn. Bhd., a company in which certain directors, Dato' Tan Jing Nam and Dato' Tan Lee Sing have financial interests.

(b) an amount of RM165,000/- in prior year owing to a contractor. The contractor has instituted legal suit against a subsidiary for the recovery of the said amount.

The issue had been resolved via a settlement agreement dated 4th February 2009.

25. OTHER PAYABLES, SUNDRY DEPOSITS AND ACCRUALS

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Other payables	48,304	18,452	49,099	3,579
Sundry deposits	958	1,977	-	-
Bank borrowings - interest payables	-	4,495	-	2,647
Accruals	17,525	13,790	1,104	799
	66,787	38,714	50,203	7,025

Included in other payables of the Group and of the Company are amounts of RM44,000,000/- representing the cash settlement sum in accordance with the settlement agreement with Lehman Brothers as disclosed in Note 35 to the financial statements.

Included in other payables of the Group are the following:-

(a) amounts of RM16,000/- (31.12.2009 : RM8,000/-) representing contributions towards sinking funds operated by Trustees of the respective clubs which consist of non-refundable contributions made by new members and not less than 10% of the total subscription/anniversary fees paid by the club members. The funds would only be utilised in respect of any major repairs or replacements to the Resorts or of the facilities of the clubs as stated in the Prospectuses.

(b) an amount of RM1,342,000/- (31.12.2009: RM1,342,000/-) representing the amount payable in respect of the Rights In Resort Properties as stated in Notes 5 and 34(b) to the financial statements.

(c) amounts of RM221,000/- (31.12.2009: RM221,000/-) representing advances received from house purchasers who have instituted legal proceedings against a subsidiary company for liquidated damages in respect of late delivery of vacant possession of completed units and for refunds due to termination of sale and purchase agreements amounting to approximately RM506,000/- (31.12.2009: RM506,000/-).

Included in accruals of the Group are the following:-

(i) amounts of RM1,880,000/- representing accruals for property development expenditure in respect of probable outflow of resources related to land and development activities of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. AMOUNT OWING TO DIRECTORS

Group and Company

The amount owing to directors is unsecured, interest free and is repayable on demand.

27. DEFERRED BENEFITS PENDING OUTCOME OF LITIGATION

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Term loan	-	314,062	-	184,900

The term loan is secured by:-

(i) Fixed charges over certain portion of subsidiaries' landed properties as stated in Notes 5, 6, 7 and 13 to the financial statements;
(ii) Debenture charges over all assets of certain subsidiaries;
(iii) Assignments of proceeds from new timeshare sales of a subsidiary;
(iv) Future income of development projects of certain subsidiaries; and
(v) Limited recourse guarantee by two of the directors, Dato' Tan Jing Nam and Dato' Tan Lee Sing.

In the previous financial year ended 31st December 2009, the Group had reclassified the loan to deferred benefits pending outcome of litigation.

As disclosed in Note 35 to the financial statements, the Group had executed a settlement agreement with Lehman Brothers during the financial period ended 30th June 2011.

28. REVENUE

	Group		Company	
	1.1.2010 to 30.06.2011	1.1.2009 to 31.12.2009	1.1.2010 to 30.06.2011	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Sales of development properties	9,600	2,739	-	-
Income from clubs operations	21,331	20,169	-	-
Interest income from money lending business	103	63	-	-
Property management services	2,700	2,018	-	-
Management fee from subsidiaries	-	-	972	648
	33,734	24,989	972	648

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. OTHER OPERATING INCOME

	Group		Company	
	1.1.2010 to 30.06.2011	1.1.2009 to 31.12.2009	1.1.2010 to 30.06.2011	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Gain from loan settlement principal	169,474	-	102,102	-
Gain on disposal of investment	-	269	-	-
Impairment losses on subsidiaries no longer required	2,736	-	-	-
Liquidated ascertained damages	3,568	3,997	-	-
Management fees	975	948	-	-
Rental income	592	213	-	-
Waiver of debt	6	48	-	-
Waiver of tax penalty	-	3,772	-	-
Over provision for cost of completion	-	3,143	-	-
Others	2,371	549	-	-
	179,722	12,939	102,102	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. OPERATING PROFIT/(LOSS)

	Group		Company	
	1.1.2010 to 30.06.2011 RM'000	1.1.2009 to 31.12.2009 RM'000	1.1.2010 to 30.06.2011 RM'000	1.1.2009 to 31.12.2009 RM'000
Operating profit/(loss) has been arrived at after charging:-				
Auditors' remuneration:				
- current year	450	329	24	16
- (over)/under accrual in prior year	(5)	40	-	-
Amortisation of prepaid lease payments	316	157	-	-
Amortisation of other investment	107	72	-	-
Bad debts written off	1,210	1,566	-	-
Inventories written off	63	-	-	-
Depreciation	4,046	3,191	22	16
Directors' remuneration				
- fees	144	102	-	-
- salaries	2,394	1,596	1,332	888
- other emoluments	131	90	131	90
Impairment of receivables	3,825	55	12,115	6
Impairment of investments	920	-	62,135	-
Impairment of property, plant and equipment	11,181	-	-	-
Impairment of land held for development	5,881			
Lease rental	1,475	960	-	-
Loss on disposal of property, plant and equipment	144	-	-	-
Loss on disposal of land held for development	62,391			
Rental of premises	1,245	321	-	-
Rental of equipment and boats	34	30	-	-
Staff costs				
- Employees' Provident Fund	1,319	1,032	17	12
- SOCSO	148	127	-	-
- salaries, overtime and allowances	9,669	8,784	144	96
- other staff related expenses	331	302	-	27
- welfare	77	-	-	-
And crediting:-				
Gain on disposal of property, plant and equipment	(22,417)	-	-	-
Rental income	(266)	(175)	-	-
Unrealised gain on foreign exchange	-	(269)	-	-

The estimated monetary value of directors' benefit-in-kind is RM131,000/- (31.12.2009 : RM90,000/-).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. FINANCE COSTS (Net)

	Group		Company	
	1.1.2010 to 30.06.2011 RM'000	1.1.2009 to 31.12.2009 RM'000	1.1.2010 to 30.06.2011 RM'000	1.1.2009 to 31.12.2009 RM'000
Interest income				
- licensed banks	327	-	327	194
- subsidiaries	-	-	-	20,053
	327	-	327	20,247
Interest expenses				
- term loan interest	(225)	-	(6)	-
- hire purchase and lease liabilities	(31)	(22)	-	-
	(256)	(22)	(6)	-
	71	(22)	321	20,247

32. TAXATION

	Group		Company	
	1.1.2010 to 30.06.2011 RM'000	1.1.2009 to 31.12.2009 RM'000	1.1.2010 to 30.06.2011 RM'000	1.1.2009 to 31.12.2009 RM'000
Malaysian taxation based on the result for the financial period				
Income tax				
- current financial period	(124)	(6)	-	-
- overaccrual in prior years	1,210	-	-	-
Deferred tax liabilities (Note 22)				
- current year	2	-	-	-
- overaccrual in prior years	(3)	-	-	-
	(1)	-	-	-
	1,085	(6)	-	-

The income tax is calculated at statutory rate of 25% (31.12.2009 : 25%) of the estimated assessable profit for the period/year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. **TAXATION (Continued)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	1.1.2010 to 30.06.2011	1.1.2009 to 31.12.2009	1.1.2010 to 30.06.2011	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	98,158	5,172	25,443	18,242
Taxation at applicable tax rate of 25% (2009: 25%)	(24,540)	(1,293)	(6,361)	(4,561)
Tax effects arising from				
- non-taxable income	41,580	1,337	25,630	48
- non-deductible expenses	(10,138)	(2,567)	(19,397)	(59)
- overaccrual in prior years	1,210	-	-	-
- deferred tax assets not recognised in the financial statements	(7,027)	2,517	128	4,572
Tax income/(expense) for the financial period/year	1,085	(6)	-	-

Deferred tax assets have not been recognised for the following items:-

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	1,947	1,320	(1)	(2)
Unutilised tax losses	189,394	161,911	71,490	72,004
	191,341	163,231	71,489	72,002
Potential deferred tax assets not recognised at 25% (2009 : 25%)	47,835	40,808	17,872	18,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. EARNINGS PER ORDINARY SHARE

Basis earnings per share

The basic earnings per share is calculated based on the Group's profit for the financial period/year after taxation and minority interest of RM99,243,000/- (31.12.2009 : RM5,166,000/-) and on the weighted number of ordinary shares on issue of 334,886,726 (31.12.2009 : 334,886,726).

Diluted earnings per share

As at 30th June 2011, the Group has no dilutive potential ordinary shares. As such, there is no dilutive effect on the earnings per share of the Group for the current financial period.

34. CONTINGENT LIABILITIES

(a) The contingent liabilities are as follows:-

	Group		Company	
	30.06.2011 RM'000	31.12.2009 RM'000	30.06.2011 RM'000	31.12.2009 RM'000
Bank guarantees				
- secured over fixed deposits of certain subsidiaries	37	37	-	-
Corporate guarantees given by the Company to Lehman for credit facilities granted to the subsidiaries	-	-	129,000	129,000
A resort property pledged to a licensed bank for a loan facility granted to Renown Projects Sdn. Bhd., a company in which certain directors, Dato' Tan Jing Nam, and Dato' Tan Lee Sing have interest, as stated in Note 5 to the financial statements	1,446	1,446	-	-
	1,483	1,483	129,000	129,000

(b) A creditor had filed a claim against a subsidiary of the Company, for the sum of RM4,679,000/- together with interest at the rate of 8.90% per annum from 24th October 2003 until realisation and damages allegedly for breach of certain terms and conditions of an agreement that the claimant has entered into with the subsidiary. The application to set aside the judgment in default against the subsidiary has been allowed by the court and the matter is being defended in court. No provision for losses has been made as the directors, based on the Company's solicitors advice, are confident that the subsidiary will succeed in its defence.

(c) A party related to the creditor in paragraph (b) above had filed a claim against the subsidiary of the Company, for the sum of approximately RM2,490,000/- allegedly for inter alia sums owing on an agreement, and interest charges. The case is being defended and is still pending in court. The directors, based on the Company's solicitors advice, are confident that subsidiary will succeed in its defence.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

By way of background, the Company and its affected subsidiaries had entered into a Facility Agreement dated 16th November 2007 and an Amended Facility Agreement dated 24th December 2007 (collectively 'the Facility Agreements') with Lehman to provide funding for the Group. Pursuant to the terms of the Facility Agreements, the Group were, inter-alia, to make partial repayments within twelve months from the initial draw down date, of the principal outstanding without deduction or set off, in an aggregate amount equivalent to at least fifty percent in value of the projected sell-down of assets amounting to RM121,399,189/- and the balance outstanding shall be repaid in a single bullet payment on maturity date on 26th December 2009.

On 15th September 2008, the parent company of Lehman, Lehman Brothers Holdings Inc filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. On 18th September 2008, Provisional Liquidators were appointed over Lehman.

On 9th December 2008, the Company and its affected subsidiaries submitted a proposal to the Provisional Liquidators of Lehman and the servicers of the loan facilities, KPMG Corporate Services Sdn. Bhd. ("KPMG") to restructure its loans and repayment schedule. The terms of the proposal includes amongst others the loan being denominated into Ringgit Malaysia from US Dollars, a revision of interest rates, a waiver of principal and an extended repayment period. Following subsequent discussions held between the Company, its specialist advisors, Sage3 Capital Sdn. Bhd., the liquidators and KPMG, a revised proposal was submitted on 5th May 2009 for the liquidators consideration.

On 13th January 2009, KPMG had written to the Company notifying the Company of its non-payment of the principal and interests due under the terms of the Facility Agreements. Subsequent to this letter, KPMG had in a letter dated 20th February 2009 agreed to grant indulgence to the Group by suspending the effects of the above notice until such time that the provisional liquidators may decide otherwise at their sole and absolute discretion but in any event, the indulgence granted was to expire on 18th May 2009. By a letter dated 18th May 2009, KPMG had extended the indulgence period to 30th June 2009.

On 28th April 2009, the Company appointed Counsel and Solicitors to advise the Group on their legal position pursuant to the Facility Agreements. Subsequent to this appointment, the Board had on 15th May 2009 been advised by Counsel and Solicitors that Lehman, in making loans pursuant to the Facility Agreements, had contravened the Money Lenders Act, 1951 and accordingly, the loans extended under the Facility Agreements are unlawful and unenforceable.

On consideration of the legal opinion received from Counsel and Solicitors, the Board at its meeting on the 28th May 2009 was of the view that the filing of a Writ for a declaration that the Facility Agreements are illegal and unenforceable is in the best interest of the Company and its shareholders.

Accordingly, on 29th May 2009, the Group has filed a writ against Lehman and other related parties for a declaration that the Facility Agreements and all ancillary security documents are void and unenforceable.

Counsel and Solicitors have also advised that on the Facility Agreements being declared void and unenforceable, Lehman would not be entitled to any restitution on the monies advanced under the Facility Agreements. On this basis, the Group and the Company have reclassified the loans as "Deferred Benefits Pending The Outcome of Litigation". Accordingly, the Group and the Company have ceased accruing any further interest and exchange differences arising on the loans.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. **SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (Continued)**

On 2nd June 2009, the Company had received a letter from Messrs Shearn Delamore & Co., the solicitors acting on behalf of Lehman informing the Company that the period of abeyance agreed to in KPMG's letter dated 18th May 2009 has ceased to have effect as of 1st June 2009 and demanded payment of USD98,037,440/-. As a result thereof, Lehman had demanded the payment of the alleged outstanding amount of USD$98,037,441 within 5 days from 2nd June 2009.

On 12th June 2009, the Company had received another letter from the solicitors of the liquidators of Lehman demanding the Guarantors and the Additional Guarantors the payment of the alleged outstanding amount of USD$98,037,441 within 5 days from 12th June 2009.

Case management before the Deputy Registrar of the Kuala Lumpur High Court for the Company's application for an injunction to restrain Lehman and Malaysian Trustees Berhad from *inter-alia* exercising any rights over any securities was fixed on 5th October 2009, and subsequently extended to 17th November 2009.

The case was fixed for hearing on 18th January 2010, and further adjourned to 2nd March 2010.

On 9th March 2010, the Kuala Lumpur High Court granted an injunction that restrains Malaysian Trustees Berhad as Trustee for Lehman from exercising any rights and/or entitlements and/or powers pursuant to the Finance, Security and Charge documents and/or any such documents arising from or created for or ancillary to the Finance, Security and Charge documents.

On 17th August 2010, Lehman has filed a Defence and Counterclaim against the THB Group. The Counterclaim is, amongst others, for the sum of USD90,664,706/-, interests and late payment interests pursuant to the Facility Agreement and for general damages and costs.

The Company and its affected subsidiaries (collectively "the THB Group") had on 21st February 2011 executed a conditional Settlement Agreement with Lehman and other related parties on the amicable settlement of all claims on the Facility Agreements, the writ against Lehman and other related parties and the Defence and Counterclaim by Lehman against the THB Group [cumulatively "the Civil Suit"] for the sum of RM144,587,595 (the Settlement Sum). The Settlement Sum comprises of a cash settlement sum of RM44 million (to be paid by the Group over a period of 12 months in the manner prescribed in the Proposed Settlement Scheme), and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595 (as prescribed in the Proposed Settlement Scheme) to Malaysian Trustees Berhad for the benefit of Lehman or such other person nominated by Lehman, on the terms and conditions set out in the Proposed Settlement Scheme.

The Proposed Settlement Scheme as set out in the Settlement Agreement was subject to the approval of the Company's shareholders, which has been secured on 24th May 2011 with a consent judgment on the settlement terms being entered in the Civil Suit on 30th June 2011.

On 8th August 2011, Lehman, with the consent of the THB Group, had filed a notice of discontinuance in the Court of Appeal of Malaysia to discontinue Lehman's appeal, with no order as to costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. **SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (Continued)**

The first instalment payment of RM10 million on the cash settlement sum has been settled by the Company on 6th July 2011 with payment of RM9.934 million. As for the portion of the cash settlement that has been identified to be paid from the sale of certain identified properties, the sale of these properties have since been secured and are now pending completion. The balance sum of RM24 million is to be secured from bank borrowings, the Group is actively in the process of securing the required facility.

On the Settlement Properties, the Group is in the process of seeking the consent from the relevant State Authorities on the transfer of the properties to Malaysian Trustees Berhad, the nominee of Lehman.

36. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

Identification of related parties

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

Related parties of the Group include:-

(i) Direct subsidiaries

(ii) Key management personnel which comprise persons (including the Directors of the Company) having the authority and responsibility for planning, directing, controlling the activities of the Group directly or indirectly; and

(iii) Companies in which directors have a substantial interest, namely Millennium Land Sdn. Bhd., being company in which the Company's Directors, Dato' Tan Jing Nam, Dato' Tan Lee Sing and Andrew Tan Juan Suan have a substantial interest in the Company.

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	30.06.2011	31.12.2009	30.06.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Transactions with subsidiaries				
Management fee received/receivable	-	-	(972)	(648)
Directors				
Remuneration	144	102	-	-
Salaries	2,394	1,596	1,332	888
Benefit-in-kind	131	90	131	90
Other key management personnel				
Salaries and allowances	983	620		-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENTAL ANALYSIS

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based upon the industry of the underlying investments.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Business Segments

For management purposes, the Group is organised into the following operating divisions:-

- Property development/Management
- Resorts and Club Operation/Management
- Construction
- Investment holding

Inter-segment sales have been transacted at arms length basis between the companies in the relevant business segments.

Group 30.6.2011	Property development/ Management RM'000	Resorts and Club Operation/ Management RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	12,300	21,434	-	-	-	33,734
Inter-segment sales	-	1,437	-	1,183	(2,620)	-
Total revenue	12,300	22,871	-	1,183	(2,620)	33,734
Results						
Profit/(Loss) from operations	39,082	15,410	(1,555)	(119,420)	164,570	98,087
Finance costs	(151)	(2,481)	-	327	2,376	71
Profit/(Loss) before taxation	38,931	12,929	(1,555)	(119,093)	166,946	98,158
Taxation	1,091	(6)	-	-		1,085
Profit/(Loss) after taxation	40,022	12,923	(1,555)	(119,093)	166,946	99,243
Other comprehensive income	-	370	-	-	-	370
Total comprehensive income	40,022	13,293	(1,555)	(119,093)	166,946	99,613
Profit/(Loss) attributable to:						
Owners of the Company	40,022	12,896	(1,555)	(119,093)	166,946	99,216
Minority interests	-	27	-	-	-	27
	40,022	12,923	(1,555)	(119,093)	166,946	99,243
Other Information						
Depreciation and amortisation	480	4,042	1	23	(77)	4,469
Consolidated Statement of Financial Position						
Assets						
Segment assets	335,468	197,629	14,159	294,177	(471,252)	370,181
Liabilities						
Segment liabilities	(273,229)	(193,391)	(15,709)	(325,917)	712,245	(96,001)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENTAL ANALYSIS (Continued)

Group 31.12.2009	Property development/ Management RM000	Resorts and Club Operation/ Management RM000	Construction RM000	Investment holding RM000	Elimination RM000	Consolidated RM000
Revenue						
External sales	19,438	5,462	89	-	-	24,989
Inter-segment sales	-	83	-	788	(871)	-
Total revenue	19,438	5,545	89	788	(871)	24,989
Results						
Profit/(loss) from operations	11,636	(2,380)	(276)	18,091	(21,877)	5,194
Finance costs	(13,116)	(3,906)	(307)	17,565	(258)	(22)
(Loss)/profit before taxation	(1,480)	(6,286)	(583)	35,656	(22,135)	5,172
Taxation	-	(6)	-	-	-	(6)
(Loss)/profit after taxation	(1,480)	(6,292)	(583)	35,656	(22,135)	5,166
Other comprehensive income	-	(1,489)	-	-	-	(1,489)
Total comprehensive income	(1,480)	(7,781)	(583)	35,656	(22,135)	3,677
(Loss)/Profit attributable to:						
Owners of the Company	(1,480)	(6,294)	(583)	35,656	(22,135)	5,164
Minority interests	-	2	-	-	-	2
	(1,480)	(6,292)	(583)	35,656	(22,135)	5,166
Other Information						
Depreciation and amortisation	631	2,928	1	16	(52)	3,524
Consolidated Statement of Financial Position						
Assets						
Segment assets	410,037	224,465	15,840	517,167	(618,532)	548,977
Liabilities						
Segment liabilities	384,740	231,627	16,074	429,814	(687,845)	374,410

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The significant accounting policies in Note 3.3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivables RM'000	Available for sale RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets				
Trade receivables	20,866	-	-	20,866
Other receivables, sundry deposits and prepayments	5,906	-	-	5,906
Amount owing by associates	1	-	-	1
Fixed deposits placed with licensed banks	8,670	-	-	8,670
Cash and bank balances	1,919	-	-	1,919
Other investments	-	5,484	-	5,484
	37,362	5,484	-	42,846
Financial liabilities				
Trade payables	-	-	18,706	18,706
Other payables, sundry deposits and accruals	-	-	66,787	66,787
Amount owing to directors	-	-	936	936
Borrowings	-	-	295	295
	-	-	86,724	86,724
Company				
Financial assets				
Other receivables, deposits and prepayments	21	-	-	21
Amount owing by subsidiary	250,009	-	-	250,009
Fixed deposits placed with licensed banks	8,670	-	-	8,670
Cash and bank balances	1,253	-	-	1,253
Other investments	-	2	-	2
	259,953	2	-	259,955
Financial liabilities				
Other payables and accruals	-	-	50,203	50,203
Amount owing to directors	-	-	796	796
Amount owing to subsidiaries	-	-	47,297	47,297
	-	-	98,296	98,296

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

(b) **Financial Risk Management and Objectives**

The Group seeks to manage effectively the various risks namely interest rate, foreign currency, credit and liquidity risks, to which the Group is exposed to in its daily operations.

(i) **Interest Rate Risk**

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

The Group's exposure to interest rate risk arises primarily from its obligations under hire purchase liabilities and lease payables. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The following table details the interest rate profile of the Group and of the Company's borrowings at the reporting date.

30.6.2011	**Effective interest rate** %	**Within 1 year** RM'000	**1 - 5 years** RM'000	**> 5 years** RM'000	**Total** RM'000
Group					
Financial Asset					
Fixed deposits placed with licensed banks	2.75 - 3.00	8,670	-	-	8,670
Financial Liabilities					
Borrowings					
Hire purchase and lease liabilities	3.35 - 11.20	87	202	6	295

<u>Sensitivity analysis for fixed rate instruments</u>

The Group does not account for any fixed rate financial assets and financial liabilities and therefore change in interest rate at the end of the reporting period would not affect the Group's net gain and equity.

(ii) **Foreign Currency Risk**

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

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Australian Dollar and Great Britain Pound. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(ii) **Foreign currency risk (Continued)**

Exposure to foreign currency

The following table details the Group's exposure at the reporting date to currency risk arising from recognised financial assets and liabilities denominated in a currency other than the functional currency of the Group and of the Company. For presentation purposes, the amounts of the exposure are shown in Ringgit Malaysia, translated using the spot rate at year end date:

	30.6.2011 AUD RM'000
Financial assets	
Cash and bank balances	11
	11

Sensitivity analysis

The following table indicates the approximate change in the Company's profit/(loss) after tax and retained earnings/(accumulated losses) in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date, assuming all other variable risk variables remained constant. Other components of the equity would not be affected by changes in the foreign exchange rate:-

	Increase / (Decrease)	
	Strengthen (10%) 30.6.2011 RM'000	Weaken (10%) 30.6.2011 RM'000
Group's net profit and equity		
Australian Dollar	1	(1)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Groups to foreign currency risk at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(iii) **Liquidity Risk**

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

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

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	On demand or within 1 year	**1 to 5 years**	**More than 5 years**	**Total**
	RM'000	RM'000	RM'000	RM'001
Group				
Financial liabilities				
30.6.2011				
Trade payables	18,706	-	-	18,706
Other payables and accruals	66,787	-	-	66,787
Borrowings	87	202	6	295
Provisions	7,797	-	-	7,797
Amount owing to directors	936	-	-	936
	94,313	202	6	94,521
Company				
Financial liabilities				
30.6.2011				
Other payables and accruals	50,203	-	-	50,203
Amount owing to directors	796	-	-	796
Amount owing to subsidiaries	-	-	47,297	47,297
	50,999	-	47,297	98,296

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(iv) **Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arise primarily from trade and other receivables. Trade and other receivables presented in the statements of financial position are net of allowances for impairment losses, estimated by management based on prior experience and the current economic environment.

The Group and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company are trades only with recognised and creditworthy third parties. It is the Group and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The exposure to credit risk is monitored by the management on an ongoing basis and the management do not expect any counterparty to fail to meet its obligations.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes to the financial statements.

The Group and the Company have no significant concentration of credit risk, that may arise from exposure to a single debtor or to group of debtors.

(c) **Fair Values**

The fair values of financial assets and financial liabilities of the Group and of the Company approximate their carrying amounts on the statements of financial position.

There were no unrecognised financial instruments as at 30th June 2011.

The nominal/notional amount and net fair value of contingent liabilities (as disclosed in Note 34 to the financial statements) are not recognised in the statements of financial position as at 30th June 2011 as it is not practicable to make a reliable estimate due to uncertainties of timing, costs and eventual outcome.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an ongoing basis. To maintain the capital structure, the group may adjust the dividend payment to shareholders.

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

	Group		Company	
	30.6.2011	31.12.2009	30.6.2011	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Total borrowings	295	314,461	-	184,900
Trade and other payables	85,493	49,717	50,203	7,025
Amount owing to directors	936	607	796	576
Less: Cash and bank balances	(10,589)	(10,381)	(9,923)	(9,596)
Net debt	76,135	354,404	41,076	182,905
Total equity attibutable to the owners of the Company	274,095	174,509	214,658	189,215
Capital and net debts	350,230	528,913	255,734	372,120
Gearing ratio	22%	67%	16%	49%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

40. CHANGE OF FINANCIAL YEAR END

The Group and the Company changed their financial year end from 31st December to 30th June annually with effect from the current financial period ended 30th June 2011.

The financial statements for the current financial period are made up from 1st January 2010 to 30th June 2011.

SUPPLEMENTARY INFORMATION

Disclosure of realised and unrealised profits

On 25th March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the accumulated losses of the Group and of the Company as at 30th June 2011, into realised and unrealised losses, pursuant to the directive, is as follows:

	Group RM'000	Company RM'000
Total accumulated losses of Tanco Holdings Berhad and its subsidiaries		
- Realised	59,488	120,229
- Unrealised	1	-
	59,489	120,229
Total share of retained profits from associate		
- Realised	-	-
- Unrealised	-	-
	-	-
Less: Consolidation adjustments	-	-
Total accumulated losses as per statements of financial position	59,489	120,229

The determination of realised and unrealised losses is complied based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

We, **DATO' TAN JING NAM** and **DATO' TAN LEE SING,** being two of the directors of Tanco Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements are properly drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30th June 2011 and of the results and cash flows of the Group and of the Company for the financial period ended on that date.

The supplementary information set out on page 89 has been compiled in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants.

On behalf of the Board,

DATO' TAN JING NAM
Director

DATO' TAN LEE SING
Director

Kuala Lumpur

Date: 25th October 2011

STATUTORY DECLARATION

I, **LEE SHIH YI,** being the officer primarily responsible for the financial management of TANCO HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE SHIH YI

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25th October 2011.

Before me,

ZULKIFLA MOHD DAHLIM (NO W541)
Commissioner for Oaths
Kuala Lumpur, Wilayah Persekutuan

INDEPENDENT AUDITORS' REPORT

To the members of Tanco Holdings Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Tanco Holdings Berhad, which comprise the statements of financial position as at 30th June 2011 of the Group and of the Company, the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out pages 24 to 88.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 30th June 2011 and of their financial performances and cash flows for the financial period then ended.

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2 and Note 35 to the financial statements. As at 30th June 2011, the current liabilities of the Group and the Company exceeded their current assets by RM13,706,000/- and RM41,181,000/- respectively. The net current liabilities of the Group and of the Company had improved significantly from the position as at 31st December 2009 of RM278,841,000/- and RM183,010,000/- respectively.

INDEPENDENT AUDITORS' REPORT

To the members of Tanco Holdings Berhad (Cont'd)
(Incorporated in Malaysia)

The Company and its affected subsidiaries (collectively "the THB Group") had on 21st February 2011 executed a conditional Settlement Agreement with Lehman and other related parties on the amicable settlement of all claims on the term loan facility with Lehman, the writ against Lehman and other related parties and the Defence and Counterclaim by Lehman against the THB Group for a settlement sum of RM144,587,595/- ("Settlement Sum"). The Settlement Sum comprises of a cash settlement sum of RM44 million (to be paid by the Group over a period of 12 months in the manner prescribed in the Proposed Settlement Scheme), and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595 (as prescribed in the Proposed Settlement Scheme) to Malaysian Trustees Berhad for the benefit of Lehman or such other person nominated by Lehman, on the terms and conditions set out in the Proposed Settlement Scheme.

The first instalment payment of RM10 million on the cash settlement sum has been settled by the Company on 6th July 2011. As for the portion of the cash settlement that has been identified to be paid from the sale of certain identified properties, the sale of these properties have since been secured and are now pending completion. The balance sum of RM24 million is to be secured from bank borrowings. The Group is actively in the process of securing the required facility.

On the Settlement Properties, the Group is in the process of seeking the consent from the relevant State Authorities on the transfer of the properties to Malaysian Trustees Berhad, the nominee of Lehman.

The ability of the Group and the Company to continue as going concerns are thus dependent on the Group and the Company securing additional funding to meet their financial obligations as and when they fall due and generating adequate cash flows for its operating activities.

The application of the going concern assumption is premised on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) Other than those subsidiaries with emphasis of matter paragraphs in the auditors' reports and those subsidiaries without the auditors' reports as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

To the members of Tanco Holdings Berhad (Cont'd)
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 89 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng	M.J.Monteiro
No. AF 0117	No. 828/05/12(J/(PH)
Chartered Accountants	Partner

Kuala Lumpur
Date: 25th October 2011

LIST OF PROPERTIES
As at 30th June 2011

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
13th mile of Port Dickson Pasir Panjang main road Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus Lot No. / P.T. No. 2676-2679, 2682-2685, 2688-2690, 2692-2694, 2697, 2703, 2705-2707, 2709-2715, 2717-2719, 2721-2728, 2731-2732, 2735-2742, 2746-2751, 2753-2755, 2757, 2759-2762, 2764-2765, 2767, 2769-2774, 2776-2782, 2784-2786, 2790, 2795-2819, 2936, 2938, 5400, 5810, 5812-5816, 5821, 5823, 5826-5830, 5834, 5836, 5838-5859, 5861-5862, 5870, 5877-5891, 5879, 5884, 5886-5891, 5897-5907 & 5914-5922	Freehold with the exception of the golf course held under P.T. No. 2760 which is leasehold for 99 years to expire in the year 2093	353.26	Vacant land, approved for mixed residential and resort development known as Palm Springs Resort	1993	-	249,930
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No.22780 P.T. No. 5391	Freehold	10.85	Vacant land, approved for Resort Development	2000	-	11,562
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No. 12882 to 12887 P.T. No. 2830 to 2835	Freehold	1.44	Resort known as Duta Hacienda Riveria Resort	2002	-	10,734
Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus H.S.(D) No 24397 P.T. No. 5483	Leasehold for 99 years to expire in the year 2101	7.99	Vacant land, approved for Private Institution Development	2002	-	2,400

LIST OF PROPERTIES
As at 30th June 2011 (cont'd)

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
Mukim of Rawang District of Gombak Selangor Darul Ehsan H.S.(D) No. 22621 P.T. No. 7259	Freehold	4.65	Existing Resort known as Duta Palms Resort & Anglers' Club	1997	15 years	1,446
Town of Kuala Lumpur No. 1, Persiaran Ledang Off Jalan Duta, Kuala Lumpur Lot No. 104, 105 and 106 Geran 63, 64 and 65	Freehold	1.52	Serviced apartments and service outlets comprising a pub, a coffee house, a seminar room, office and business centres within Duta Vista Executive Suites	1997	18 years	18,593
Mukim of Beserah District of Kuantan Pahang Darul Makmur H.S.(M) No. 1238 to 1243 P.T. No. 2125 to 2130	Freehold	1.12	Existing Resort known as Duta Sands Beach Resort	1998	18 years	3,191
Mukim and District of Hulu Terengganu Terengganu Darul Iman H.S.(D) No. 717 to 719 P.T. No. 35 to 37	Leasehold for 56 years to expire in the year 2054	172.88	Existing Resort known as Duta Lakes Resort	1998	18 years	300
Parish of Mudgeeraba County of Ward Queensland, Australia 4 On Rp 222092	Freehold	120.09	Existing Resort known as Coolalinga Lodge	1998	31 years	4,282
County of Kent, District of Ashford, England H. M. Land Registry K113517 & K314104	Freehold	19.48	Existing Resort known as Cloth Hall	1998	591 years	3,543
County of Kent District of Shepway, England H. M. Land Registry K444270	Freehold	5.00	Existing Resort known as Havenfield Hall	1998	73 years	2,268

ANALYSIS OF SHAREHOLDINGS
As at 8th November 2011

SHARE CAPITAL

Authorised Share Capital	-	RM1,000,000,000.00
Issued and Paid-up Share Capital	-	RM334,886,726.00
Type of Share	-	Ordinary Shares of RM1.00 each
Number of Shareholders	-	10,808
Voting Rights	-	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares	Percentage (%) of Shares
Less than 100	826	7.64	32,524	0.01
100 – 1,000	1,702	15.75	1,453,828	0.43
1,001 – 10,000	5,511	50.99	26,035,144	7.77
10,001 – 100,000	2,447	22.64	83,520,084	24.94
100,001 to less than 5% of issued shares	320	2.96	121,624,777	36.32
5% and above of issued shares	2	0.02	102,220,369	30.53
Total	10,808	100.00	334,886,726	100.00

THIRTY (30) LARGEST SHAREHOLDERS

Name	No. of Shares	Percentage (%)
RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Dato' Tan Jing Nam	84,403,669	25.20
Dato' Neo Say Yeow	17,816,700	5.32
Michael Chai Sze Hou	10,023,624	2.99
Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Dato' Tan Jing Nam	4,500,000	1.34
TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Joo Meng	3,200,000	0.96
Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Chee Loong	3,000,000	0.90
Sithambaram A/L Meyappan	2,465,134	0.74
RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Jing Jeong	2,200,000	0.66
Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Siow Shan	2,074,500	0.62
Gan Ah You	1,750,000	0.52
Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seow Hoon Hin	1,645,000	0.49
Lim Boon Seng	1,350,000	0.40
Wong Chong Lin	1,243,300	0.37

ANALYSIS OF SHAREHOLDINGS

As at 8th November 2011(cont'd)

Name	**No. of Shares**	**Percentage (%)**
Yii Ming Sung	1,200,000	0.36
HSBC Nominees (Asing) Sdn Bhd HSBC SG For Lee Rubber Company Pte Ltd	1,182,132	0.35
TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Tak Ming	1,130,000	0.34
Tan Eng Huat	1,100,000	0.33
Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Seow Hoon Hin	1,005,000	0.30
HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Seow Kah Heng	1,000,000	0.30
Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seow Hoon Hin	1,000,000	0.30
TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Ah Yoong	1,000,000	0.30
Siew Hoi Pat	994,800	0.30
Chiew Bee Ling	950,000	0.28
Yeo Peng Huat	910,000	0.27
Chong Sing Khoon	900,000	0.27
HSBC Nominees (Tempatan) Sdn Bhd Lee Rubber (Selangor) Sdn Bhd	870,528	0.26
Choo Kok Kai	850,000	0.25
Chee Wann Hong	800,000	0.24
Poh Hwee Ming	800,000	0.24
Goh Leong Chuan	744,000	0.22
	152,108,387	45.42

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 8TH NOVEMBER 2011

	No. of Shares Held			
Name of Shareholders	**Direct**	**Percentage (%)**	**Indirect**	**Percentage (%)**
Dato' Tan Jing Nam	88,903,669[1]	26.55	-	-
Dato' Neo Say Yeow	17,816,796[2]	5.32	-	-

Notes:-

[1] Of the 88,903,669 shares, 84,403,669 are held through RHB Capital Nominees (Tempatan) Sdn Bhd and 4,500,000 are held through Mayban Nominees (Tempatan) Sdn Bhd.

[2] Of the 17,816,796 shares, 17,816,700 are held under his own name and 96 are held under Mayban Nominees (Tempatan) Sdn Bhd.

STATEMENT OF DIRECTORS' INTERESTS

In the company and related corporations
As at 8th November 2011 (as per the Register of Directors' Securities Holdings)

The Company
Tanco Holdings Berhad

Ordinary Shares of RM1.00 each

	No. of Ordinary Shares of RM1.00 each			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Dato' Tan Jing Nam	88,903,669	26.55	-	-
Dato' Neo Say Yeow	17,816,796	5.32	-	-
Dato' Dr. Mohd. Noordin bin Haji Keling	62,510	0.02	-	-
Dato' Tan Lee Sing	5,000	-(1)	-	-
James Wong Kwong Yew	2,000	-(1)	-	-
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	-	-	-	-
Andrew Tan Jun Suan	-	-	-	-

Note:
(1) Less than 0.01%

Subsidiary Companies

Medan Melati Sdn Bhd

	No. of Shares Held			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	200	10.00	-	-

Tanco Enterprise Sdn Bhd

	No. of Shares Held			
Name of Director	**Direct**	**%**	**Indirect**	**%**
Dato' Tan Jing Nam	30,004	9.68	-	-

By virtue of their interests in the Company, Dato' Tan Jing Nam, Dato' Neo Say Yeow, Dato' Dr. Mohd. Noordin bin Haji Keling, Dato' Tan Lee Sing and Mr. James Wong Kwong Yew are also deemed interested in the shares of all the other subsidiary companies of the Company to the extent the Company has an interest.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Second Annual General Meeting of the Company will be held at St. Andrew's Hall, Duta Vista Executive Suites, No. 1 Persiaran Ledang, Off Jalan Duta, 50480 Kuala Lumpur on Thursday, 22nd December 2011 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the financial period ended 30th June 2011 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)

2. To approve the payment of Directors' Fees amounting to RM144,000.00 in respect of the financial period ended 30th June 2011. (Resolution 2)

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 101 of the Company's Articles of Association and being eligible, offer themselves for re-election:-

   a. Dato' Neo Say Yeow (Article 101) (Resolution 3)
   b. Mr. Andrew Tan Juan Suan (Article 101) (Resolution 4)

4. To consider, and if thought fit, to pass the following resolution:-

   "THAT Dato' Dr. Mohd. Noordin bin Haji Keling, who retires in compliance with Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)

5. To re-appoint Messrs. Baker Tilly Monteiro Heng, as auditors of the Company and to authorise the Board of Directors to fix their remuneration. (Resolution 6)

6. By way of special business, to consider and if thought fit, to pass the following resolution as Ordinary Resolution:-

   Ordinary Resolution
   Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised pursuant to Section 132D of the Companies Act, 1965 to issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such person/persons or party/parties whomsoever as the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

7. By way of special business, to consider and if thought fit, to pass the following resolution as Special Resolution:-

   Special Resolution
   Proposed Amendment to the Articles of Association of the Company

   "THAT the existing Article 137 of the Articles of Association of the Company be deleted in its entirety and substituted therefore with the following new Article 137:-

   New Article 137

   "Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the last registered address or by direct electronic transfer to the bank account of the Member or person entitled thereto whose name appears in the Register of Members or the Record of Depositors. Every such cheque or warrant or payment by direct electronic transfer shall be made payable to the order of the person to whom it is sent, and the payment of such cheque or warrant or payment by direct electronic transfer shall operate as a good discharge to the Company in respect of dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or of any discrepancy given by the Member or person entitled thereto in the details of the bank account. Every such cheque or warrant or direct electronic transfer shall be sent at the risk of the person entitled to the money thereby represented. No unpaid dividend or interest shall bear interest as against the Company. All unclaimed dividends shall be dealt with in accordance with the provisions of the Unclaimed Moneys Act 1965." (Resolution 8)

8. To transact any other business for which due notice has been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board
Chan Keng Yew
Choi Siew Fun
Company Secretaries

Kuala Lumpur
30th November 2011

NOTES:-

(i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.
(ii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.
(iii) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
(iv) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
(v) The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
(vi) The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No.1, Persiaran Ledang, Off Jalan Duta, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

EXPLANATION NOTE ON SPECIAL BUSINESS:

(a) Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution No. 7, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting ("AGM"), to issue and allot ordinary shares in the Company up to and not exceeding in total ten per cent (10%) of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

As at the date of this notice, the Company has not issued any new shares under the general authority, which was approved at the 51st AGM held on 29th June 2010, and which will lapse at the conclusion of the 52nd AGM. A renewal of this authority is being sought at the 52nd AGM under the proposed Ordinary Resolution No. 7.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

(b) Proposed Amendment to the Articles of Association of the Company

The Proposed Special Resolution No. 8, if passed, will update Article 137 of the Company's Articles of Association to facilitate the implementation of Electronic Dividend Payment ("eDividend") in line with the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to eDividend.

2011 ANNUAL REPORT:

The 2011 Annual Report is issued in the CD-ROM format. Shareholder who wishes to receive a hardcopy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Puan Ruzita binti Abdul Latif at Tel: 03-20952020 ext 783 or e-mail to thb@tancoresorts.com. A hardcopy of the Annual Report will be sent to shareholder by ordinary post within four (4) market days from the date of receipt of request. A copy of the Annual Report may also be downloaded at the Company's website at http://www.tancoholdings.com.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF DIRECTORS SEEKING FOR RE-ELECTION OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Details of Directors who are seeking for re-election or re-appointment are set out in the Directors' Profile appearing on pages 3 to 5 of the Annual Report. Information relating to the Directors' securities holdings in the Company and its subsidiaries is presented on page 99 of the Annual Report.

TANCO HOLDINGS BERHAD (3326-K)
(Incorporated In Malaysia)

FORM OF PROXY

NO. OF SHARES HELD	

I/We ____

NRIC No. or Company No. ______________________ CDS Account No./Name of beneficial owner*

____

of ____

being a member(s) of **TANCO HOLDINGS BERHAD (3326-K)** hereby appoint ______________________

____

NRIC No. ______________________ of ______________________________

____

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Fifty-Second Annual General Meeting of the Company to be held at St. Andrew's Hall, Duta Vista Executive Suites, No. 1 Persiaran Ledang, Off Jalan Duta, 50480 Kuala Lumpur on Thursday, 22nd December 2011 at 10.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:-

No	Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements and Reports for the financial period ended 30th June 2011.		
2.	Approval of Directors' Fees		
3.	Re-elect Dato' Neo Say Yeow as Director (Article 101)		
4.	Re-elect Mr. Andrew Tan Juan Suan as Director (Article 101)		
5.	Re-appointment of Dato' Dr. Mohd. Noordin bin Haji Keling as Director pursuant to Section 129(6) of the Companies Act, 1965		
6.	Re-appointment of auditors and authorise the Board of Directors to fix their remuneration		
7.	Special Business - Ordinary Resolution Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965		
8.	Special Business - Special Resolution Proposed Amendment to the Articles of Association of the Company		

* *To be completed by authorised nominees*

Please indicate with an 'X' in the appropriate spaces as to how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit, or at his discretion, abstain from voting.

Signed this____________day of ______________ 2011.

____
Signature/Common Seal of Member

Notes:-

(i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.

(ii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.

(iii) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.

(iv) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(v) The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(vi) The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No.1, Persiaran Ledang, Off Jalan Duta, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Fold This Flip For Sealing

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The Company Secretary
TANCO HOLDINGS BERHAD (3326-K)
No.1, Persiaran Ledang,
Off Jalan Duta,
50480 Kuala Lumpur

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