登高集團

TANCO HOLDINGS BERHAD

(3326-K)

2012
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Tan Jing Nam
Group Managing Director

Dato' Tan Lee Sing
Executive Director

Andrew Tan Jun Suan
Executive Director

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse
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

Chan Chee Meng
Executive Director

Koay Ghee Teong
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
Dato' Neo Say Yeow

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

COMPANY SECRETARIES
Chan Keng Yew
Choi Siew Fun

REGISTERED OFFICE
No.1, Persiaran Ledang, Off Jalan Duta
50480 Kuala Lumpur
Tel: (603) 20936188 Fax: (603) 20958010
Website: http://www.tancoholdings.com
E-mail: thb@tancoresorts.com

SHARE REGISTRAR
Sectrars Services Sdn. Bhd.
No. 28-1, Jalan Tun Sambanthan 3
Brickfields, 50470 Kuala Lumpur
Tel: (603) 22746133
Fax: (603) 22741016

AUDITORS
Baker Tilly Monteiro Heng
Chartered Accountants

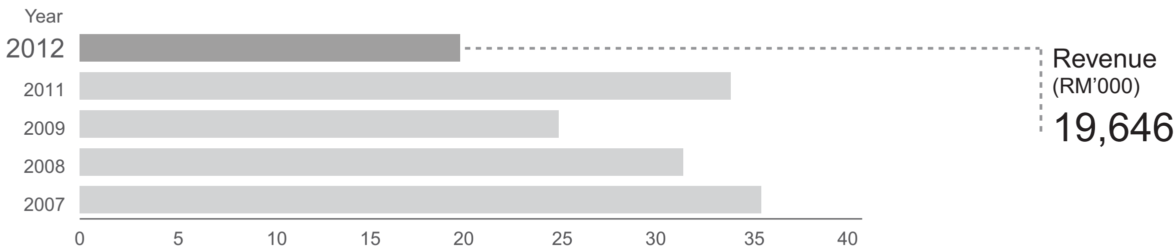
PRINCIPAL BANKER
Bank Kerjasama Rakyat Malaysia Berhad

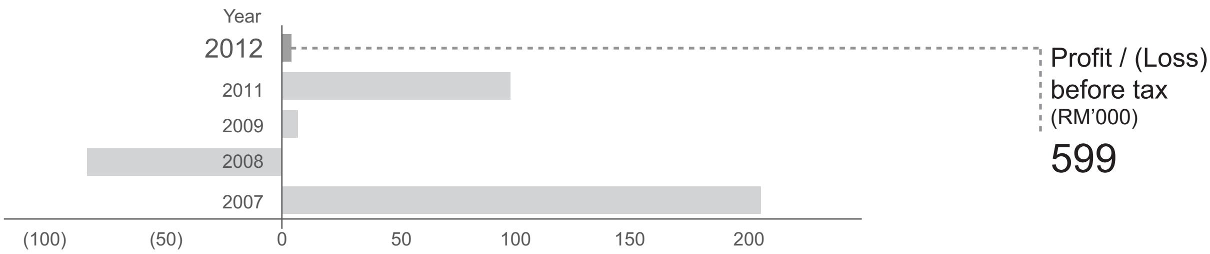
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities
Berhad, Malaysia

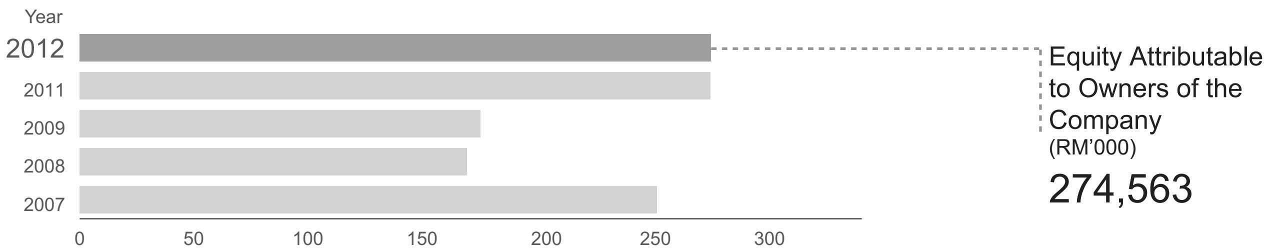
FINANCIAL SUMMARY

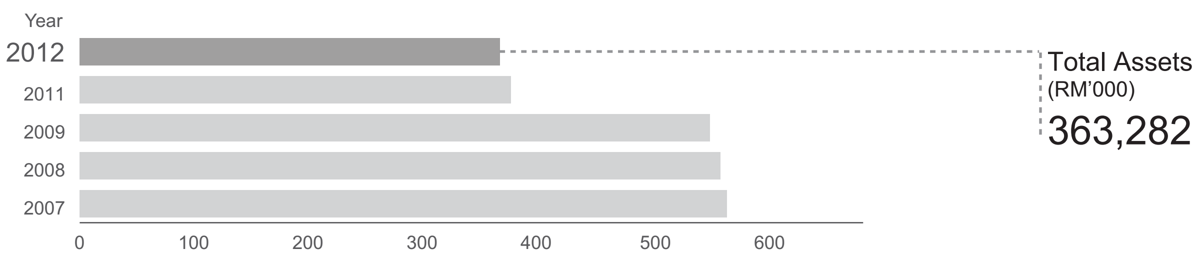
		2012	2011*	2009	2008	2007
GROUP						
Total Assets	RM'000	363,282	377,011	548,977	557,565	563,924
Total Liabilities	RM'000	88,599	102,831	374,410	386,675	312,924
Equity attributable to owners of the Company	RM'000	274,563	274,095	174,509	170,834	250,945
Revenue	RM'000	19,646	33,734	24,989	31,258	35,337
Profit / (Loss) before tax	RM'000	599	98,158	5,172	(82,610)	206,485
Profit / (Loss) after tax attributable to owners of the Company	RM'000	468	99,216	5,164	(81,752)	203,402
Earnings / (Loss) per share	Sen	0.15	29.63	1.54	(24.41)	60.74
Return on Total Assets	%	0.1%	26.3%	0.9%	-14.7%	36.1%
Return on Shareholders' Equity	%	0.2%	36.2%	3%	-47.9%	81.1%
Gearing Ratio	%	24%	23%	67%	32%	49%

Note:-
* The financial period are made up to eighteen (18) months from 1st January 2010 to 30th June 2011.









DIRECTORS' PROFILE

DATO' TAN JING NAM
Group Managing Director

Dato' Tan Jing Nam, a Malaysian aged 57, 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 four out of five Board Meetings held during the financial year ended 30 June 2012.

DATO' TAN LEE SING
Executive Director

Dato' Tan Lee Sing, a Malaysian aged 53, 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 are 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 five Board Meetings held during the financial year ended 30 June 2012.

ANDREW TAN JUN SUAN
Executive Director

Andrew Tan Jun Suan, a Malaysian aged 32, 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 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 five Board Meetings held during the financial year ended 30 June 2012.

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 67, 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, Karambunai Corp Bhd and ManagePay Systems 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 all the five Board Meetings held during the financial year ended 30 June 2012.

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

Dato' Dr. Mohd. Noordin bin Haji Keling, a Malaysian aged 86, 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 five Board Meetings held during the financial year ended 30 June 2012.

DIRECTORS' PROFILE (cont'd)

MR. JAMES WONG KWONG YEW
Independent Non-Executive Director

Mr. James Wong Kwong Yew, a Malaysian aged 66, 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 four out of five Board Meetings held during the financial year ended 30 June 2012.

DATO' NEO SAY YEOW
Independent Non-Executive Director

Dato' Neo Say Yeow, a Malaysian aged 54 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 five Board Meetings held during the financial year ended 30 June 2012.

CHAN CHEE MENG
Executive Director

Chan Chee Meng, a Malaysian aged 52 was appointed to the Board as Executive Director on 3 September 2012.

He obtained his professional qualification in The Malaysian Institution of Certified Public Accountants in 1986 and Chartered Institute of Management Accountants in 1988. He is a chartered accountant and a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. He has extensive experiences in professional firms and the commercial sectors. He is well versed in the field of accounting, corporate finance, information technology and property development.

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.

DIRECTORS' PROFILE (cont'd)

KOAY GHEE TEONG
Executive Director

Koay Ghee Teong, a Malaysian aged 43 was appointed to the Board as Executive Director on 6 September 2012.

He graduated with an Honours Degree in Law from the University of Leicester, United Kingdom in 1991 and after a brief stint in the banking industry, he was called to the Malaysian Bar in 1994 and went into active legal practice as an advocate and solicitor before joining the Tanco group of companies ("Tanco Group" or "Group"). Within the Tanco Group, he holds positions as Head of Group Legal Affairs and as Chief Executive Officer of Tanco Resorts Berhad (TRB). He is also TRB's representative in the Malaysian Holiday Timeshare Developers Federation (MHTDF) and an elected member of the Executive Committee of the MHTDF. He has also been involved in the Group's restructuring and corporate planning exercises.

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.

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 financial year ended 30th June 2012.

Overview

Despite a challenging external economic environment, the Malaysian economy posted a growth of 5.1% in 2011, compared to 7.2% registered in 2010.

The euro zone sovereign debt crisis remains a major global concern, dampening sentiments worldwide. The emerging Asian economies are beginning to show signs of contractions as the contagion effects of the euro zone sovereign debt crisis and the economic problems of the United States bite deeper into their productive economies.

Against this back drop of global uncertainties, the Government forecasts that the Malaysian economy is projected to grow at a slower pace of 4 to 5% in 2012. Domestic demand is expected to be resilient, underpinned by private and public sector investments in capital intensive projects under the Economic Transformation Plan.

REVIEW OF PERFORMANCE

For the financial year ended 30th June 2012, the Group recorded a profit before tax and minority interest of RM599,000/- against revenues of RM19,646,000/-, compared to a profit before tax and minority interest of RM98,158,000/- for the previous financial period covering the 18 months from 1st January 2010 to 30th June 2011. The previous period's profit before tax and minority interest, included an exceptional gain of RM169,474,000/-, arising from the settlement scheme with Lehman Brothers Commercial Corporation Asia Limited.

For the year under review, the Group concentrated on meeting its obligations under the settlement scheme with Lehman and to secure the requisite funding to commence its property development activities. Towards this end, the Group has successfully secured a funding facility of RM77,000,000/-, of which RM24,000,000/- has been utilized to complete the cash settlement obligations under the settlement scheme with the balance earmarked as working capital to fund the identified development projects in Palm Springs Resorts City.

With the funding secured, the Group will now be in the position to commence its property development activities.

The performance of the resorts division however, continued to be affected by lower revenues and increased operating and maintenance costs. The Group will continue its efforts to rationalize costs and identify alternative income streams for this division.

SIGNIFICANT CORPORATE DEVELOPMENT

As explained in the previous financial period statements, the 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 for a settlement sum of RM144,587,595/- comprising of a cash settlement sum of RM44,000,000/-, and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595/- to Malaysian Trustees Bhd ("MTB") for the benefit of Lehman or such other person nominated by Lehman, on the terms and conditions set out in the Proposed Settlement Scheme.

During the financial year, the Group had fully paid the cash settlement sum of RM44,000,000/- and as at the date of this report, have obtained all the requisite consents from the relevant State Authorities for the transfer of the Settlement Properties to MTB.

GROUP MANAGING DIRECTOR'S STATEMENT (cont'd)

OUTLOOK

A more demanding operating environment is anticipated in 2013 amidst the challenges of external environments of the euro sovereign debt crisis and concerns of possible economic slowdown in China and India. On the domestic front, the implementation by Bank Negara Malaysia of a maximum Loan-To-Value of 70% on third and subsequent housing loans and the reintroduction of Real Property Gains Tax are expected to curb speculation in the property market.

In light of the challenging operating environment, the Group will continue to adopt a prudent outlook in its activities going forward. Efforts have and are being made by the Group to bring its property development activities on stream and we are reasonably optimistic that with the commencement of these projects the performance of the Group will improve.

DIRECTORATE

On behalf of the management team and staff of the Group, I would like to take this opportunity to welcome the following directors on board :-

Mr Chan Chee Meng
Executive Director

Mr Koay Ghee Teong
Executive Director

Both directors bring with them a diverse array of expertise and experience that will contribute towards improving the performance of the Group moving forward.

ACKNOWLEDGEMENTS

The year under review had been challenging but productive. I wish to offer my heartfelt thanks to our Board of Directors, management team and staff who have worked diligently to ensure the Group's obligation under the settlement scheme are met on time.

I would also like to express my sincere gratitude to our customers, business associates and bankers for their continued support and understanding. We are equally grateful to all Government Agencies and regulatory authorities for their guidance and assistance.

Finally, on behalf of the Board of Directors, I wish to convey our profound appreciation for the patience and support shown by our shareholders as we endeavor to promote their interests by developing and implementing strategies and plans on which to build the future of the Group.

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 year ended 30th June 2012, five (5) 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	4/5
James Wong Kwong Yew	28.07.1995	4/5
Dato' Tan Lee Sing	28.07.1995	5/5
Dato' Dr. Mohd. Noordin bin Haji Keling	01.07.1994	5/5
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	20.10.1997	5/5
Andrew Tan Jun Suan	22.11.2007	5/5
Dato’ Neo Say Yeow	02.07.2008	5/5
Chan Chee Meng	03.09.2012	N/A
Koay Ghee Teong	06.09.2012	N/A

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 nine (9) members, comprising five (5) 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 4 to 7 of the Annual Report.

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
Dato' Neo Say Yeow (Appointed on 15 August 2012)	-	Independent Non-Executive Director

For the financial period under review, the Nomination Committee had one (1) meeting held on 20th October 2011.

Directors' Training

All the Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. 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)

All the Directors as at 30th June 2012 have attended trainings during the financial year ended 30th June 2012 as part of their continuous training in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements. The training programmes, seminars and/or forum which were attended by the Directors are as follows:-

Name of Director	**Training Programmes/Seminars/forums**
Dato' Tan Jing Nam	Advocacy Sessions on Disclosure for CEOs and CFOs
Dato' Tan Lee Sing	2012 Budget Seminar Highlights
	Advocacy Sessions on Disclosure for CEOs and CFOs
Mr. Andrew Tan Jun Suan	2012 Budget Seminar Highlights
	Advocacy Sessions on Disclosure for CEOs and CFOs
Dato' Dr. Mohd. Aminuddin bin Mohd Rouse	Art of War in the New Business Landscape
	Director's Training Programme on (1) Key Amendments of Listing Requirements 2011 (2) Corporate Disclosure Guide 2011 (3) Corporate Governance Blueprint 2011 (4) Overview of Chapter 10 of Listing Requirements - Transactions
Mr. James Wong Kwong Yew	The Malaysian Code on Corporate Governance 2012 (MCCG 2012)
	Advocacy Sessions on Disclosure for CEOs and CFOs
Dato' Dr. Mohd. Noordin bin Haji Keling	The Malaysian Code on Corporate Governance 2012 (MCCG 2012)
	Advocacy Sessions on Disclosure for CEOs and CFOs
Dato' Neo Say Yeow	Association of Consulting Engineers Malaysia Forum 2012
	The Malaysian Code on Corporate Governance 2012 (MCCG 2012)
	Advocacy Sessions on Disclosure for CEOs and CFOs

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 year ended 30th June 2012, the Remuneration Committee had one (1) meeting held on 20th October 2011.

Disclosure

A summary of the remuneration of the Directors as at 30th June 2012 paid or payable for the financial year ended 30th June 2012, 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 Directors	Non-Executive Directors	Total
Directors' Fees (RM)	-	96,000.00	96,000.00
Salaries (RM)	1,596,000.00	-	1,596,000.00
Meeting Allowances (RM)	-	5,500.00	5,500.00
Benefits-in-kind (RM)	103,653.00	17,814.00	121,467.00
Directors' Remuneration			
Below RM50,000	-	4	4
RM200,001-RM250,000	1	-	1
RM450,001-RM500,000	1	-	1
RM1,000,001-RM1,050,000	1	-	1

The above disclosures format meets the requirements of the Bursa Malaysia Securities Berhad Main Market 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 year ended 30th June 2012 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 20 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 financial year to inculcate awareness for safety and health amongst its employees.

During the financial year, as part of its corporate social responsibility, the Group continued the charity event under the Charity for Hope Tancorians Do Care for the Spastic Children's Association of Selangor & Federal Territory (SCAS&FT) till 31 December 2012. A total donation of RM1,737.76 was collected for SCAS&FT. The Group also donated clothes, stationery and cash to Pemulihan Dalam Komuniti, Gombak Setia during the Loving Disabled Wonderful Day, a charity event jointly organised with Kidz To You Academy, Batu Cave.

This Statement is made in accordance with the Board of Directors' resolution dated 23rd October 2012.

ADDITIONAL COMPLIANCE INFORMATION

To comply with Bursa Malaysia Securities Berhad Main Market Listing Requirements, the following additional information has been provided:-

i) **Material Contracts**

Save as disclosed in Note 36 of the Financial Statements for the financial year ended 30th June 2012, 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 year.

iii) **Share buybacks**

During the financial year, there was no share buyback by the Company.

iv) **Options, warrants or convertible securities**

During the financial year, there was no warrant exercised.

v) **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

vi) **Imposition of sanctions/penalties**

(a) Penalty on late payment of quit rents amounting to RM6,375.90 imposed on subsidiaries by State Treasury.

(b) Penalty on late payment of assessment bills amounting to RM75,523.60 imposed on subsidiaries by Municipal Council.

(c) Late payment Compound amounting to RM4,210.00 imposed on subsidiaries by the Director General of Inland Revenue.

vii) **Non-audit fees**

During the financial year, the non-audit fee paid or payable to the external auditors by the Company and its subsidiaries amounted to RM10,000.00.

viii) **Profit estimate, forecast or projection**

There is a variance of RM38,697.89 (8.33%) between the audited results for the financial year 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 year, 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 year.

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 Bursa Malaysia Securities Berhad.
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 including any transaction, procedure or course of conduct that raises questions of management integrity;
(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 year ended 30th June 2012, the Audit Committee held a total of five (5) meetings. The details of attendance of the Audit Committee members are as follows:-

Name of Director	Attendance
Dato' Dr. Mohd. Noordin bin Haji Keling	5/5
Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	5/5
James Wong Kwong Yew	4/5

Summary of Activities of the Audit Committee

The Audit Committee performed the following activities during the financial year ended 30th June 2012:-

(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 30th June 2011;
(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 year ended 30th June 2012, the audit activities carried out during the year included the following: -

(a) Reviewed system of internal control of resorts operation division.
(b) 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.
(c) Attended Audit Committee meeting 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 year ended 30th June 2012 was RM16,324.00.

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 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 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, 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 auditors' 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 23rd October 2012.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for financial year ended 30th June 2012.

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 year.

RESULTS

	Group RM'000	**Company** RM'000
Total comprehensive income/(loss) for the financial year	503	(3,191)
Attributable to:		
Owners of the Company	468	(3,191)
Non-controlling interest	35	-
	503	(3,191)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 30th June 2012.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year 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 year 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 year.

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 year 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 year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year 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 year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, 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		
Chan Chee Meng	-	appointed on 3rd September 2012
Koay Ghee Teong	-	appointed on 6th September 2012

In accordance with Article 101 of the Company's Articles of Association, Dato' Tan Lee Sing and Mr. James Wong Kwong Yew, retire by rotation at the forthcoming Annual General Meeting and being, eligible, offer themselves for re-election.

In accordance with Article 106 of the Company's Articles of Association, Mr. Chan Chee Meng and Mr Koay Ghee Teong, retire at the forthcoming Annual General Meeting and being, eligible, offer themselves for re-election

In accordance with Section 129 of the Companies Act, 1965 in Malaysia, 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 year in shares in the Company and its related corporations during the financial year ended 30th June 2012 are as follows:-

	Number of ordinary shares of RM1/- each			
	At 1.7.2011	**Bought**	**Sold**	**At 30.6.2012**
The Company				
Tanco Holdings Berhad				
Dato' Tan Jing Nam				
- direct	88,903,669	-	-	88,903,669
Dato' Neo Say Yeow				
- direct	17,816,796	-	-	17,816,796
Dato' Dr. Mohd. Noordin Bin Haji Keling				
- direct	62,510	-	-	62,510
James Wong Kwong Yew				
- direct	2,000	-	-	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 year had no interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 year 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 Company changed its financial year end from 31st December to 30th June annually with effect from the previous financial period ended 30th June 2011.

The financial statement for the previous financial period is made up from 1st January 2010 to 30th June 2011.

SIGNIFICANT EVENTS

Significant events during and after the financial year are disclosed in Note 37 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 2012

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2012

		Group		Company	
		30.6.2012	30.6.2011	30.6.2012	30.6.2011
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	161,373	175,428	616	631
Land held for property development	6(a)	99,031	90,679	-	-
Prepaid lease payments	7	20,410	17,252	-	-
Investment in subsidiaries	8	-	-	52,494	52,494
Other investments	10	5,412	5,484	2	2
		286,226	288,843	53,112	53,127
Current assets					
Property development costs	6(b)	12,873	22,566	-	-
Assets classified as held for sale	12	1,341	-	-	-
Inventories	13	21,166	21,410	-	-
Trade receivables	14	25,125	20,866	-	-
Other receivables, sundry deposits and prepayments	15	14,091	12,736	21	21
Amount owing by subsidiaries	16	-	-	225,153	250,009
Amount owing by associates	17	-	1	-	-
Cash, bank balances and deposits	18	2,460	10,589	238	9,923
		77,056	88,168	225,412	259,953
Total Assets		363,282	377,011	278,524	313,080

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2012 (cont'd)

		Group		Company	
		30.6.2012	30.6.2011	30.6.2012	30.6.2011
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	19	334,887	334,887	334,887	334,887
Accumulated losses		(59,021)	(59,489)	(123,420)	(120,229)
Foreign currency reserve	20	(1,303)	(1,303)	-	-
Shareholders' funds		274,563	274,095	211,467	214,658
Non-controlling interest		120	85	-	-
Total Equity		274,683	274,180	211,467	214,658
Non-current liabilities					
Borrowings	21	24,248	208	-	-
Other long term payables (unsecured)	22	748	748	-	-
Deferred tax liabilities	23	-	1	-	-
		24,996	957	-	-
Current liabilities					
Trade payables	24	17,696	18,706	-	-
Other payables, sundry deposits and accruals	25	40,443	73,617	7,843	50,203
Provisions	26	771	7,797	-	-
Borrowings	21	2,577	87	2,497	-
Amount owing to subsidiaries	27	-	-	55,748	47,297
Amount owing to directors	28	1,288	936	843	796
Tax payable		828	731	126	126
		63,603	101,874	67,057	98,422
Total Liabilities		88,599	102,831	67,057	98,422
TOTAL EQUITY AND LIABILITIES		363,282	377,011	278,524	313,080

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2012

	Note	Group		Company	
		1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
Revenue	29	19,646	33,734	-	972
Cost of sales		(8,506)	(22,511)	-	-
GROSS PROFIT		11,140	11,223	-	972
Other operating income	30	15,890	179,722	87	102,102
Administrative expenses		(25,244)	(92,858)	(2,384)	(77,952)
OPERATING PROFIT/(LOSS)	31	1,786	98,087	(2,297)	25,122
Finance costs (net)	32	(1,187)	71	(894)	321
PROFIT/(LOSS) BEFORE TAXATION		599	98,158	(3,191)	25,443
Taxation	33	(96)	1,085	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD		503	99,243	(3,191)	25,443
Other comprehensive income					
Foreign currency translation reserve		-	370	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR/PERIOD		503	99,613	(3,191)	25,443
Profit/(Loss) attributable to:					
Owners of the Company		468	99,216	(3,191)	25,443
Non-controlling interests		35	27	-	-
		503	99,243	(3,191)	25,443
Total comprehensive income/(loss) attributable to:					
Owners of the Company		468	99,586	(3,191)	25,443
Non-controlling interests		35	27	-	-
		503	99,613	(3,191)	25,443
Earnings per ordinary share (sen)	34				
- Basic		0.15	29.63		
- Diluted		N/A	N/A		

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2012

	← Attributable to Owners of the Company →					
		Distributable	**Non-Distributable**			
Group	**Share Capital** RM'000	**Accumulated Losses** RM'000	**Foreign Currency Reserve** RM'000	**Total** RM'000	**Non-Controlling Interest** RM'000	**Total Equity** RM'000
At 1st January 2010	334,887	(158,705)	(1,673)	174,509	58	174,567
Total comprehensive income for the financial period	-	99,216	-	99,216	27	99,243
Foreign currency translation	-	-	370	370	-	370
At 30th June 2011	334,887	(59,489)	(1,303)	274,095	85	274,180
Total comprehensive income for the financial year	-	468	-	468	35	503
Foreign currency translation	-	-	-	-	-	-
At 30th June 2012	334,887	(59,021)	(1,303)	274,563	120	274,683

		Distributable	
Company	**Share Capital** RM'000	**Accumulated Losses** RM'000	**Total Equity** RM'000
At 1st January 2010	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
Total comprehensive loss for the financial year	-	(3,191)	(3,191)
At 30th June 2012	334,887	(123,420)	211,467

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2012

	Group		Company	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit/(Loss) before taxation	599	98,158	(3,191)	25,443
Adjustments for:				
Amortisation of prepaid lease payments	210	316	-	-
Amortisation of other investments	72	107	-	-
Bad debts written off	644	1,210	-	-
Creditors written back	(6,304)	-	-	-
Depreciation	2,145	4,046	15	23
Deposits written off	224	-	-	-
Foreign exchange differences	-	1,016	-	-
Gain from loan settlement	-	(169,474)	-	(102,102)
(Gain)/Loss on disposal of property, plant and equipment	(44)	144	-	-
Impairment of receivables	425	3,825	-	12,115
Impairment of property, plant and equipment	1,956	11,181	-	-
Impairment of land held for property development	-	5,881	-	-
Impairment of investments	1	920	-	62,135
Impairment losses on receivables no longer required	(197)	(2,736)	-	-
Inventories written off	37	63	-	-
Interest expenses	1,200	256	906	6
Interest income	(13)	(327)	(12)	(327)
Property, plant and equipment written off	12	-	-	-
Reversal of provision for liabilities	(7,026)	(763)	-	-
Waiver of debt	(890)	(6)	-	-
Operating Loss Before Working Capital Changes	(6,949)	(46,183)	(2,282)	(2,707)
Changes In Working Capital:				
Property development costs	-	41,942	-	-
Receivables	(5,820)	(5,017)	-	-
Inventories	7,011	16,095	-	-
Payables	16,120	(8,224)	1,640	(1,143)
	10,362	(1,387)	(642)	(3,850)
Interest (paid)/received	(1,187)	327	(894)	327
Tax refund	-	1,500	-	-
Net Operating Cash Flows	9,175	440	(1,536)	(3,523)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2012 (cont'd)

	Group		Company	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net (repayment)/advance to subsidiaries	-	-	33,307	3,305
Purchase of property, plant and equipment*	(145)	(205)	-	(2)
Proceeds from disposal of property, plant and equipment	44	4	-	-
Fixed deposit held as security value	74	(321)	74	-
Net Investing Cash Flows	(27)	(522)	33,381	3,303
CASH FLOWS FROM FINANCING ACTIVITIES:				
Bridging loan drawn down	24,000	-	-	-
Changes in amount owing to directors	352	329	47	220
Interest paid	-	(256)	-	6
Payments to hire purchase and lease liabilities	(52)	(104)	-	-
Repayment of term loan	(44,000)	-	(44,000)	-
Withdrawal of fixed deposit	8,670	-	8,670	-
Net Financing Cash Flows	(11,030)	(31)	(35,283)	226
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,882)	(113)	(3,438)	6
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	1,845	1,958	1,179	1,173
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	(37)	1,845	(2,259)	1,179
Cash and cash equivalents comprise of the following:-				
Cash and bank balances	2,421	1,868	238	1,253
Deposits placed with licensed banks and finance companies	10	8,679	-	8,670
Cash held under Housing Development Account	29	42	-	-
Bank overdraft	(2,497)	-	(2,497)	-
	(37)	10,589	(2,259)	9,923
Less: Monies placed with trustee	-	(74)	-	(74)
Deposits placed with licensed banks	-	(8,670)	-	(8,670)
	(37)	1,845	(2,259)	1,179

* During the financial year, the Group acquired property, plant and equipment amounting to RM230,000/- (30.6.2011: RM205,000/-). Cash payments amounting to RM145,000/- (30.6.2011: RM205,000/-) were made during the financial year.

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 year.

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 23rd October 2012.

2. **FUNDAMENTAL ACCOUNTING CONCEPT**

The financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as a going concern.

As explained in the previous year's financial statements, the Company and its affected subsidiaries (collectively "the THB Group") had on 21st February 2011 executed a conditional Settlement Agreement with Lehman Brothers Commercial Corporation Asia Limited (in liquidation) ("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, and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595/- 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.

During the financial year, the Group had fully repaid the cash settlement sum of RM44 million. As at the date of this report, the requisite consents from the relevant State Authorities for the transfer of the Settlement Properties has also been obtained.

In the previous financial period, the ability of the Group and the Company to continue as going concerns was dependent on the ability of the Group and the Company to secure additional funding through bank borrowings to meet their financial obligations as and when they fall due and generating adequate cash flows for its operating activities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. FUNDAMENTAL ACCOUNTING CONCEPT (Continued)

During the financial year ended 30th June 2012, the Group had secured a loan of RM77,000,000/- and as at 30th June 2012, the Group had drawn down part of the facility amounting to RM24,000,000/- to complete the restructuring obligations. The remaining balance will be drawn down in the future for working capital purposes and funding towards the Group's future development projects.

As at 30th June 2012, the Group recorded net current assets of RM13,453,000/- as compared to net current liabilities of RM13,706,000/- in the previous financial year. The Group also recorded a net profit of RM503,000/- during the financial year ended 30th June 2012. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate adequate cash flows from its operating activities and operate profitably in the future.

Should the application of the going concern basis be inappropriate, adjustments would have to be made to write down assets to their immediate realisable value, reclassify all long term assets and liabilities as current assets and liabilities and to provide for further liabilities which may arise.

The directors are reasonably optimistic that with the planned development projects in the near future, cash flows of the Group will improve. Aside from this, the Group had also embarked on certain assets disposal program and cost rationalisation exercise to improve the Group's cash flow position. The directors are confident that with all these actions, the Group is in a good position to meets all its existing obligations as and when they fall due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements of the Group and 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.1 **Basis of Preparation (Continued)**

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, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")**

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

The Group and the Company had adopted the following amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:

Revised FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instruments: Recognition and Measurement

New IC Int	
IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

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

<u>Amendments to IC Int</u>

IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The main effects of the adoption of the above revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below:-

FRS 3 Business Combinations (Revised)

The adoption of the FRS 3 affects the way in which the Group accounts for business combinations. The main changes made in this revised standard were:

- All the acquisition related costs incurred by the acquirer in connection with the business combination shall be recognised as expenses in the profit or loss in the period in which the costs are incurred (rather than included in goodwill);

- All considerations transferred by the acquirer, including contingent considerations, in a business combination shall be measured at fair value as at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as liabilities are recognised in accordance with FRS 139, FRS 137 or other FRSs, as appropriate (rather than by adjusting goodwill);

- An acquirer is no longer permitted to recognise contingencies acquired in a business combination that do not meet the definition of a liability;

- For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Previously, only the latter was permitted;

- For a business combination achieved in stages, the equity interests held by the acquirer in the acquiree immediately before achieving control are re-measured at its acquisition-date fair value with any corresponding gain or loss recognised in profit or loss; and

- Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interest in the acquiree, and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

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

FRS 3 Business Combinations (Revised) (Continued)

This revised FRS 3 shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2010.

There is no financial impact on the financial statements of the Group for the current financial year resulting from the application of this revised FRS 3.

FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 127 requires that any changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When the Group loses control of a subsidiary, any remaining interest retained in the former subsidiary will be measured at fair value and any resulting gain or loss is recognised in profit or loss. Total comprehensive income will be proportionately allocated to the owners of the parent and to the non-controlling interests even if it results in the non-controlling interests having a deficit balance.

The revised FRS 127 shall be applied prospectively to business combinations for which the acquisition date is on or after 1st July 2010. There is no financial impact on the financial statements of the Group for the current financial year resulting from the application of this revised FRS 127.

Amendments to FRS 7 Financial Instruments: Disclosures

Disclosures on fair value and liquidity have been enhanced upon the adoption of this amendment. In particular, financial instruments measured at fair value are disclosed by class in a three-level fair value measurement hierarchy, with specific disclosures related to transfers between levels in the hierarchy and detailed disclosures on level three of the fair value hierarchy. Certain disclosures on liquidity are also modified. The adoption of this amendment resulted in additional disclosures in the financial statements but did not have any financial impact on the Group and the Company.

IC Int 4 Determining Whether an Arrangement Contains a Lease

This IC Int clarifies that when the fulfilment of an arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, then the arrangement should be accounted for as a lease under FRS 117, even though it does not take the legal form of a lease. This interpretation did not have any financial impact on the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

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

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new 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 Group and the Company:-

		Effective for financial years beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Revised FRSs		
FRS 119	Employee Benefits	1 January 2013
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2012 and 1 January 2013
FRS 7	Financial Instruments: Disclosures	1 January 2012 and 1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
FRS 112	Income Taxes	1 January 2012
FRS 116	Property, Plant and Equipment	1 January 2013
FRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
FRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

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

		Effective for financial years beginning on or after
<u>Amendments to IC Int</u>		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 9.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

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

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 brings about convergence between FRS 127 and SIC-12, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

FRS 11 Joint Arrangements

FRS 11 supersedes the former FRS 131 Interests in Joint Ventures. Under FRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for its using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

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

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Amendments to FRS 112 Income Taxes

This amendment to FRS 112 addresses the measurement approach for deferred tax assets and liabilities in respect of investment properties which are measured at fair value. The amendment introduces a rebuttable presumption that the investment property is recovered entirely through sale. In such cases, deferred tax assets or liabilities are provided at tax rates applicable when recovering the property entirely through sale. If this presumption is rebutted, deferred tax assets or liabilities are provided based on tax rates applicable when consuming substantially the economic benefits embodied in the property over a period of time (for example via rental income).

FRS 128 Investments in Associates and Joint Ventures (Revised)

This revised FRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised FRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 9.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

(c) **MASB Approved Accounting Standards, MFRSs**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issue a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework for an additional two years. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework for an additional two years. The Group and the Company will prepare its first MFRSs financial statements using the MFRSs framework for the financial year ending 30th June 2014.

As at 30th June 2012, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs. As such, except those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 3.2(b) to the financial statements. The effect is based on the Group's and the Company's best estimates at reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Continued)**

(c) **MASB Approved Accounting Standards, MFRSs (Continued)**

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1st January 2014 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 difference 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 non-controlling interests.

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

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)**

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.

Non-controlling interests 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 interests share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minority's interests share of changes in the subsidiary's equity since that date.

Where losses applicable to the minority's interests in a subsidiary exceed the minority's interests in the equity of that subsidiary, the excess and any further losses applicable to the minority's interests, are charged against the Group's interest except to the extent that the minority's interests 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 management accounts 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.

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 impairment 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 accounts 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 the Company 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.

(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.

(k) **Borrowing Costs**

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.3 **Significant Accounting Policies (Continued)**

(l) **Provisions for Liabilities**

Provisions for liabilities are recognised when the Group and the Company 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 and the Company'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. Profit or loss of foreign entities is translated into Ringgit Malaysia at average exchange rates for the financial year and the statements of financial positions 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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

3.3 **Significant Accounting Policies (Continued)**

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

(ii) **Loans and Receivables (Continued)**

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 and the Company 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 and the Company 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.

(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 and the Company's activities. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company 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.

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 upon delivery of goods and accepted by customers.

(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 and the Company 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 and the Company 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) **Operating Segments**

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 2012 were RM161,373,000/- and RM616,000/- respectively (30.6.2011: RM175,428,000/- and RM631,000/- 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 and the Company 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 and the Company'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 year, the Group made an impairment of property, plant and equipment amounting to RM1,956,000/- (30.6.2011: RM11,181,000/-).

(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 (Continued)**

(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 RM17,828,000/- and RM16,794,000/- respectively (30.06.2011: RM16,755,000/- and RM17,434,000/- 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 and the Company 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**

The Company 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 results 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 and the Company 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

30.6.2012	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: Boat and 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 July 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
Additions	-	-	-	-	-	85	-	-	-	-	145	-	-	230
Reclassification	(277)	1,585	16,131	(1,967)	491	6,426	-	-	2,642	(3,792)	197	2,805	(16,289)	7,952
Transfer	-	-	(1,446)	-	-	(1,529)	-	-	(7,691)	-	-	-	-	(10,666)
Disposals/write off	-	-	-	(1,220)	(469)	(139)	-	-	-	(645)	(1,196)	-	-	(3,669)
At 30th June 2012	11,562	2,364	40,179	7,748	8,320	9,365	22,927	13,653	76,595	3,448	5,749	40,429	425	242,764
Accumulated Depreciation and Impairment Losess														
At 1st July 2011	-	591	8,108	7,036	8,262	4,153	3,340	13,653	8,277	7,424	6,335	-	6,310	73,489
Depreciation for the financial year	-	215	143	486	51	498	229	-	358	72	93	-	-	2,145
Impairment for the financial year	-	-	-	-	-	-	-	-	1,956	-	-	-	-	1,956
Reclassification	-	153	6,251	1,241	188	5,027	(1)	-	4,749	(3,488)	142	-	(6,310)	7,952
Transfer	-	-	-	-	-	(495)	-	-	-	-	-	-	-	(495)
Disposal/write off	-	-	-	(1,218)	(469)	(128)	-	-	-	(645)	(1,196)	-	-	(3,656)
At 30th June 2012	-	959	14,502	7,545	8,032	9,055	3,568	13,653	15,340	3,363	5,374	-	-	81,391
Net Book Value at 30th June 2012	11,562	1,405	25,677	203	288	310	19,359	-	61,255	85	375	40,429	425	161,373

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

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)

Company

30.6.2012	**Buildings** RM'000	**Furniture and Fittings** RM'000	**Office Equipment** RM'000	**Total** RM'000
Cost				
At 1st July 2011	722	487	95	1,304
Additions	-	-	-	-
Disposals	-	-	-	-
At 30th June 2012	722	487	95	1,304
Accumulated Depreciation				
At 1st July 2011	93	487	93	673
Depreciation for the financial year	14	-	1	15
Disposals	-	-	-	-
At 30th June 2012	107	487	94	688
Net Book Value at 30th June 2012	615	-	1	616

30.6.2011	**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

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

As at the reporting date, certificate of titles to the freehold land of RM11,562,000/- (30.6.2011: RM11,562,000/-), freehold land and buildings of RM6,840,000/- (30.6.2011 : RM6,840,000/-) and motor vehicles of RM63,622/- (30.6.2011 : RM73,802) 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 as disclosed in Note 25(a) to the financial statements.

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	
	30.6.2012 RM'000	30.6.2011 RM'000
Motor vehicles	242	378

6. **PROPERTY DEVELOPMENT ACTIVITIES**

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

	Group	
	30.6.2012 RM'000	30.6.2011 RM'000
At the beginning of the financial year/period		
- land, at cost	105,820	153,875
- development costs	66,585	88,654
- accumulated costs charged to profit or loss	(81,726)	(3,404)
	90,679	239,125
Less: Reclassification	9,693	-
Less: Transfer as part of loan settlement	-	(142,565)
Impairment losses	-	(5,881)
Transfer to assets classified as held for sale (Note 12)	(1,341)	-
	99,031	90,679
At the end of the financial year/period		
- land, at cost	104,765	105,820
- development costs	75,992	66,585
- accumulated cost charged to profit or loss	(81,726)	(81,726)
	99,031	90,679

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. PROPERTY DEVELOPMENT ACTIVITIES (Continued)

(b) Property development costs

	Group 30.6.2012 RM'000	Group 30.6.2011 RM'000
At the beginning of the financial year/period		
- 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
Add: Costs incurred during the financial year/period		
- development costs	-	258
- reclassification	(9,693)	-
	(9,693)	258
Less: Costs recognised in profit or loss during the financial year/period		
- land	-	(223)
	-	(223)
Less:		
- foreseeable loss recognised in profit or loss	-	-
	12,873	22,566
At the end of the financial year/period		
- land, at cost	6,574	6,574
- development costs	29,637	39,330
- accumulated costs charged to profit or loss	(23,338)	(23,338)
	12,873	22,566

7. PREPAID LEASE PAYMENTS

	Group 30.6.2012 RM'000	Group 30.6.2011 RM'000
Leasehold lands, at cost	18,253	18,253
Add : Transfer	3,368	-
Less : Accumulated amortisation	(1,211)	(1,001)
	20,410	17,252

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENT IN SUBSIDIARIES

	Company 30.6.2012 RM'000	Company 30.6.2011 RM'000
Unquoted shares - at cost	119,059	119,059
Less: Impairment losses	(66,565)	(66,565)
	52,494	52,494

The following information relates to the subsidiaries:-

Name of Company	Country of Incorporation	Group Effective Equity Interest 30.6.2012 %	Group Effective Equity Interest 30.6.2011 %	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 30.6.2012 %	Group Effective Equity Interest 30.6.2011 %	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	Dormant
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 30.6.2012 %	Group Effective Equity Interest 30.6.2011 %	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	General trading
+ 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.*

\+ *The auditors' report of these subsidiaries included an emphasis of matter on the going concern consideration.*

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

^ *On 16th October 2012, the entire issued and paid-up share capital of the subsidiary had been disposed for a cash sale consideration of RM2 and assumption of certain liabilities of the subsidiary as at 30th June 2012.*

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. INVESTMENT IN ASSOCIATES

	Group 30.6.2012 RM'000	Group 30.6.2011 RM'000
Unquoted shares, at cost	500	500
Group's share of post-acquisition results	(500)	(500)
	-	-

The following information relates to the associates:-

Name of Company	Country of Incorporation	Group Effective Equity Interest 30.6.2012 %	Group Effective Equity Interest 30.6.2011 %	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 30.6.2012 RM'000	Group 30.6.2011 RM'000	Company 30.6.2012 RM'000	Company 30.6.2011 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	(1,746)	(1,690)	-	-
	4,139	4,195	-	-
Golf club membership	1,500	1,500	-	-
Less: Accumulated amortisation	(229)	(213)	-	-
	1,271	1,287	-	-
	5,412	5,484	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 30.6.2012 RM'000	Group 30.6.2011 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 30.6.2012 %	Group Effective Equity Interest 30.6.2011 %	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. ASSET CLASSIFIED AS HELD FOR SALE

	Group 30.6.2012 RM'000	Group 30.6.2011 RM'000
As at the beginning of the year/period	-	-
Transfer from property development activities (Note 6)	1,341	-
As at the end of the financial year/period	1,341	-

13. INVENTORIES

	Group 30.6.2012 RM'000	Group 30.6.2011 RM'000
At cost,		
Developed properties	25,675	25,852
Less : Accumulated impairment	(4,536)	(4,536)
	21,139	21,316
Food and beverages	27	40
Golf accessories	-	54
	21,166	21,410

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. TRADE RECEIVABLES

	Group	
	30.6.2012	30.6.2011
	RM'000	RM'000
Trade receivables	29,992	25,514
Less: Accumulated impairment	(4,867)	(4,648)
	25,125	20,866

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.

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.

Ageing analysis of trade receivables

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

	Group	
	30.6.2012	30.6.2011
	RM'000	RM'000
Neither past due nor impaired	8,000	-
1 to 30 days past due not impaired	150	3,888
31 to 60 days past due not impaired	120	2,500
61 to 90 days past due not impaired	139	103
91 to 120 days past due not impaired	340	169
More than 121 days past due not impaired	16,376	14,206
	25,125	20,866
Impaired	4,867	4,648
	29,992	25,514

Receivables that are past due nor impaired

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. TRADE RECEIVABLES (Continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	30.6.2012	30.6.2011
	RM'000	RM'000
Trade receivables	4,867	4,648
Less: Accumulated impairment	(4,867)	(4,648)
	-	-

Movement in impairment account:

	Group	
	30.6.2012	30.6.2011
	RM'000	RM'000
At beginning of financial year/period	4,648	823
Impairment made during the financial year/period	219	3,825
At end of financial year/period	4,867	4,648

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. OTHER RECEIVABLES, SUNDRY DEPOSITS AND PREPAYMENTS

	Group		Company	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Other receivables	14,098	12,715	19	19
Less: Accumulated impairment	(1,065)	(1,056)	-	-
	13,033	11,659	19	19
Sundry deposits	1,034	1,019	2	2
Prepayments	24	58	-	-
	14,091	12,736	21	21

Included in the other receivables of the Group was an amount totaling RM Nil (30.6.2011: RM372,000/-) representing amount owing by Millennium Land Sdn. Bhd. in which certain directors, Dato' Tan Jing Nam, Dato' Tan Lee Sing and Andrew Tan Jun Suan have interests.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. AMOUNT OWING BY SUBSIDIARIES

	Company	
	30.6.2012	30.6.2011
	RM'000	RM'000
Amount owing by subsidiaries	374,518	399,374
Less: Accumulated impairment	(149,365)	(149,365)
	225,153	250,009

17. AMOUNT OWING BY ASSOCIATES

	Group		Company	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Amount owing by associates	3	3	2	2
Less: Accumulated impairment	(3)	(2)	(2)	(2)
	-	1	-	-

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

18. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	2,421	1,794	238	1,179
Cash held under Trustee	-	74	-	74
Cash held under Housing Development Account	29	42	-	-
Deposits placed with :-				
- licensed banks	10	8,679	-	8,670
	2,460	10,589	238	9,923

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. CASH, BANK BALANCES AND DEPOSITS (Continued)

Group and Company

In the previous financial period, deposits placed with licensed banks of the Group and of the Company of RM8,670,000/- and RM8,670,000/- respectively forms part of the unutilised facilities obtained by the Group from Lehman as detailed further in Note 37 to the financial statements.

19. SHARE CAPITAL

	Group and Company			
	Number of Shares			
	30.6.2012 Unit '000	30.6.2011 Unit '000	30.6.2012 RM'000	30.6.2011 RM'000
Authorised:				
1,000,000,000 ordinary shares of RM1/- each				
At the beginning/end of the financial year/period	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 year/period	334,887	334,887	334,887	334,887

20. FOREIGN CURRENCY RESERVE

Foreign currency reserve comprise of all foreign currency differences arising from the translation of the financial statements of foreign operations.

21. BORROWINGS

	Group		Company	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Current				
Bank overdraft (Note a)	2,497	-	2,497	-
Hire purchase and liabilities (Note b)	80	87	-	-
	2,577	87	2,497	-
Non-current				
Hire purchase and liabilities (Note b)	248	208	-	-
Bridging loan (Note c)	24,000	-	-	-
	24,248	208	-	-
Total borrowings	26,825	295	2,497	-

(a) Bank overdraft

The bank overdraft of the Group and of the Company at the end of the financial year bear interest at a rate of 8.10% per annum and secured by way of a charge on third party fixed deposit of not less than RM2,500,000/-.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. BORROWINGS (Continued)

(b) Hire purchase and liabilities

	Group	
	30.6.2012 RM'000	30.6.2011 RM'000
Minimum hire purchase and lease payments:		
- not later than one year	94	99
- later than one year and not later than five years	227	225
- later than five years	54	6
	375	330
Less: Future finance charges	(47)	(35)
Present value of hire purchase and lease liabilities	328	295
Represented by:		
Current	80	87
Non-current	248	208
	328	295

Interest rates on the hire purchase and lease liabilities for the year range from 2.76% to 4.28% (30.6.2011: 3.35% to 11.20%) per annum.

(c) Bridging loan

The bridging loan of the Group at the end of the financial year bear interest at a rate of 8.35% per annum and secured by way of:-

(i) Fixed legal charge over certain portion of the subsidiaries' project land at Mukim Pasir Panjang, Daerah Port Dickson, Negeri Sembilan.
(ii) Deed of assignment of proceed from new sales of the development project.
(iii) Legal benefit over the customer rights, interest, benefits and titles in insurance policies for the project land.
(iv) Debenture with fixed and floating legal charges
(v) Legal assignment over the designated monies and account to the credit of the designated account.
(vi) Corporate guarantee by the Company.

22. OTHER LONG TERM PAYABLES (Unsecured)

Group

The amount of RM748,000/- (30.6.2011: 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)

23. DEFERRED TAX LIABILITIES

	Group	
	30.6.2012	30.6.2011
	RM'000	RM'000
At the beginnning of the financial year/period	1	-
Transfer to profit or loss (Note 33)	(1)	1
At the end of the financial year/period	-	1
Representing deferred tax effect of:		
Temporary differences between net book value and corresponding tax written down value	-	1

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 is an amount of RM7,256,000/- (30.6.2011: RM7,262,000/-) owing to Renown Projects Sdn. Bhd., a company in which certain directors, Dato' Tan Jing Nam and Dato' Tan Lee Sing have financial interests.

25. OTHER PAYABLES, SUNDRY DEPOSITS AND ACCRUALS

	Group		Company	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Other payables	21,143	55,134	1,049	44,558
Sundry deposits	880	958	-	-
Accruals	18,420	17,525	6,794	5,645
	40,443	73,617	7,843	50,203

Included in other payables of the Group and of the Company are amounts of RM Nil (30.6.2011: RM44,000,000/-) representing the cash settlement sum in accordance with the settlement agreement with a lender Lehman Brothers.

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

(a) an amount of RM1,342,000/- (30.6.2011: RM1,342,000/-) representing the amount payable in respect of the Rights In Resort Properties as stated in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. OTHER PAYABLES, SUNDRY DEPOSITS AND ACCRUALS (Continued)

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

(b) amounts of RM148,000/- (30.6.2011: RM221,000/-) representing advances received from house purchasers who have instituted legal proceedings against a subsidiary company for liquidated damages due to non-completion and rescission of the sale and purchase agreements.

(c) an amount of RM691,000/- (30.6.2011: RM Nil) owing to Millenium Land Sdn Bhd with certain directors has interests. The amount payable is non-trade in nature, unsecured, interest free and is repayable on demand.

26. PROVISIONS

	Group	
	Provision for liquidated and ascertained damages RM'000	**Total** RM'000
At 1st January 2010	8,560	8,560
Addition during the financial period	-	-
Utilised during the financial period	(763)	(763)
At 30th June 2011	7,797	7,797
Addition during the financial year	-	-
Reversal during the financial year	(7,026)	(7,026)
At 30th June 2012	771	771

Provision for liquidated and ascertained damages ("LAD") is in respect of projects undertaken by the Group. LAD is recognised for expected LAD claims based on the contract agreements. Provision for liquidated and 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 RM451,000/- (30.6.2011 : RM1,377,000/-)

Based on the Company's solicitor's advice, it is the opinion of the directors that any claims by purchasers against the Company for these LAD provisions would now be time barred by virtue of the provisions of the Limitation Act 1953, and accordingly, it is highly unlikely that any legal action against the Company on such claims would be successful. As a result, a reversal of provisions for LAD of RM7,026,000/- was made during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. AMOUNT OWING TO SUBSIDIARIES

Company

The amount owing to subsidiaries is non-trade in nature, unsecured, interest free and is repayable on demand.

28. AMOUNT OWING TO DIRECTORS

Group and Company

The amount owing to directors is non-trade in nature, unsecured, interest free and is repayable on demand.

29. REVENUE

	Group		Company	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
Sales of properties	10,250	9,600	-	-
Income from clubs operations	9,320	21,331	-	-
Interest income from money lending business	76	103	-	-
Property management services	-	2,700	-	-
Management fee from subsidiaries	-	-	-	972
	19,646	33,734	-	972

30. OTHER OPERATING INCOME

	Group		Company	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
Creditors written back	6,304	-	-	-
Gain from loan settlement	-	169,474	-	102,102
Gain on disposal of property, plant and equipment	44	-	-	-
Impairment losses on receivables no longer required	197	2,736	-	-
Management fees	636	975	-	-
Rental income	486	592	-	-
Reversal of provision for liabilities	7,026	763		
Waiver of debt	890	6	-	-
Others	307	5,176	87	-
	15,890	179,722	87	102,102

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31. OPERATING PROFIT/(LOSS)

	Group		Company	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
Operating profit/(loss) has been arrived at after charging:-				
Auditors' remuneration:				
- current year	229	450	35	24
- under/(over) accrual in prior year	163	(5)	11	-
Amortisation of prepaid lease payments	210	316	-	-
Amortisation of other investments	72	107	-	-
Bad debts written off	644	1,210	-	-
Deposits written off	224	-	-	-
Depreciation	2,145	4,046	15	23
Directors' fees				
- current year	96	144	72	-
- prior year	132	-	132	-
Directors' remuneration				
- salaries	1,898	2,394	1,011	1,332
- other emoluments	123	131	89	131
Impairment of receivables	425	3,825	-	12,115
Impairment of investments	1	920	-	62,135
Impairment of property, plant and equipment	1,956	11,181	-	-
Impairment of land held for development	-	5,881		
Inventories written off	37	63	-	-
Lease rental	240	1,475	-	-
Loss on disposal of property, plant and equipment	-	144	-	-
Loss on disposal of land held for development	-	62,391	-	-
Property, plant and equipment written off	12	-	-	-
Rental of premises	14	1,245	-	-
Rental of equipment and boats	154	34	-	-
Staff costs				
- Employees' Provident Fund	260	1,319	12	17
- SOCSO	30	148	-	-
- salaries, overtime and allowances	3,094	9,669	96	144
- other staff related expenses	63	331	-	-
- welfare	2	77	-	-
And crediting:-				
Other operating income	(15,890)	(179,722)	(87)	(102,102)

The estimated monetary value of directors' benefit-in-kind is RM123,000/- (30.6.2011 : RM131,000/-).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. FINANCE COSTS (Net)

	Group		Company	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
Interest income				
- licensed banks	13	327	12	327
Interest expenses				
- loan interest	(1,063)	(225)	(786)	(6)
- overdraft interest	(120)	-	(120)	-
- hire purchase and lease liabilities	(17)	(31)	-	-
	(1,200)	(256)	(906)	(6)
	(1,187)	71	(894)	321

33. TAXATION

	Group		Company	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
Income tax				
- current financial year/period	(97)	(124)	-	-
- overaccrual in prior year/period	-	1,210	-	-
Deferred tax liabilities (Note 23)				
- current financial year/period	-	2	-	-
- overaccrual in prior year/period	1	(3)	-	-
	1	(1)	-	-
	(96)	1,085	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. 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	
	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000	1.7.2011 to 30.6.2012 RM'000	1.1.2010 to 30.6.2011 RM'000
Profit/(Loss) before taxation	599	98,158	(3,191)	25,443
Taxation at applicable tax rate of 25%	(150)	(24,540)	798	(6,361)
Tax effects arising from				
- non-taxable income	2,441	41,580	22	25,630
- non-deductible expenses	(1,314)	(10,135)	(180)	(19,397)
- overaccrual in prior years	1	1,207	-	-
- deferred tax assets not recognised in the financial statements	(1,074)	(7,027)	(640)	128
Tax (expense)/income for the financial year/period	(96)	1,085	-	-

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

	Group		Company	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Unabsorbed capital allowances	(2,237)	(2,003)	617	616
Unutilised tax losses	(69,076)	(65,015)	(67,791)	(70,350)
	(71,313)	(67,018)	(67,174)	(69,734)
Potential deferred tax assets not recognised at 25%	(17,828)	(16,755)	(16,794)	(17,434)

34. EARNINGS PER ORDINARY SHARE

Basis earnings per share

The basic earnings per share is calculated based on the Group's profit for the financial year/period after taxation and non-controlling interests of RM468,000/- (30.6.2011 : RM99,216,000/-) and on the weighted number of ordinary shares on issue of 334,886,726 (30.06.2011 : 334,886,726/-).

Diluted earnings per share

As at 30th June 2012, 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 year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

35. **CONTINGENT LIABILITIES**

(a) The contingent liabilities are as follows:-

	Group		Company	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Corporate guarantees given by the Company to Lehman for credit facilities granted to the subsidiaries	-	-	-	129,000
Corporate guarantees given by the Company to a bank for credit facilities granted to the subsidiaries	-	-	24,000	-
A resort property pledged to a 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	-	1,446	-	-
	-	1,446	24,000	129,000

(b) A claim against a wholly owned subsidiary of the Company by a group of claimants for damages, the sum of RM4,679,261/- together with interest at the rate of 8.9% per annum from 24th October 2003 until realisation, late payment interest and such further relief as the court may allow. This claim was initiated by way of a counterclaim against the subsidiary from an initial suit filed against the said group by a financial institution allegedly for breach of certain terms and conditions of a facilities agreement by the said group. The claim against the subsidiary is disputed and is being defended by the subsidiary's solicitors. No provision for losses has been made as the directors, based on the Company's solicitor's advice, are confident that the subsidiary will succeed in its defence.

(c) claims by a party related to the claimants in paragraph (b) above against a wholly owned subsidiary of the Company for inter alia the sum of RM2,489,858/- and RM39,590,400/- together with interest at the rate of 14% per annum from date of the Statement of Claim until realisation and damages allegedly for breach of certain terms and conditions of agreements that the claimant has entered into with the subsidiary. The claims are disputed and are being defended by the subsidiary's solicitors. The directors, based on the Company's solicitor's advice, are confident that the subsidiary will succeed in its defence.

36. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

Identification of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

36. **SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)**

Identification of related parties (Continued)

Related parties of the Group and the Company include:-

(i) Holding companies

(ii) Direct subsidiaries

(iii) 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

(iv) Companies in which directors have a substantial interest, namely Renown Projects Sdn. Bhd., being company in which the Company's Directors, Dato' Tan Jing Nam and Dato' Tan Lee Sing 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	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Transactions with subsidiaries				
Management fee received/receivable	-	-	-	(972)
Transactions with related companies				
Compensation payable to Renown Projects Sdn. Bhd. for termination of joint venture agreement	-	5,400	-	-
Directors				
Fees				
- current year	96	144	72	-
- prior year	132	-	132	-
Remuneration	1,898	2,394	1,011	1,332
Benefit-in-kind	123	131	89	131
Other key management personnel				
Salaries and allowances	633	983	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) In 2007, the Company and its affected subsidiaries (collectively “the THB Group”) had obtained a loan from Lehman Brothers Commercial Corporation Asia Limited (in liquidation) (“Lehman”). 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, and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595/- 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.

During the financial year, the Group had fully repaid the cash settlement sum of RM44 million. As at the date of this report, the requisite consents from the relevant State Authorities for the transfer of the Settlement Properties has also been obtained.

(b) During the financial year, the Group had secured a loan of RM77,000,000/- and as at 30th June 2012, the Group had drawn down part of the facility amounting to RM24,000,000/- to complete the settlement obligations with Lehman. The remaining balance will be drawn down in the future for working capital purposes and funding towards the Group’s future development projects.

(c) During the financial year, the Group entered into a sales and purchase agreement for disposal of a property, plant and equipment for consideration of RM10,000,000/-.

(d) On 24th July 2012, the Group entered into a sales and purchase agreement for disposal of a parcel of land held for property development with cost of RM1,341,000/- for cash consideration of RM3,000,000/-.

(e) On 16th October 2012, the entire issued and paid-up share capital of TIVR Sdn. Bhd. had been disposed for a cash sale consideration of RM2 and assumption of certain liabilities of TIVR Sdn. Bhd. as at 30th June 2012 by the purchasers.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

38. 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 30.6.2012	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	10,250	9,396	-	-	-	19,646
Inter-segment sales	-	302	-	140	(442)	-
Total revenue	10,250	9,698	-	140	(442)	19,646
Results						
Profit/(Loss) from operations	11,336	5,484	(13)	(1,712)	(13,309)	1,786
Finance costs						(1,187)
Profit/(Loss) before taxation						599
Taxation						(96)
Profit/(Loss) after taxation						503
Other comprehensive income						-
Total comprehensive income						503
Other Information						
Depreciation and amortisation	330	2,067	-	30	-	2,427
Consolidated Statement of Financial Position						
Assets						
Segment assets	308,832	172,691	3,039	362,262	(483,542)	363,282
Liabilities						
Segment liabilities	(264,954)	(178,411)	(15,717)	(307,484)	677,967	(88,599)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

38. SEGMENTAL ANALYSIS (Continued)

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						71
Profit/(Loss) before taxation						98,158
Taxation						1,085
Profit/(Loss) after taxation						99,243
Other comprehensive income						370
Total comprehensive income						99,613
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	(464,422)	377,011
Liabilities						
Segment liabilities	(273,229)	(193,391)	(15,709)	(325,917)	705,415	(102,831)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. 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 30.6.2012	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets				
Trade receivables	25,125	-	-	25,125
Other receivables, sundry deposits and prepayments	14,091	-	-	14,091
Cash, bank balances and deposits	2,460	-	-	2,460
Other investments	-	5,412	-	5,412
	41,676	5,412	-	47,088
Financial liabilities				
Trade payables	-	-	17,696	17,696
Other payables, sundry deposits and accruals	-	-	40,443	40,443
Amount owing to directors	-	-	1,288	1,288
Borrowings	-	-	26,825	26,825
Other long term payables (unsecured)	-	-	748	748
	-	-	87,000	87,000
30.6.2011				
Financial assets				
Trade receivables	20,866	-	-	20,866
Other receivables, sundry deposits and prepayments	12,736	-	-	12,736
Amount owing by associates	1	-	-	1
Cash, bank balances and deposits	10,589	-	-	10,589
Other investments	-	5,484	-	5,484
	44,192	5,484	-	49,676
Financial liabilities				
Trade payables	-	-	18,706	18,706
Other payables, sundry deposits and accruals	-	-	73,617	73,617
Amount owing to directors	-	-	936	936
Borrowings	-	-	295	295
Other long term payables (unsecured)	-	-	748	748
	-	-	94,302	94,302

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. FINANCIAL INSTRUMENTS (Continued)

(a) Classification of Financial Instruments (Continued)

Company 30.6.2012	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets				
Other receivables, deposits and prepayments	21	-	-	21
Amount owing by subsidiaries	225,153	-	-	225,153
Cash, bank balances and deposits	238	-	-	238
Other investments	-	2	-	2
	225,412	2	-	225,414
Financial liabilities				
Other payables, sundry deposits and accruals	-	-	7,843	7,843
Borrowings	-	-	2,497	2,497
Amount owing to directors	-	-	843	843
Amount owing to subsidiaries	-	-	55,748	55,748
	-	-	66,931	66,931
30.6.2011				
Financial assets				
Other receivables, deposits and prepayments	21	-	-	21
Amount owing by subsidiaries	250,009	-	-	250,009
Cash, bank balances and deposits	9,923	-	-	9,923
Other investments	2	-	-	2
	259,955	-	-	259,955
Financial liabilities				
Other payables, sundry deposits and accruals	-	-	50,203	50,203
Amount owing to directors	-	-	796	796
Amount owing to subsidiaries	-	-	47,297	47,297
	-	-	98,296	98,296

(b) Financial Risk Management and Objectives

The Group seeks to manage effectively the various risks namely interest rate, liquidity and credit 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives (Continued)

(i) Interest Rate Risk (Continued)

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

Group **30.6.2012**	**Effective interest rate** %	**Within 1 year** RM'000	**1 - 5 years** RM'000	**> 5 years** RM'000	**Total** RM'000
Financial Liabilities					
Borrowings					
Bank overdraft	8.10	2,497	-	-	2,497
Hire purchase and lease liabilities	3.35 - 11.20	80	248	-	328
Bridging loan	8.35	-	-	24,000	24,000
30.6.2011					
Financial Liabilities					
Borrowings					
Hire purchase and lease liabilities	3.35 - 11.20	87	202	6	295
Company					
30.6.2012					
Financial Liabilities					
Borrowings					
Bank overdraft	8.10	2,497	-	-	2,497

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

The Group and the Company 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 and the Company's net gain and equity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. **FINANCIAL INSTRUMENTS (Continued)**

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

(ii) **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 RM'000	**1 to 5 years** RM'000	**More than 5 years** RM'000	**Total** RM'000
Group				
Financial liabilities				
30.6.2012				
Trade payables	17,696	-	-	17,696
Other payables, sundry deposits and accruals	40,443	-	-	40,443
Borrowings	2,577	248	24,000	26,825
Amount owing to directors	1,288	-	-	1,288
Other long term payables (unsecured)	748	-	-	748
	62,752	248	24,000	87,000
30.6.2011				
Trade payables	18,706	-	-	18,706
Other payables, sundry deposits and accruals	73,617	-	-	73,617
Borrowings	87	202	6	295
Amount owing to directors	936	-	-	936
Other long term payables (unsecured)	748	-	-	748
	94,094	202	6	94,302

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. **FINANCIAL INSTRUMENTS (Continued)**

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

(ii) **Liquidity Risk (Continued)**

	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Company				
Financial liabilities				
30.6.2012				
Other payables, sundry deposits and accruals	7,843	-	-	7,843
Amount owing to directors	843	-	-	843
Borrowings	2,497	-	-	2,497
Amount owing to subsidiaries	-	-	55,748	55,748
	11,183	-	55,748	66,931
30.6.2011				
Other payables, sundry deposits 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

(iii) **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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. **FINANCIAL INSTRUMENTS (Continued)**

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

(iii) **Credit Risk (Continued)**

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 has no significant concentration of credit risk, that may arise from exposure to a single debtor or to group of debtors other than the single debtor of RM8 million arising for disposal of property, plant and equipment.

(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 2012.

The nominal/notional amount and net fair value of corporate guarantee given (as disclosed in Note 35 to the financial statements) are not recognised in the statements of financial position as at 30th June 2012 as it is not practicable to make a reliable estimate due to uncertainties of timing, costs and eventual outcome.

40. **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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. CAPITAL MANAGEMENT (Continued)

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

	Group		Company	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Total borrowings	26,825	295	2,497	-
Trade and other payables	58,887	93,071	7,843	50,203
Amount owing to subsidiaries	-	-	55,748	47,297
Amount owing to directors	1,288	936	843	796
Less: Cash, bank balances and deposits	(2,460)	(10,589)	(238)	(9,923)
Net debt	84,540	83,713	66,693	88,373
Total equity attibutable to the Owners of the Company	274,563	274,095	211,467	214,658
Capital and net debts	359,103	357,808	278,160	303,031
Gearing ratio	24%	23%	24%	29%

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.

41. COMPARATIVE FIGURES

The Company changed its financial year end from 31st December to 30th June annually with effect from the previous financial period ended 30th June 2011.

Accordingly, the comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are for eighteen (18) months 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.

The breakdown of the accumulated losses of the Group and of the Company as at 30th June 2012, into realised and unrealised losses, pursuant to the directive, is as follows:

	Group		Company	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of Tanco Holdings Berhad and its subsidiaries				
- Realised	59,022	59,488	123,420	120,229
- Unrealised	(1)	1	-	-
	59,021	59,489	123,420	120,229
Total share of retained profits from associate				
- Realised	-	-	-	-
- Unrealised	-	-	-	-
	-	-	-	-
Less: Consolidation adjustments	-	-	-	-
Total accumulated losses as per statements of financial position	59,021	59,489	123,420	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.

STATEMENTS 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 positions of the Group and of the Company as at 30th June 2012 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 94 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 2012

STATUTORY DECLARATION

I, **DATO' TAN LEE SING,** being the director 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.

DATO' TAN LEE SING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25th October 2012

Before me,

TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (NO W533)
Commissioner for Oaths
Kuala Lumpur, Wilayah Persekutuan

INDEPENDENT AUDITOR'S 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 2012 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out pages 26 to 93.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TANCO HOLDINGS BERHAD (cont'd)
(Incorporated in Malaysia)

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 2012 and of their financial performances and cash flows for the financial year then ended.

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which disclose the existence of an uncertainty which may cast doubt about the Group's ability to continue as a going concern.

During the financial year ended 30th June 2012, the Group had secured a loan of RM77,000,000/- and as at 30th June 2012, the Group had drawn down part of the facility amounting to RM24,000,000/- to complete the restructuring obligations. The remaining balance will be drawn down in the future for working capital purposes and the Group's future development projects.

As at 30th June 2012, the Group recorded net current assets of RM13,453,000/- as compared to net current liabilities of RM13,706,000/- in the previous financial year. The Group also recorded a net profit of RM503,000/- during the financial year ended 30th June 2012.

The appropriateness of the going concern assumption is dependent on the Group's ability to generate adequate cash flows from its operating activities and operate profitably in the future.

The directors are reasonably optimistic that with the planned development projects in the near future, cash flows of the Group will improve. Aside from this, the Group had also embarked on certain assets disposal program and cost rationalisation exercise to improve the Group's cash flow position. The directors are confident that with all these actions, the Group is in a good position to meets all its existing obligations as and when they fall due.

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 Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

(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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TANCO HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on other legal and regulatory requirements (Continued)

(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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 94 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
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/14 (J/PH)
Chartered Accountant

Kuala Lumpur

Date: 25th October 2012

LIST OF PROPERTIES
As at 30th June 2012

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, 2705-2715, 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, 5826-5829, 5834, 5836, 5838-5859, 5861-5862, 5870, 5877-5891	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	-	233,102
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 Geran 81920-81925 Lot 5913-5908, Geran 81919-81916 Lot 5914-5917, Geran 81911-81915 Lot 5922-5918	Freehold	1.82	Resort known as Duta Hacienda Riveria Resort	2002	-	21,054
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 2012 (cont'd)

Location	Tenure	Area (acres)	Description and Existing Use	Year of Acquisition/ Revaluation	Age of Properties	Net Book Value RM'000
Town of Kuala Lumpur No. 1, Persiaran Ledang Off Jalan Duta, Kuala Lumpur Lot No. 131, Geran 26990	Freehold	1.52	27 units of Serviced apartments and service outlets comprising of a pub, a coffee house, seminar room, office and business centre within Duta Vista Executive Suites	1997	19 years	18,098
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	19 years	3,899
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	19 years	3,433
Parish of Mudgeeraba County of Ward Queensland, Australia 4 On Rp 222092	Freehold	120.09	Existing Resort known as Coolalinga Lodge	1998	32 years	4,000
County of Kent, District of Ashford, England H. M. Land Registry K113517 & K314104	Freehold	19.48	Existing Resort known as Cloth Hall	1998	592 years	6,250
County of Kent District of Shepway, England H. M. Land Registry K444270	Freehold	5.00	Existing Resort known as Havenfield Hall	1998	74 years	5,425

ANALYSIS OF SHAREHOLDINGS
AS AT 31ST OCTOBER 2012

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	-	10,356
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	849	8.20	33,218	0.01
100 – 1,000	1,652	15.95	1,409,326	0.42
1,001 – 10,000	5,196	50.17	24,264,452	7.25
10,001 – 100,000	2,341	22.61	80,858,127	24.14
100,001 to less than 5% of issued shares	316	3.05	126,101,234	37.66
5% and above of issued shares	2	0.02	102,220,369	30.52
Total	10,356	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
Maybank 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
HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Loh Ik Seng	2,847,100	0.85
Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seow Hoon Hin	2,505,000	0.75
Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seow Hoon Hin	2,476,200	0.74
Sithambaram A/L Meyappan	2,465,134	0.74
Jimmy Thomas @ James Abraham Thomas	2,220,300	0.66
RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Jing Jeong	2,200,000	0.66
Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Thanasekaran Ramiah	1,926,900	0.58
Lim Boon Seng	1,895,000	0.56

ANALYSIS OF SHAREHOLDINGS
AS AT 31ST OCTOBER 2012 (cont'd)

Name	No. of Shares	Percentage (%)
Tai Yat Choy	1,849,500	0.55
Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Wee Keong	1,370,000	0.41
Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited	1,297,132	0.39
Wong Chong Lin	1,243,300	0.37
Yii Ming Sung	1,200,000	0.36
TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Tak Ming	1,130,000	0.34
Norahima Binti Ibrahim	1,050,000	0.31
Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Siow Shan	1,049,200	0.31
Devarajah A/L C Navaratham	1,025,000	0.31
HDM Nominees (Tempatan) Sdn Bhd UOB Kay Hian Pte Ltd for Fong Kong Leong	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
Chong Sing Khoon	930,000	0.28
Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Koh Wah	918,700	0.27
HSBC Nominees (Tempatan) Sdn Bhd Lee Rubber (Selangor) Sdn Bhd	870,528	0.26
Poh Hwee Ming	800,000	0.24
	157,157,787	46.93

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31ST OCTOBER 2012

Name of Shareholders	No. of Shares Held			
	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 Maybank 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 Maybank Nominees (Tempatan) Sdn Bhd.

STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS

AS AT 31ST OCTOBER 2012 (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	-	-	-	-
Chan Chee Meng	-	-	-	-
Koay Ghee Teong	-	-	-	-

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.

APPENDIX I

Information on Proposed Amendments to the Company's Articles of Association (hereinafter referred to as **"the Proposed Amendments")**

Details of the Proposed Amendments

The existing articles in the Company's Articles of Association be amended as follows (for which differences are underlined and highlighted in bold below under the columns "Existing Articles" and "Proposed Articles" respectively):-

<table>
<tr><th>Article No.</th><th>Existing Article</th><th colspan="2">Proposed Article</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">New Definition</td><td>Word & Expression</td><td>Meaning</td></tr>
<tr><td>Exempt Authorised Nominee</td><td>An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act</td></tr>
<tr><td>72.</td><td>Save as herein expressly provided, no person other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy, or to be reckoned in a quorum at any general meeting.</td><td colspan="2">a) Save as herein expressly provided, no person other than a member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy, or to be reckoned in a quorum at any general meeting.

b) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</td></tr>
<tr><td>75</td><td>The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.</td><td colspan="2">The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.</td></tr>
</table>

APPENDIX I (cont'd)

Article No.	Existing Article	Proposed Article
76	Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	**a)** Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. b) **Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.** c) **Where an authorized nominee appoints two (2) or more proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies."**
109A	New Article	**The meetings of the Directors may be conducted by means of telephone or audio-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants without a need for a Director to be in physical presence of the other Directors and participation in the meeting in this manner shall be deemed to constitute presence in person at such meetings. The Directors participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum at the commencement of such meeting, all resolutions passed by a majority of Directors attending or present at such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A Director may disconnect or cease to participate in the meeting if he makes known to all other Directors participating that he is ceasing to participate in the meeting and such Director shall, notwithstanding such disconnections, be counted in the quorum for such part of the meeting. The minutes of such a meeting signed by the chairman shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid. A meeting conducted by the aforesaid means is deemed to be held at the place agreed upon by the Directors attending the meeting, provided that at least one (1) of the Directors participating in the meeting was at that place for the duration of the meeting.**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Third 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, 27th December 2012 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the financial year ended 30th June 2012 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)

2. To approve the payment of Directors' Fees amounting to RM96,000.00 in respect of the financial year ended 30th June 2012. (Resolution 2)

3. To re-elect the following Directors who are retiring by rotation in accordance with Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   a. Mr James Wong Kwong Yew (Resolution 3)
   b. Dato' Tan Lee Sing (Resolution 4)

4. To re-elect the following Directors who are retiring in accordance with Article 106 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   a. Mr Chan Chee Meng (Resolution 5)
   b. Mr Koay Ghee Teong (Resolution 6)

5. 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 7)

6. 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 8)

As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions: -

7. **Ordinary Resolution No. 1:**
   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 9)

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. **ORDINARY RESOLUTION NOS. 2 AND 3:**
   - RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

   To retain the following Directors as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012:-

   a. Dato' Dr. Mohd. Noordin bin Haji Keling (Resolution 10)

   b. Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse (Resolution 11)

9. **SPECIAL RESOLUTION:**
   - PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY

   "**THAT** the Proposed Amendments to the Company's Articles of Association as set out in Appendix I of the Company's Annual Report 2012 be and are hereby approved and adopted **AND THAT** the Directors and Secretary of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Company's Articles of Association." (Resolution 12)

10. 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
5th December 2012

NOTES:-

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 17th December 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
(ii) 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. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
(iii) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting. 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.
(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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.
(v) Where a member of the Company is an exempt authorized nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect to the omnibus account.
(vi) 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.
(vii) 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. 9, 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 52nd AGM held on 22nd December 2011, and which will lapse at the conclusion of the 53rd AGM. A renewal of this authority is being sought at the 53rd AGM under the proposed Ordinary Resolution No. 9.

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) Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012

(i) **Dato' Dr. Mohd. Noordin bin Haji Keling**

Dato' Dr. Mohd. Noordin bin Haji Keling was appointed Independent Non-Executive Director of the Company on 1st July 1994, and has, therefore served for more than nine (9) years. As at the date of the notice of the AGM, he has served the Company for eighteen (18) years. However, he has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, however, considers him to be independent and recommends that he should be retained as Independent Non-Executive Director.

(ii) **Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse**

Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse was appointed Independent Non-Executive Director of the Company on 20th October 1997, and has, therefore served for more than nine (9) years. As at the date of the notice of the AGM, he has served the Company for fifteen (15) years. However, he has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, however, considers him to be independent and recommends that he should be retained as Independent Non-Executive Director.

(c) Proposed Amendments to the Company's Articles of Association (hereinafter referred to as "the Proposed Amendments")

The Proposed Amendments by way of Special Resolution under Resolution No. 12 are to amend the Company's Articles of Association to be in line with the recent amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements mainly in relation to the appointment of multiple proxies by an exempt authorised nominee, qualification of proxy and rights of proxy to speak. The Proposed Amendments will also include provision for Board meetings of the Company to be held via telephonic communication, videoconferencing or other forms of simultaneous communication.

The details of the Proposed Amendments are set out in Appendix I of the Company's Annual Report 2012 on pages 105 to 106 of the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

2012 ANNUAL REPORT:

The 2012 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: 03-20936188 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 4 to 7 of the Annual Report. Information relating to the Directors' securities holdings in the Company and its subsidiaries is presented on page 104 of the Annual Report.

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

登高集團

FORM OF PROXY

No. Of shares held	
CDS Account No.	

I/We ____

NRIC No. or Company No. ________________________________

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-Third 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, 27th December 2012 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 year ended 30th June 2012.		
2.	Approval of Directors' Fees		
3.	Re-elect Mr. James Wong Kwong Yew as Director (Article 101)		
4.	Re-elect Dato' Tan Lee Sing as Director (Article 101)		
5.	Re-elect Mr. Chan Chee Meng as Director (Article 106)		
6.	Re-elect Mr. Koay Ghee Teong as Director (Article 106)		
7.	Re-appointment of Dato' Dr. Mohd. Noordin bin Haji Keling as Director pursuant to Section 129(6) of the Companies Act, 1965		
8.	Re-appointment of auditors and authorise the Board of Directors to fix their remuneration		
9.	Special Business - Ordinary Resolution No. 1 Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965		
10.	Special Business - Ordinary Resolution No. 2 To retain Dato' Dr. Mohd. Noordin bin Haji Keling as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012		
11.	Special Business - Ordinary Resolution No. 3 To retain Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012		
12.	Special Business - Special Resolution Proposed Amendments to the Articles of Association of the Company		

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 ______________ 2012.

____
Signature/Common Seal of Member

NOTES:-

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 17th December 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

(ii) 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. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

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

(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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.

(v) Where a member of the Company is an exempt authorized nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect to the omnibus account.

(vi) 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.

(vii) 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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