

Annual Report 2010



Talam Corporation Berhad | Annual Report 2010

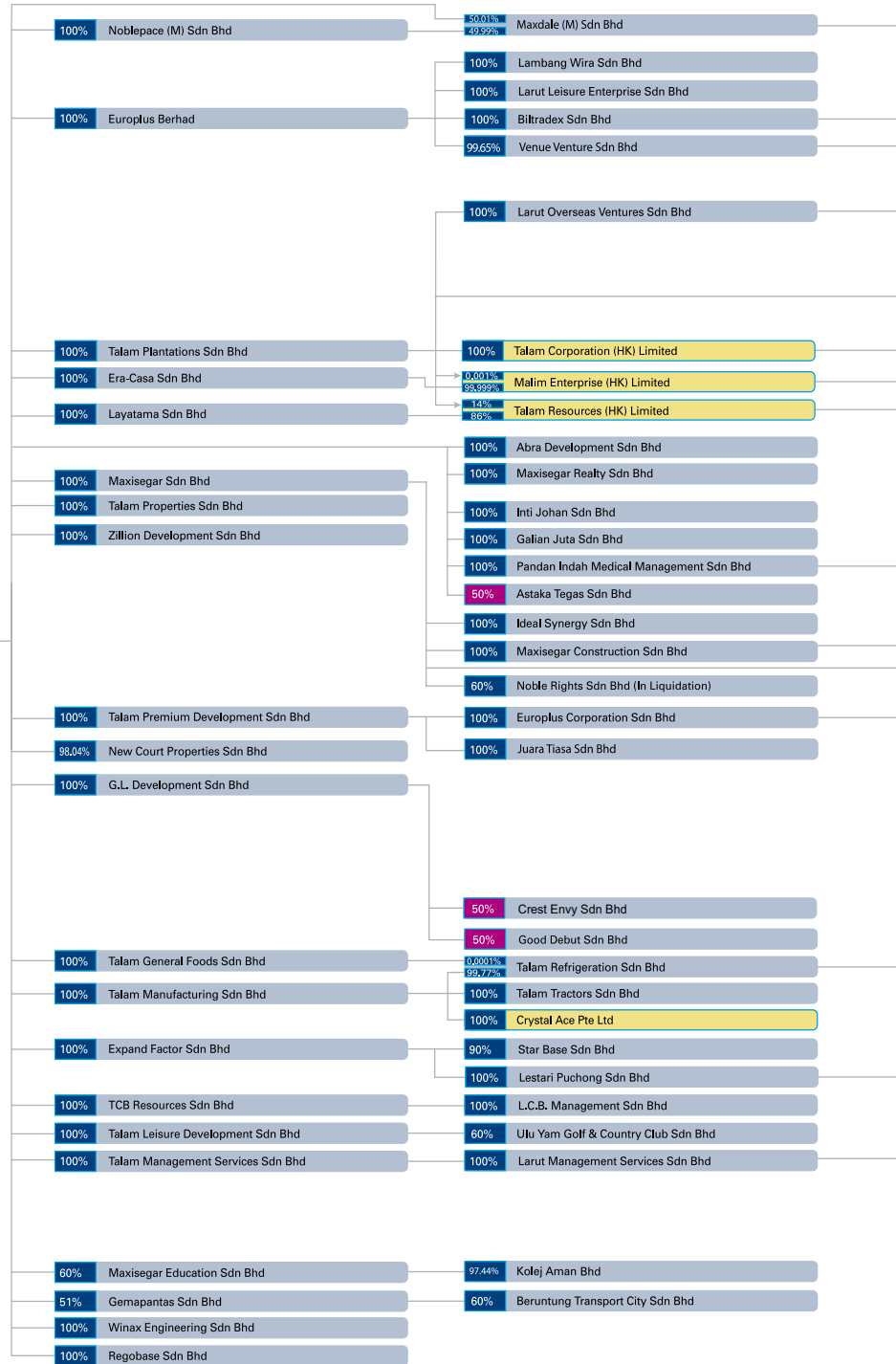
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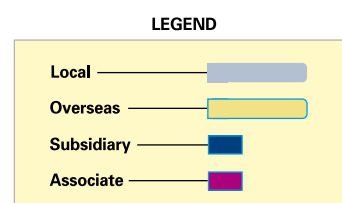
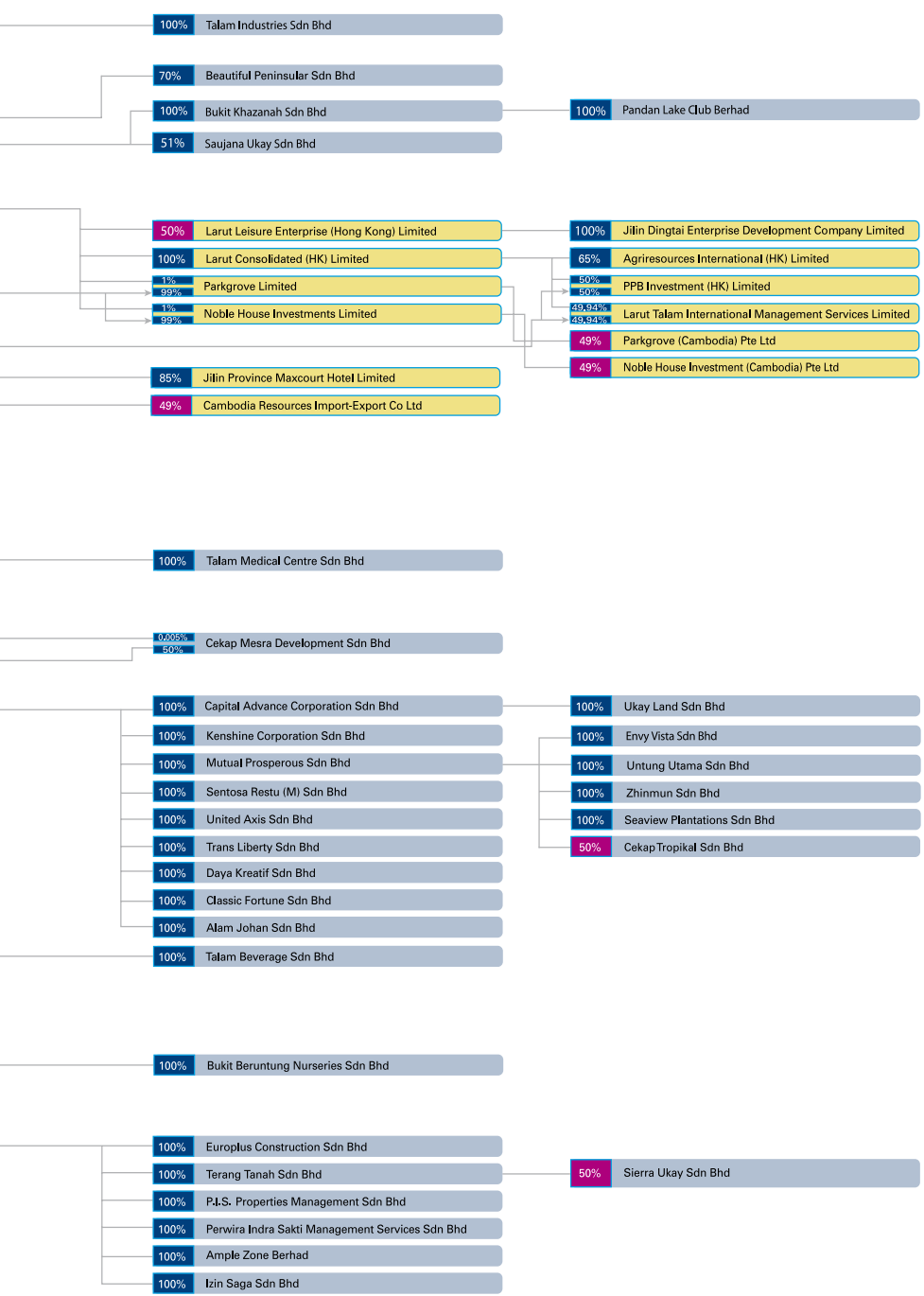
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# CORPORATE STRUCTURE

2





as at 29 June 2010

## BOARD OF DIRECTORS

Tsen Keng Yam  
*Chairman*  
*Independent Non-Executive Director*

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon  
*Non-Independent Non- Executive Director*

Dato' Kamaruddin Bin Mat Desa  
*Independent Non-Executive Director*

Chua Kim Lan  
*Executive Director*

Loy Boon Chen  
*Executive Director*

Winston Mah Yat Kong  
*Independent Non-Executive Director*

Ng Bee Ken  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

Tsen Keng Yam  
*Chairman*  
*Member of the Malaysian Institute of Accountants*

Winston Mah Yat Kong  
*Member*

Dato' Kamaruddin Bin Mat Desa  
*Member*

## NOMINATION COMMITTEE

Dato' Kamaruddin Bin Mat Desa  
*Chairman*

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon  
*Member*

Ng Bee Ken  
*Member*

## REMUNERATION COMMITTEE

Tsen Keng Yam  
*Chairman*

Winston Mah Yat Kong  
*Member*

Ng Bee Ken  
*Member*

## COMPANY SECRETARY

Wong Soon Kiong  
(LS0009395)

## PRINCIPAL BANKERS

Malayan Banking Berhad  
EON Bank Berhad

## REGISTERED OFFICE

Suite 2.05, Level 2 Menara Maxisegar  
Jalan Pandan Indah 4/2  
Pandan Indah  
55100 Kuala Lumpur  
Tel no. : 03-42962000  
Fax no. : 03-42977220  
Website: [www.talam.com.my](http://www.talam.com.my)

## SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel no : 03-20849000  
Fax no : 03-20949940/03-20950292

## AUDITORS

Baker Tilly Monteiro Heng  
Chartered Accountants  
22-1, Monteiro & Heng Chambers  
Jalan Tun Sambanthan 3  
50470 Kuala Lumpur  
Tel no: 03-22748988  
Fax no: 03-22601708

## STOCK EXCHANGE LISTING

Listed on Main Market of  
Bursa Malaysia Securities Berhad

**TSEN KENG YAM**

Malaysian, aged 60, Chairman/Independent Non-Executive Director, joined the Board of Talam Corporation Berhad (“Talam”) on 30 April 2004 and became the Chairman on 22 January 2009. He is also the Chairman of the Audit Committee. He is currently a Director of Riverview Rubber Estates Berhad and Narlborough Plantations Plc.

He is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

In 1978, he joined Hanafiah Raslan & Mohamed as a consultant and was subsequently promoted to Senior Consultant in 1980. He was a principal of Hanafiah Raslan & Mohamed from 1984 to 1987 and was a partner of Arthur Andersen & Co. for more than 14 years from 1988 to 2003.



He has no family relationship with any other directors or major shareholders of the Company. There is no conflict of interest with the Company. Within the last 10 years, he has no convictions for offences.

He has attended all the six (6) Board of Directors’ meetings held during the financial year ended 31 January 2010.



**TAN SRI DATO’ (DR) IR CHAN AH CHYE @ CHAN CHONG YOON**

Malaysian, aged 64, Non-Independent Non-Executive Director, joined the Board of Talam on 6 November 1990. He was formerly the Executive Chairman of Talam Corporation Berhad (“Talam”) prior to his re-designation as Non-Independent Non-Executive Director on 22 January 2009. He is a member of the Nomination Committee. He is also currently the Executive Director (President/Chief Executive) of Kumpulan Europlus Berhad.

He graduated with a Bachelors Degree in Civil Engineering from the University of Malaya in 1970 and is a member of the Institution of Engineers, Malaysia since 1974 and was subsequently made a Fellow in 1984. He has over 38 years of experience in the property and construction industry since he started his career with Messrs Binnie & Partners (M) Sdn Bhd and later joined Perbadanan Kemajuan Negeri Selangor in 1971 as a Project Manager handling project designs, management and property development. Tan Sri Chan was awarded the prestigious “Property Man of the Year 1998” by Federation Internationale

Des Professions Immobilières (“FIABCI”) in recognition of his achievements in property development. Tan Sri Chan was conferred the Honorary Doctorate of Science (Engineering) by the University Malaya on 11 August 2003.

Tan Sri Chan is the spouse of Puan Sri Datin Thong Nyok Choo, a major shareholder of Talam. He has direct and deemed interest in Kumpulan Europlus Berhad, a major shareholder of Talam. There is no conflict of interest with the Company except for those transactions disclosed in item 9, pages 23 to 28 of the Additional Compliance Information and Note 45 to the Financial Statements of this Annual Report. Within the last 10 years, he has no convictions for offences.

He has attended all the six (6) Board of Directors’ meetings held during the financial year ended 31 January 2010.



### DATO' KAMARUDDIN BIN MAT DESA

Malaysian, aged 59, Independent Non-Executive Director, joined the Board of Talam on 1 October 2007. He is a member of the Audit Committee and Nomination Committee.

He holds a Bachelor of Laws (Hons) from International Islamic University, Petaling Jaya, Selangor (1993) and currently an Advocate and Solicitor, High Court of Malaya.

Dato' Kamaruddin had extensive experience in the Royal Malaysian Police Force. During his distinguished career, he held positions such as General Duty/Traffic, Platoon Commander, Police Field Force, Office in-charge of Police Sub-District, Area Inspector, State Traffic Chief Selangor, Deputy OCPD, Staff Officer (Prosecution) Session Court (Selangor), Staff Officer (Admin) CID Selangor, Police Secretary/Special Officer to IGP, Officer in-charge Criminal Investigation Department, Deputy Chief Police Officer and Deputy Director, Commercial Crime Investigation Department.

He is currently a Partner in a law firm practicing under the name and style of Faridzah & Co.

He has no family relationship with any other directors or major shareholders of the Company. There is no conflict of interest with the Company. Within the last 10 years, he has no convictions for offences.

He has attended all the six (6) Board of Directors' meetings held during the financial year ended 31 January 2010.



### CHUA KIM LAN

Malaysian, aged 46, Non-Independent Executive Director, joined the Board of Talam on 1 October 2007.

Ms Chua Kim Lan graduated from College Tunku Abdul Rahman in Building Technology in 1984 and holds a Master of Business Administration from Honolulu University, Hawaii in 2000. She was previously attached to Brisdale (M) Sdn Bhd for 5 years from 1984 to 1989 and Talam for 1 year prior to joining Europlus Berhad as a Quantity Surveyor in 1991. She was transferred back to Talam subsequent to the merger exercise in 2003 and was formerly the Deputy President of Talam.

She has no family relationship with any other directors or major shareholders of the Company. There is no conflict of interest with the Company. Within the last 10 years, she has no convictions for offences.

She has attended all the six (6) Board of Directors' meetings held during the financial year ended 31 January 2010.

**LOY BOON CHEN**

Malaysian, aged 58, Non-Independent Executive Director, joined the Board of Talam on 1 October 2007. He was re-designated as an Executive Director on 22 January 2009.

Mr Loy Boon Chen holds a Master Degree in Business Administration from Golden Gate University, San Francisco, USA and is a Certified Public Accountant, Malaysia.

Mr Loy served an international accounting firm for seven (7) years prior to joining Chong Kok Lin & Sons Berhad in 1980 as Accountant cum Secretary for a year. In 1981, he joined Mudajaya Construction Sdn Bhd as Chief Accountant before being appointed Group Financial Controller of IJM Corporation Berhad in 1994. Mr Loy was appointed the Financial Director of IJM Corporation Berhad from 1998, and was the Head of the Finance & Accounts Department and Chairman of IJM Group Risk Management Committee up till the end of 2006. Thereafter, he was assigned to be in charge of special projects.



Mr Loy was a member of the Accounting Standards Sub-Committee of the Federation of Public Listed Companies Berhad (1998-2006).

He is also currently an Executive Director of Kumpulan Europlus Berhad, a major shareholder of the Company and an Independent and Non-Executive Director of Guangdong Provincial Expressway Development Co. Limited, a company listed on the Shenzhen Stock Exchange, China.

He has no family relationship with any other directors or major shareholders of the Company. There is no conflict of interest with the Company. Within the last 10 years, he has no convictions for offences.

He has attended all the six (6) Board of Directors' meetings held during the financial year ended 31 January 2010.

**WINSTON MAH YAT KONG**



British, aged 56, Independent Non-Executive Director, joined the Board of Talam on 22 January 2009. He is also member of the Remuneration Committee.

Mr Winston Mah holds a Bachelor of Arts (Hons) degree in Business, Corporate Finance & Accounting from Sheffield Hallam University of United Kingdom and also an associate member of the Chartered Institute of Management Accountants, United Kingdom.

He has held senior executive positions (Chief Executive Officer, Regional President) at Sinar Mas/App, Yeo Hiap Seng Group and Global FMGG Companies, including Seagrams, Mars Inc and Nestle. During that period, he has worked in United States of America, Europe, Asia Pacific (including China and Malaysia) and Africa.

He has no family relationship with any other directors or major shareholders of the Company. There is no conflict of interest with the Company. Within the last 10 years, he has no convictions for offences.

He has attended five (5) out of six (6) Board of Directors' meeting held during the financial year ended 31 January 2010.



### NG BEE KEN

Mr. Ng Bee Ken, a Malaysian aged 56, joined the Board of Directors of the Company on 21 May, 2010 as an Independent Non-Executive Director. He is also a member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. Ng holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister-at-Law from Lincoln's Inn. He is also an Advocate and Solicitor of the High Court of Malaya since 1987, and presently is the Managing Partner of the law firm of Lee Swee Seng & Co where he specialises in corporate law.

Besides, Mr. Ng also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an ACEA and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar.

Presently he is the Chairman and an Independent Non-Executive Director of Sinotop Holdings Bhd., and an Independent Non-Executive Director of Widetech Bhd. Mr. Ng is also the local representative Independent Non-Executive Director of Xstrata Recycling Sdn. Bhd. whose parent company is listed in both London and Zurich. Xstrata is one of the largest mining companies in the world.

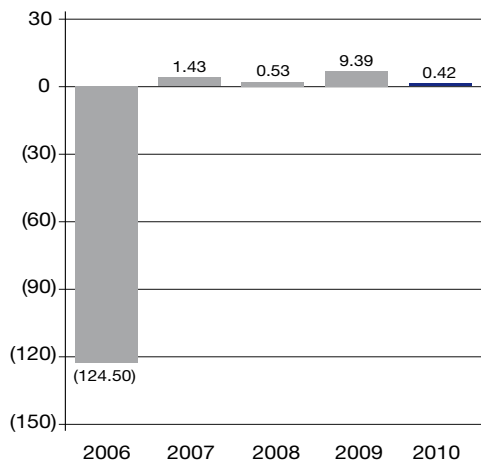
Mr. Ng has no family relationship with any other directors or major shareholders of the Company. He has never been in a position of conflict of interest with the Company.

Mr. Ng has no conviction of any offences whatsoever in his entire life.

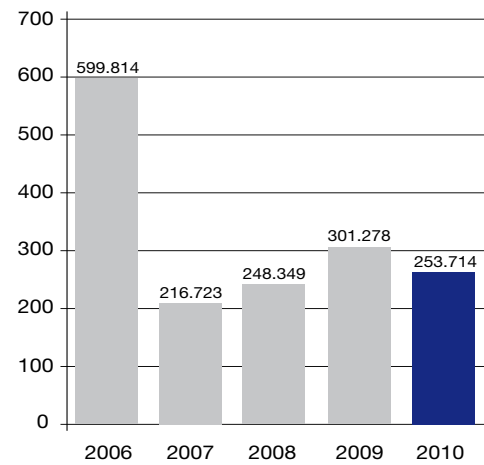


|                                     | 2010<br>RM'000 | 2009<br>RM'000 | 2008<br>RM'000 | Restated<br>2007<br>RM'000 | Restated<br>2006<br>RM'000 |
|-------------------------------------|----------------|----------------|----------------|----------------------------|----------------------------|
| <b>GROUP</b>                        |                |                |                |                            |                            |
| Total Assets                        | 3,227,739      | 3,037,443      | 3,106,497      | 3,260,395                  | 3,270,833                  |
| Equity attributable to shareholders | 608,581        | 390,937        | 344,460        | 346,516                    | 338,540                    |
| Revenue                             | 253,714        | 301,278        | 248,349        | 216,723                    | 599,814                    |
| Profit/(Loss) before tax            | 17,245         | 60,563         | 5,821          | (6,936)                    | (772,644)                  |
| Earnings/(Loss) per share (sen)     | 0.42           | 9.39           | 0.53           | 1.43                       | (124.50)                   |
| <b>COMPANY</b>                      |                |                |                |                            |                            |
| Total Assets                        | 1,236,660      | 480,586        | 497,810        | 458,911                    | 305,100                    |
| Equity attributable to shareholders | 553,371        | 325,037        | 320,195        | 343,081                    | 333,407                    |
| Revenue                             | –              | –              | 3,496          | 1,646                      | 2,199                      |
| Profit/(Loss) before tax            | 24,119         | 4,287          | (23,142)       | 5,744                      | (466,782)                  |

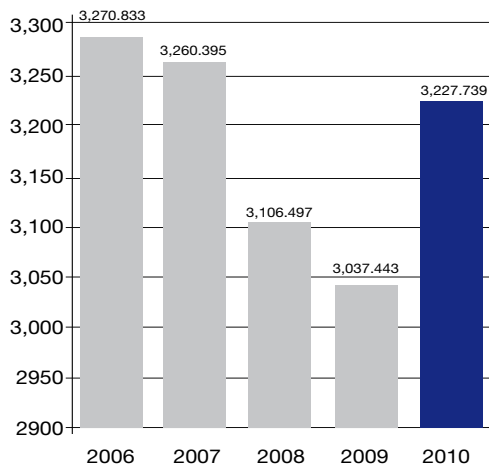
Earnings/(Loss) Per Share (sen)



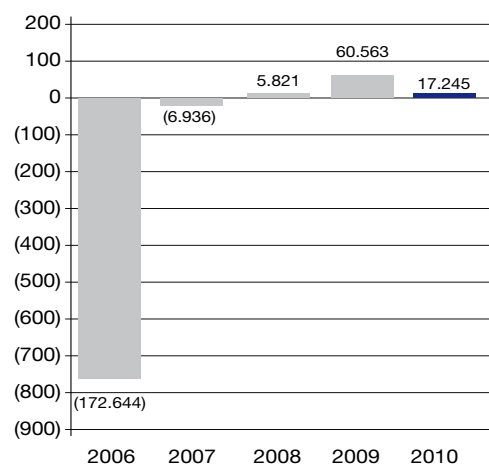
Revenue (RM'000)



Total Assets (RM'000)



Profit/(Loss) before Tax (RM'000)





*On behalf of the Board of Directors of Talam, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 January 2010.*

The financial year under review has seen global financial markets and economies worldwide making great efforts to climb out of recession or pump-prime to ensure sufficient GDP growth in order not to fall into recession. For 2009, although Malaysia registered a negative GDP growth rate of 1.7%, in the last quarter of 2009, the GDP grew 4.4% and further improved to 10.1% in the first quarter of 2010. While Asia have made much progress, the same cannot be said of Europe, USA and many parts of the world.

The perseverance, determination and integrity of our Board members, management team and employees over the year have certainly been instrumental in supporting and sustaining the Group. In view of the uncertain economic and industry outlook, Talam will continue to work harder to strengthen the financial footing of the Group to remain resilient in this difficult operating environment and be on the look out for any new opportunities that may present themselves.

On 12 March 2010 and 12 April 2010, the Company announced that it had entered into principal and supplementary agreements respectively with Menteri Besar Selangor (Incorporated) ("MBI") to dispose of RM676.09 million worth of properties in settlement, principally, of RM 391.99 million due to MBI and RM266.26 million due to the lenders. This is the largest amongst several disposals undertaken in the last few years with a view to reduce further the debts level of the Group. It is my fervent hope that you will give us your full support, at the next shareholders meeting to be convened soon, to sanction this transaction.

## FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2010, the Group achieved revenue of RM253.71 million, a 15.8% drop, as compared to revenue of the previous financial year of RM301.28 million. The Group attained profit-after-tax-after-minority-interest of RM9.02 million (preceding year RM59.11 million) which translates to earnings per share of 0.42 sen, down from 9.39 sen in the preceding year. The Group's performance was affected by lower progress billings for development projects as some are coming to the tail-end. Despite a much higher gross profit of RM108.46 million (preceding year RM27.74 million), helped by profit from sale of development land, the pretax profit achieved was only RM17.25 million (preceding year RM60.56 million) due to higher finance cost, increase in provision for doubtful debts, and impairment provision for goodwill and investment properties. On the other hand, the higher pretax profit achieved in the preceding year was attributable to non-recurrent items such as reversal of interests cost previously accrued and debt waiver granted by the lenders pursuant to the implementation of the Regularisation Plan.

Upon the completion of the Regularisation Plan during the financial year under review, the Group has emerged much stronger, financially. The equity attributable to shareholders as at 31 January 2010 is now RM608.58 million, an increase of 55.7% against RM390.94 million from a year ago. At the same time, the Group's net current liabilities has reduced to RM189.78 million from RM886.88 million of a year ago.

**FINANCIAL HIGHLIGHTS (cont'd)**

I am pleased to report that the group's auditors have removed all previous qualifications for the financial statements for the financial year ended 31 January 2010 and Bursa Malaysia Securities Berhad has on 10 June 2010 approved the Company's application to be uplifted from PN 17 classification.

**PROSPECTS**

Whilst The Government has forecast healthy GDP growth of 6% for 2010, there are many uncertainties and destabilising factors, especially the on-going Europe's struggle to contain ballooning debts. Investors and policy makers around the world are increasingly worried that Europe's efforts to contain debt level will sap the continent's anaemic growth, denting demand from emerging economies and derailing full global recovery.

The year ahead will undoubtedly be challenging for the Group amidst the uncertain global financial and economic scenario. The Group has delivered several thousand houses to purchasers in the last two (2) years. The key emphasis for the year will be to complete the remaining houses sold and to enable the Group to reapply for advertising permits from the Ministry of Housing. The Group will practise prudent risk management and business strategies to meet the challenges ahead.

**ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I am pleased to welcome Mr Ng Bee Ken, who was appointed on 21 May 2010 to the Board. I would also like to take this opportunity to thank Y.A.M Tengku Sulaiman Shah Al-Haj Ibni Al-Marhum Sultan Salahuddin Abdul Aziz Shah Al-Haj and Mr Lee Swee Seng who has resigned from the Board on 28 September 2009 and 21 May 2010 respectively for their invaluable contributions to the Group and the Board during their tenures.

I wish to extend my heartfelt appreciation to our shareholders who have been steadfast and to our valued customers, business partners, lenders, contractors and creditors for their continuing support. Furthermore, my sincere appreciation to the management and staffs for their dedication and untiring commitment to the Group. Last but not least, my sincere gratitude to the Securities Commission, Bursa Malaysia Securities Berhad and all the relevant authorities for their continuing guidance and advice.

### Property Investment and Development

Property investment and development remain the core business of Talam Group and has contributed 93.1% of its turnover for the financial year ended 31 January 2010. Talam Group currently has a total balance land bank of approximately 5,047 acres, mainly in Selangor, comprising a mixed portfolio of commercial, residential and industrial properties at various strategic locations in Ampang, Sepang, Puchong, Bukit Jalil and Rawang.

An update of the housing development projects currently being undertaken and to be undertaken by the Talam Group is as follows:-

#### (1) Existing Projects

##### a. Taman Puncak Jalil

Taman Puncak Jalil, a township development on a 801-acre leasehold land, is located next to Technology Park along Sungai Besi, Puchong road. Adjacent developments are Lestari Perdana on the southeast, Taman Equine on the south, Bandar Kinrara on the northwest and Bukit Jalil Sports Complex on the north. The development, which is undertaken by Maxisegar Sdn Bhd, a wholly-owned subsidiary of Talam, is an integrated and self-contained township comprising 8,102 units of residential and commercial properties. This strategically located project has attracted strong interest from the public. The Gross Development Value of Taman Puncak Jalil estimated to be about RM2.13 billion with an expected development period of twelve (12) years. The project was first launched in June 2001 and as at 31 January 2010, the project has recorded sales of 7,166 units valued at RM1.55 billion.

##### b. Ukay Perdana

Ukay Perdana is a mixed development project located at 7th mile, off Jalan Ulu Klang, in the vicinity of Bukit Antarabangsa and Taman Ukay. It is situated approximately 14.4 km north-east of Kuala Lumpur City Centre, which is about 15 minutes drive north-east of Kuala Lumpur City Centre via elevated highway. The project is situated on 345 acres of converted leasehold land which is being developed by Ukay Land Sdn Bhd, a subsidiary of Talam.

The development consists of 6,200 units of residential and commercial properties with an expected Gross Development Value of RM870.90 million. As at 31 January 2010, a total of 6,189 units of properties valued at RM854.47 million have been sold.

##### c. Lestari Puchong

Lestari Puchong is a project undertaken by Lestari Puchong Sdn Bhd, a subsidiary of Talam. The proposed site is located off Jalan Akademi Putra, approximately 1.2 kilometers from Persimpangan Serdang Exit No. 1123, in the vicinity of Seri Kembangan, Selangor. The site is easily accessible from Kuala Lumpur-Seremban Highway via Jalan Sungai Besi and strategically located to the north of University Putra Malaysia research centre.

Lestari Puchong is a mixed development comprising 8,256 units of residential properties, and 327 units of commercial properties. With an estimated Gross Development Value of RM1.10 billion, Lestari Puchong is expected to span over a development period of twelve (12) years. Launched in March 2001, Lestari Puchong has achieved sales of 4,313 units valued at RM720.48 million as at 31 January 2010.

##### d. Kinrara Section 3

Kinrara Section 3 is a project undertaken by Sentosa Restu (M) Sdn Bhd, a subsidiary of Talam. The project is located on 43 acres of leasehold land in the Daerah of Petaling, opposite of the Kinrara Army Camp. The proposed development consists of 3,296 units of residential and commercial properties. It was first launched in 1999 with an estimated Gross Development Value of RM426.55 million. As at 31 January 2010, Kinrara Section 3 has achieved sales of RM 422.08 million representing 3,239 units sold.



**e. Jalil Heights**

Jalil Heights is located on a 31.4-acre leasehold land in Mukim of Petaling, Petaling District within a development known as Lestari Perdana. It is earmarked for the development of 284 units of semi-detached houses undertaken by Abra Development Sdn Bhd, a wholly-owned subsidiary of Talam. The project will generate an estimated Gross Development Value of RM101.0 million. Since its first launch in September 2001, Jalil Heights has recorded sales of RM95.99 million (representing 267 units sold) as at 31 January 2010.

**f. Saujana Puchong**

Saujana Puchong is a development undertaken by Expand Factor Sdn Bhd, a wholly-owned subsidiary of Talam, on approximately 423 acres of 99 years leasehold land in the Petaling District. The project site is located in the growth area of Puchong and is easily accessible via Lebuhraya Damansara Puchong and the Kuala Lumpur-Seremban Highway through the Serdang-Puchong dual carriageway that links Jalan Puchong to Serdang.

The entire development comprises 4,933 units of terrace houses, apartments and shop lots, which upon completion, are expected to generate a Gross Development Value of RM634.37 million. As at 31 January 2010, the project has recorded sales of 4,545 units valued at RM606.64 million.

**g. Danau Putra**

Danau Putra is a mixed development undertaken by Cekap Mesra Development Sdn Bhd, a subsidiary of Talam, on approximately 417.34 acres of 99 years leasehold land in the Mukim of Dengkil, District of Sepang, within the Multimedia Super Corridor.

Danau Putra is planned for mixed development of medium low cost apartments, cluster bungalows and shop/apartments with an estimated Gross Development Value of RM630.0 million. Launched in August 1998, Danau Putra has achieved sales of 3,879 units valued at RM361.08 million as at 31 January 2010.

**h. Putra Perdana**

Putra Perdana is a project undertaken by Kenshine Corporation Sdn Bhd, a subsidiary of Talam, and is situated on 600 acres of converted leasehold land. The project is located on the southern side of Puchong-Kajang trunk road, 5 km from Batu 14 Puchong, within Cyberjaya and adjacent to the Multimedia Super Corridor, 5 km west of Putrajaya and 13 km north of the Kuala Lumpur International Airport.

With an expected Gross Development Value of RM1.92 billion, Putra Perdana will consist of residential houses, apartments, shop offices, commercial complex, exhibition center, theme garden, hotel and service apartments. As at 31 January 2010, the project has recorded sales of 7,797 units valued at RM831.68 million.

**i. Saujana Putra**

Saujana Putra is a project undertaken by Galian Juta Sdn Bhd, a wholly-owned subsidiary of Talam measuring about 200 acres in size. It is located opposite Putra Heights in Mukim Tanjung Duabelas, Kuala Langat District. With a proposed development comprising low to medium cost apartments and medium cost terrace houses, it will generate an estimated Gross Development Value of RM331.90 million over a development life span of eleven (11) years. Launched in March 2003, Saujana Putra has achieved sales of 527 units valued at RM74.6 million as at 31 January 2010.

**j. Lestari Permai**

Lestari Permai is situated on approximately 76.01 acres of 99 years leasehold land and located opposite the Putrajaya Gate 2 entrance and it is being undertaken by Europlus Construction Sdn Bhd, a subsidiary of Talam. The project will be accessible via Lebuhraya Damansara Puchong, Puchong-Serdang bypass, and Jalan Puchong. The proposed development comprises 1,004 units of residential houses and 24 units of double storey shop and 7 units of low cost shops.

With an estimated Gross Development Value of RM132.07 million, Lestari Permai was launched in March 2003 and has achieved sales of 566 units valued at RM80.37 million as at 31 January 2010.

**k. Bukit Sentosa**

Bukit Sentosa I & III form an integrated township covering approximately 1,898 acres of freehold land in the Mukim of Serendah, approximately 47 km north of Kuala Lumpur. It is easily accessible through the North-South Expressway and exit at Bukit Beruntung Interchange. The comprehensive new township comprises a mixed development of residential, commercial and industrial properties.

Bukit Sentosa I, which is being developed by Talam Industries Sdn Bhd, is planned for mixed development comprising 9,573 units of terrace houses, apartments and shoplots. Launched in September 1999, the project has generated total sales of RM713.36 million as at 31 January 2010.

Bukit Sentosa III, covering 1,010 acres of freehold land, is developed by Maxisegar Sdn Bhd. It is planned for a mixed development of 14,790 units of terrace houses, apartments and shoplots, with a Gross Development Value of RM1.3 billion. Launched in March 1997, Bukit Sentosa III has achieved a total sales of RM577.8 million (or 7,191 units sold) as at 31 January 2010.

**l. Bandar Bukit Beruntung**

Bandar Bukit Beruntung, a converted 5,500 acres of freehold land, is located north-west of Rawang, approximately 40 km from Kuala Lumpur. It is undertaken by Europlus Corporation Sdn Bhd, a subsidiary of Talam. The mega township which is marketed as the “2nd Petaling Jaya” has a golf resort, country homes, campus, industrial, commercial and housing units with an expected Gross Development Value of RM3.36 billion. The development of the entire township is expected to span another ten (10) years to the year 2020.

Launched in late 1991, this project has achieved a total sales value of RM1.52 billion representing 13,398 units as at 31 January 2010.

**(2) Future Project**

**Shah Alam 2 (Berjantai Bistari Land)**

The proposed Shah Alam 2 originally involved 3,000 acres of land but will be left with a balance of 736.47 acres when the Selangor state settlement exercise is completed. The land is located adjacent to the Universiti Industri Selangor (“UNISEL”) campus about 44 km from the towns of Batang Kali and Kuala Selangor, 30 km from Rawang and 20 km from Bukit Beruntung. While the current access to the site is by the coastal road passing by Kuala Selangor or the trunk road from Rawang, Shah Alam 2 will eventually be reached by a 10 km proposed road from the Bukit Beruntung Interchange off the North-South Highway, to be constructed by Maxisegar Sdn Bhd.

Berjantai Bistari is to be developed over 15 years and will comprise approximately 3,500 units of residential and commercial properties with an estimated Gross Development Value of RM350.00 million.

### (3) Joint-Venture Projects

#### a. 252 Units 2½ Storey Terrace House at Ukay Perdana

This development is a venture undertaken by 50%-owned Good Debut Sdn Bhd. The development is part of Ukay Perdana project and is located at 7th mile off Jalan Ulu Klang in the vicinity of Bukit Antarabangsa. The Gross Sales Value is estimated to be RM 96.55 million. As at 31 January 2010, a total of 141 units of sales value of RM 57.40 million were achieved.

#### b. Serenia Garden

Serenia Garden is a residential development project undertaken by 50%-owned Sierra Ukay Sdn Bhd. The project measures 90 acres and is located in Mukim Ulu Kelang adjacent to the existing Ukay Perdana. The Gross Development Value of Sierra Ukay is estimated to be RM615 million and is expected to be implemented over a period of five (5) years. Launched in October 2007, the project has achieved sales of 309 units valued at RM 109.64 million as at 31 January 2010.

#### c. Sierra Selayang

Sierra Selayang is a residential development project undertaken by 50%-owned Cekap Tropikal Sdn Bhd. The project measures 204 acres and is located at Ulu Gombak Forest Reserve, Mukim of Batu, District of Gombak, State of Selangor. The Gross Development Value of Sierra Selayang is estimated to be RM963.9 million and is expected to be implemented over a period of eight (8) years.

#### d. Yin Hai Complex in Changchun, Jilin Province, People's Republic of China

Yin Hai Complex is a project undertaken by Jilin Dingtai Enterprise Development Co. Ltd. , a wholly-owned subsidiary of Larut Leisure Enterprise Hong Kong Ltd., a 50%-owned associate of Talam Group. The proposed Yin Hai Complex is a 35-storey building comprising 28 office-cum-residential levels, 7 shopping podium levels and 2 basement levels. The Gross Sales Value of Yin Hai Complex is estimated to be RMB738 million.

### Other Businesses

The Talam Group's other businesses in hotel and recreation contributed approximately 6.9% of its turnover in financial year 2010.

The Board of Directors (“Board”) of Talam Corporation Berhad (“Talam” or “the Company”) recognizes the importance of good governance to ensure the success of the Company’s business and is committed to instill standards of corporate governance throughout the Group to enhance its shareholder value and financial performance.

The statement below sets out how the Group has applied the key principles of the Malaysian Code on Corporate Governance (Revised 2007) [“Code”] and the extent of its compliance with the best practices of the Code.

## (A) DIRECTORS

### (i) The Board

The Board has overall responsibility for the strategic direction and control of the Group.

The Board meets periodically on a quarterly basis with additional meetings being convened as and when necessary. During the financial year ended 31 January 2010, six (6) Board Meetings were held and the attendance of each Director is set out below :-

| Directors  | Number of Board meetings attended/ held (during the Directors’ tenure) |
|--|--|
| Tsen Keng Yam (Chairman)   | 6 out of 6   |
| Y.A.M. Tengku Sulaiman Shah Al-Haj Ibni Al-Marhum Sultan Salahuddin Abdul Aziz Shah Al-Haj (Resigned on 28 September 2009) | 1 out of 4   |
| Tan Sri Dato’ (Dr) Ir Chan Ah Chye @ Chan Chong Yoon   | 6 out of 6   |
| Dato’ Kamaruddin Bin Mat Desa  | 6 out of 6   |
| Chua Kim Lan   | 6 out of 6   |
| Loy Boon Chen  | 6 out of 6   |
| Lee Swee Seng (Resigned on 21 May 2010)  | 5 out of 6   |
| Winston Mah Yat Kong   | 5 out of 6   |
| Ng Bee Ken (appointed on 21 May 2010)  | 0 out of 0   |

### (ii) Board Composition

The Board of Talam currently has seven (7) members comprising two (2) Executive Directors, four (4) Independent Non-Executive Directors (including the Chairman) and one (1) Non- Independent Non-Executive Director.

The roles of the Chairman and Executive Directors are segregated to ensure that there is a balance of power and authority. Mr Tsen Keng Yam is the Chairman of the Board while Ms Chua Kim Lan and Mr Loy Boon Chen are Executive Directors. The Chairman is responsible for the orderly conduct and working of the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions whilst the Executive Directors are responsible for the day-to-day management of the business and implementation of Board decisions and the decisions of the Executive Committee.

The five (5) Non-Executive Directors provide the necessary balance of power and authority to the Board with a mix of industry-specific knowledge and broad business and commercial experience. They ensure that all proposals by management are fully deliberated and examined, taking into account the interest of shareholders and stakeholders.

The Board also recognises the pivotal role of the independent directors in corporate accountability as they provide unbiased and independent views, advice and judgement. The Chairman/Independent Non-Executive Director, Mr Tsen Keng Yam, has been identified as the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed.

The profile of each Director is set out on pages 5 to 8 of this Annual Report.

**(iii) Supply of Information**

All the Directors are notified about the Board meetings scheduled by the Company Secretary before the meetings. The Board papers together with the agenda are circulated to all the Directors in sufficient time prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed at the meeting and where necessary, to obtain further explanations so they can fully briefed before the meeting. The Board papers include reports on the Group's strategic, financial, operational, corporate developments and regulatory compliance matters.

In discharging their duties, the Directors have access to all information within the Company and to the advice and services of the Company Secretary. If necessary, the Directors are entitled to seek independent professional advice from external consultants at the Company's expense. Any such request is presented to the Board for approval.

Senior Management staff, as well as advisers and professionals appointed to advise on corporate proposals, may be invited to attend Board meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board, and to state their clarification on issues that may be raised by the Directors.

**(iv) Board Committees**

The Board has delegated certain functions to the several Board Committees which operates within the approved Terms of Reference. These Committees have authority, inter-alia, to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The various Board Committees in Talam are as follows :-

**1. Executive Committee**

The Executive Committee was established on 27 September 2007 and its membership consists of Executive Directors and senior management personnel of the Group. The Executive Committee meets regularly, to review the performance of the Group's operating divisions. As at the date of this statement, the Executive Committee comprises the following members :-

| Members                     | Designation             |
|-----------------------------|-------------------------|
| Mr Loy Boon Chen (Chairman) | Executive Director      |
| Ms Chua Kim Lan             | Executive Director      |
| Mr Chew Kok Hing            | Consultant              |
| Mr Tan Bak Hai              | Senior Vice President I |
| Mr Kang Choong Kiat         | Vice President          |



The terms of reference of the Executive Committee include, amongst others, the following :-

- (i) review and approve the budget and cashflow projections prepared by the Group's strategic business units as well as its performance;
- (ii) decide on all transactions and matters relating to the Group's core business/investments within the restricted limits of authority determined by the Board;
- (iii) decide on all matters relating to banking facilities as may be required for the conduct of the Group's operations;
- (iv) review and recommend new investments/land bank acquisitions before tabling to the internal audit committee and recommending to the Board for approval;
- (v) assist the Board in ensuring the effectiveness of the Group's core businesses in accordance to the corporate objective, strategies, policies and business direction approved by the Board; and
- (vi) formulate strategies on an on-going basis and addressing issues arising from changes in both external business environment and internal operating conditions of the strategic business units.

During the financial year, seven (7) Executive Committee meetings were held.

## 2. Audit Committee

The Audit Committee was established on 24 February 1994 and is currently chaired by Mr Tsen Keng Yam. Other members of the Audit Committee are Dato' Kamaruddin Bin Mat Desa and Mr Winston Mah Yat Kong.

The terms of reference and activities of the Audit Committee during the financial year are set out under the Audit Committee Report on page 31 to 34 of this Annual Report.

## 3. Nomination Committee

On 22 January 2009, the Nomination & Remuneration Committee was separated into two separate committees, namely, Nomination Committee and Remuneration Committee respectively.

As at the date of this statement, the Nomination Committee comprises three (3) Non-Executive Directors out of which two (2) are Independent Directors and the members are as follows :-

| Members   | Designation                            |
|---|--|
| Dato' Kamaruddin Bin Mat Desa                           | Independent Non-Executive Director     |
| Tan Sri Dato' (Dr) Ir Chan Ah Chye<br>@ Chan Chong Yoon | Non-Independent Non-Executive Director |
| Ng Bee Ken  | Independent Non-Executive Director     |

The terms of reference of the Nomination Committee include, amongst others, the following:-

- (i) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board;
- (ii) recommend to the Board, directors to fill the seats on Board committees;
- (iii) review the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board on an annual basis; and
- (iv) assess the effectiveness of the Board as a whole, the committees of the Board, and contribution of each individual director, including independent non-executive directors, as well as the chief executive officer in an annual basis.

The Nomination Committee held a meeting during the financial year.

#### 4. Remuneration Committee

As at the date of this statement, the Remuneration Committee comprises three (3) Independent Non-Executive Directors and the members are as follows :-

| Members              | Designation                                      |
|----------------------|--|
| Tsen Keng Yam        | Chairman /<br>Independent Non-Executive Director |
| Winston Mah Yat Kong | Independent Non-Executive Director               |
| Ng Bee Ken           | Independent Non-Executive Director               |

The terms of reference of the Remuneration Committee include, amongst others, the following :-

- (i) recommend to the Board the reward framework for all executive directors and perform an on-going review of executive directors' remuneration structure;
- (ii) recommend to the Board changes in remuneration if required or in the event the present structure and remuneration policy are deemed inappropriate; and
- (iii) The remuneration of the non-executive directors are to be determined by the Board and not the Remuneration Committee.

The Remuneration Committee held a meeting during the financial year.

#### (v) Appointment to the Board

The Nomination Committee recommends to the Board, suitable candidates for appointment as Director and to fill vacant seats on the Board committees after which the Company Secretary ensures that all appointments are properly made and all legal and regulatory compliance are met. However, the main decision lies with the Board after taking into consideration the nomination by the Nomination Committee. The Nomination Committee also assesses the effectiveness of the Board and Board Committees.

The Board, through the Nomination Committee, review annually the required mix of skills, expertise, attributes and core competencies of its Directors as well as the Board structure, size and composition.

**(vi) Directors' Training**

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors are also aware of their duty to undergo appropriate training from time to time to ensure that they be better equipped to carry out their duties as Directors.

The Directors have attended at least one training session each on topics such as financial reporting standards, corporate governance, taxation or corporate social responsibility.

**(vii) Re-election of Directors**

Any Director appointed during the year is required under the Articles of Association of the Company ("Articles") to retire and seek re-election by shareholders at the following Annual General Meeting immediately after their appointment. The Articles also require that one-third of the Directors shall retire from office at least once in three years but shall be eligible for re-election.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information, such as personal profile, meetings' attendance and the shareholdings of each Director standing for re-election, are furnished in the Annual Report.

**(B) DIRECTORS' REMUNERATION**

The details of the Directors' remuneration during the financial year ended 31 January 2010 are as follows :-

| Category                | Fees<br>(RM'000) | Salaries<br>(RM'000) | Defined<br>Contribution<br>(RM'000) | Other<br>Emoluments<br>(RM'000) | Total<br>(RM'000) |
|-------------------------|------------------|----------------------|-------------------------------------|---------------------------------|-------------------|
| Non-Executive Directors | -                | -                    | -                                   | 262                             | 262               |

The number of Directors whose total remuneration during the financial year fall within the following bands:-

| Remuneration (RM) | Number of Directors |               |
|-------------------|---------------------|---------------|
|                   | Executive           | Non-Executive |
| Below 50,000      | -                   | 5             |
| 50,001 – 100,000  | -                   | 1             |
| 100,001 – 200,000 | 1                   | -             |
| 200,001 – 300,000 | 1                   | -             |

**(C) RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS**

The Group recognizes the importance of keeping shareholders and investors informed of the Group's performance and major developments. Such information is disseminated via the distribution of annual reports, relevant circulars, disclosure of material information by way of announcements and issuance of quarterly financial results of the Group to Bursa Securities and the public as well as through press conferences.

The AGM is the principal forum for dialogue with shareholders where opportunities are given to them to raise questions and seek clarifications pertaining to the operation and financial performance of the Group. Members of the Board as well as the Auditors of the Company are present to provide responses to questions from the shareholders during these meetings.

Each item of the special business included in the notice of the meeting will be accompanied by an explanatory statement on the proposed resolution.

**(D) ACCOUNTABILITY AND AUDIT****(i) Financial Reporting**

The Board, in presenting the annual audited financial statements, aims to present a balanced and rational assessment of the Group's position and prospects. The Board is also responsible for ensuring that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act, 1065 and the applicable approved accounting standards in Malaysia.

The quarterly financial results and annual audited statements were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. The details of the Company and Group's financial statements for the financial year ended 31 January 2010 can be found from pages 35 to 125 of this Annual Report.

**(ii) Statement of Directors' Responsibility in relation to the Financial Statements**

The Board is required by the Companies Act, 1995 ("the Act") to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of their results and cashflow for that period.

As required by the Act and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with the approved accounting standards in Malaysia and with the provisions of the Act.

In preparing the financial statements for the financial year ended 31 January 2010, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors have responsibility for ensuring that the Company and the Group maintain accounting records, which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**(iii) Internal Control**

The Board acknowledges that it is responsible for maintaining a sound system of internal control which provides reasonable assessment of effective and efficient operations, internal financial controls, and compliance with laws and regulations as well as with internal procedures and guidelines.

A Statement on Internal Control of the Group is set out on pages 29 and 30 of this Annual Report.

**(iv) Relationship with the External Auditors**

The Board, through the Audit Committee, maintains a close and transparent professional relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The role of the Audit Committee in relation to the external auditors is set out on pages 31 to 34 of this Annual Report.

### (E) CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a responsible corporate citizen, the Group will continuously ensure that all pertinent activities relating to corporate social responsibility are considered and supported in its operations for the well being of stakeholders, community and environment.

Our employees are the heart of the Group and the key to the competitive success in the marketplace. As a policy, we do not discriminate against any race, gender, age and minorities. The employees are also provided adequate medical benefits as well as hospitalisation and personal accident insurance coverage. We believe that employees' involvement is vital to the success of the Group.

As part of effort towards the preservation of environment, the Group would ensure there are sufficient measures at all construction sites to prevent any adverse impact on the environment.

This Statement is made in accordance with the resolution approved by the Board of Directors on 29 June 2010.



## 1. UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposal during the financial year ended 31 January 2010.

## 2. SHARES BUY-BACK

There were no shares buy-back by the Company during the financial year.

## 3. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, or Directors or management by the relevant regulatory bodies during the financial year.

## 4. NON-AUDIT FEES

During the financial year, the Company did not incur any non-audit fees for services rendered to the Company by the Company's auditors.

## 5. VARIATION IN RESULTS

There were no material variances between the audited results for the financial year ended 31 January 2010 and the unaudited results for the quarter ended 31 January 2010 of the Group except that the Group's audited profit after tax after minority interest is 17.3% higher than the announced unaudited figure.

## 6. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, which were still subsisting as at the end of the financial year.

## 7. MATERIAL CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year.

## 8. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

During the financial year, 412,325,096 5-Year Redeemable Convertible Preference Shares of RM0.20 each have been converted into 412,325,096 Ordinary Shares of RM0.20 each.

## ADDITIONAL COMPLIANCE INFORMATION

As at 31 January 2010 (cont'd)

### 9. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the recurrent related party transactions made during the financial year ended 31 January 2010 pursuant to the shareholders' mandate obtained by the company at the Annual General Meeting held on 23 July 2009 are as follows :-

| Nature of transactions undertaken by Talam Corporation Berhad ("TALAM") and/ or its subsidiaries | Transacting Company | Transacted (RM'000) | Amount Interested Related Party |
|--|---------------------|---------------------|---------------------------------|
| <b>(A) Construction Contract Costs charged by KEB Builders Sdn Bhd ("KEBB")</b>                  |                     |                     |                                 |
| Expand Factor Sdn. Bhd.  | KEBB                | 3,490               | KEURO & IJM<br>(Notes 3 and 5)  |
| Europlus Construction Sdn. Bhd.  | KEBB                | 1,979               | KEURO & IJM<br>(Notes 3 and 5)  |
| Galian Juta Sdn. Bhd.  | KEBB                | 1,845               | KEURO & IJM<br>(Notes 3 and 5)  |
| Lestari Puchong Sdn. Bhd.  | KEBB                | 5,806               | KEURO & IJM<br>(Notes 3 and 5)  |
| Abra Development Sdn. Bhd.   | KEBB                | 1,189               | KEURO & IJM<br>(Notes 3 and 5)  |
| <b>(B) Construction Contract Costs charged by IJM Construction Sdn. Bhd. ("IJMC")</b>            |                     |                     |                                 |
| Europlus Corporation Sdn. Bhd.   | IJMC                | 714                 | KEURO & IJM<br>(Notes 3 and 5)  |
| Kenshine Corporation Sdn. Bhd.   | IJMC                | 8,400               | KEURO & IJM<br>(Notes 3 and 5)  |
| Maxisegar Sdn. Bhd.  | IJMC                | 23,607              | KEURO & IJM<br>(Notes 3 and 5)  |
| Sentosa Restu Sdn. Bhd.  | IJMC                | 20,787              | KEURO & IJM<br>(Notes 3 and 5)  |
| Ukay Land Sdn. Bhd.  | IJMC                | 17,337              | KEURO & IJM<br>(Notes 3 and 5)  |

## ADDITIONAL COMPLIANCE INFORMATION

As at 31 January 2010 (cont'd)

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| Nature of transactions undertaken by Talam Corporation Berhad ("TALAM") and/ or its subsidiaries  | Transacting Company      | Transacted (RM'000) | Amount Interested Related Par          |
|---|--------------------------|---------------------|--|
| <b>(C) Rental of Office Premises at Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur by Abra Development Sdn. Bhd. ("Abra")</b> |                          |                     |  |
| Abra  | Agrocon (M) Sdn. Bhd.    | 26                  | TSDCAC & PSDTNC (Notes 1 and 2)        |
| Abra  | KEBB                     | 698                 | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |
| Abra  | Konsortium LPB Sdn. Bhd. | 912                 | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |
| <b>(D) Interest charged by Kumpulan Europlus Berhad ("KEURO")</b>   |                          |                     |  |
| Bukit Beruntung Nurseries Sdn. Bhd.   | KEURO                    | 1                   | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |
| Cekap Mesra Development Sdn. Bhd.   | KEURO                    | 3                   | TSDCAC, PSDTNC, Chee Heng Tong & KEURO |
| Europlus Berhad   | KEURO                    | 850                 | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |
| Europlus Corporation Sdn. Bhd.  | KEURO                    | 25                  | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |
| Europlus Construction Sdn. Bhd.   | KEURO                    | 58                  | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |
| Expand Factor Sdn. Bhd.   | KEURO                    | 18                  | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |
| Galian Juta Sdn. Bhd.   | KEURO                    | 110                 | TSDCAC, PSDTNC & KEURO (Notes 1 and 3) |

## ADDITIONAL COMPLIANCE INFORMATION

As at 31 January 2010 (cont'd)

| Nature of transactions undertaken by Talam Corporation Berhad ("TALAM") and/ or its subsidiaries | Transacting Company | Transacted (RM'000) | Amount Interested Related Party                     |
|--|---------------------|---------------------|---|
| <b>(D) Interest charged by Kumpulan Europlus Berhad ("KEURO") (cont'd)</b>                       |                     |                     |   |
| Inti Johan Sdn. Bhd.   | KEURO               | 7                   | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| Kenshine Corporation Sdn. Bhd.   | KEURO               | 41                  | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| L.C.B. Management Sdn. Bhd.  | KEURO               | 11                  | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| Maxisegar Sdn. Bhd.  | KEURO               | 455                 | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| Pandan Indah Medical Management  | KEURO               | 31                  | TSDCAC, PSDTNC & Sdn. Bhd. KEURO<br>(Notes 1 and 3) |
| TALAM  | KEURO               | 2,044               | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| TCB Resources Sdn. Bhd.  | KEURO               | 42                  | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| Terang Tanah Sdn. Bhd.   | KEURO               | 13                  | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| Ukay Land Sdn. Bhd.  | KEURO               | 1,091               | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| Lestari Puchong Sdn Bhd  | KEURO               | 1,564               | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)           |
| <b>(E) Interest charged by Pengurusan Projek Bersistem Sdn. Bhd. ("PPBSB")</b>                   |                     |                     |   |
| L.C.B. Management Sdn. Bhd.  | PPBSB               | 635                 | TSDCAC & PSDTNC<br>(Notes 1 and 6)                  |
| Mutual Prosperous Sdn Bhd  | PPBSB               | 1,369               | TSDCAC & PSDTNC<br>(Notes 1 and 6)                  |

## ADDITIONAL COMPLIANCE INFORMATION

As at 31 January 2010 (cont'd)

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| Nature of transactions undertaken by Talam Corporation Berhad ("TALAM") and/ or its subsidiaries | Transacting Company      | Transacted (RM'000) | Amount Interested Related Party                   |
|--|--------------------------|---------------------|---|
| <b>(F) Interest charged by Keuro Leasing Sdn Bhd ("KLSB")</b>                                    |                          |                     |   |
| Euoplus Corporation Sdn Bhd  | KLSB                     | 1                   | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)         |
| TALAM  | KLSB                     | 1,398               | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)         |
| Inti Johan Sdn Bhd   | KLSB                     | 6                   | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)         |
| Abra   | KLSB                     | 2                   | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)         |
| Maxisegar Sdn Bhd  | KLSB                     | 4                   | TSDCAC, PSDTNC & KEURO<br>(Notes 1 and 3)         |
| <b>(G) Interest charged by Cekap Tropikal Sdn. Bhd.</b>  |                          |                     |   |
| Mutual Prosperous Sdn. Bhd.  | Cekap Tropikal Sdn. Bhd. | 708                 | TSDCAC, PSDTNC, KEURO & IJM<br>(Notes 1, 3 and 5) |
| <b>(H) Interest charged by Good Debut Sdn. Bhd.</b>  |                          |                     |   |
| G.L. Development Sdn. Bhd.   | Good Debut Sdn. Bhd.     | 253                 | TSDCAC, PSDTNC, KEURO & IJM<br>(Notes 1, 3 and 5) |
| <b>(I) Interest charged by Sierra Ukay Sdn. Bhd.</b>   |                          |                     |   |
| Terang Tanah Sdn. Bhd.   | Sierra Ukay Sdn. Bhd.    | 484                 | TSDCAC, PSDTNC, KEURO & IJM<br>(Notes 1, 3 and 5) |

## ADDITIONAL COMPLIANCE INFORMATION

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As at 31 January 2010 (cont'd)

### Notes :

- 1 *Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon ("TSDCAC") is a Director of TALAM. TSDCAC and Puan Sri Datin Thong Nyok Choo ("PSDTNC"), the spouse of TSDCAC are the Major Shareholders of Talam. As at 31 January 2010, TSDCAC and PSDTNC have direct and deemed equity interest of 35.27% in TALAM. TSDCAC and PNSTNC are deemed interested in the shares of all subsidiary companies of TALAM to the extent TALAM has an interest.*
- 2 *TSDCAC is the brother of Chan Keat Wan, a Director and Major Shareholder of Agrocon (M) Sdn Bhd.*
- 3 *TSDCAC and PSDTNC are Directors and Major Shareholders of Kumpulan Europlus Berhad ("KEURO") which owns 60.65% equity interest in TALAM as at 31 January 2010.*
- 4 *Mr Chee Heng Tong is a Director of KEURO and Major Shareholder of Cekap Mesra Development Sdn Bhd*
- 5 *IJM Corporation Berhad holds 25% equity in KEURO*
- 6 *PSDTNC is a Director of Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"). TSDCAC and PSDTNC have direct and deemed interest in PPBSB.*
- 7 *TSDCAC and PSDTNC have direct and indirect equity interest in Venue Venture Sdn Bhd for the past 6 months.*

The Board of Directors is pleased to provide the following statement which outlines the key elements of the internal control system within the Group for the current financial year.

### **RESPONSIBILITY**

The Board recognises its responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls incorporates, inter alia, risk management, financial, operational and compliance controls as well as the governance process.

### **RISK MANAGEMENT FRAMEWORK**

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit Committee to include the work of monitoring all internal control on its behalf, with the assistance of the internal audit function. The Group has put in place a Risk Management Committee ("RMC"), which is chaired by the Group's Executive Director and includes representatives from all the divisions. Each business division's risk management function is led by the respective head of the division. The RMC is tasked to develop and maintain an effective risk management system in the Group. Its reviews cover matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. It reports to the Audit Committee, which dedicates separate time for discussion of this subject.

### **INTERNAL AUDIT FUNCTION**

The Group's Internal Audit Department reports independently to the Audit Committee. The Audit Committee reviews and approves the internal audit plan, which was developed and based on the finalised key risk profile of the Group, on an annual basis. The Internal Audit Department provided reports on key findings and progress of areas audited to the Audit Committee on a quarterly basis.

All recommendations proposed in improving the internal controls were considered and appropriate corrective measures have been implemented by the management to rectify the shortcomings and prevent further recurrence of issues and findings highlighted. All the internal controls instituted were applicable and intact.

### **OTHER KEY ELEMENTS OF INTERNAL CONTROLS**

Other key elements of the Group's system of internal controls are:-

- the Group's internal audit function performs regular reviews of business processes to assess the effectiveness of internal controls and reports are made regularly to the Audit Committee.
- operational organisation structure with defined lines of responsibilities and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability.



- management reports, which are presented by the respective division head to the Board each quarter, provides financial information, including key performance indicators and information of significant changes in accounting standards and reporting.
- monthly Executive Committee meetings convened to discuss the Group's operations and performance. The meetings enable the regular monitoring of results against budget, with significant variance explained and appropriate action taken.
- defined limits of authority for various transactions, including purchasing and payments.
- Standing Instructions and Standard Operating Procedures of all departments are regularly reviewed and up-dated to ensure effective management of the Group's operations.
- Monitoring of financial results by the Audit Committee and the Board every quarter.

The Board and the management continue to take measures to strengthen the internal control environment to safeguard the shareholders' investment and the Group's assets.

This Statement is made in accordance with the resolution approved by the Board of Directors on 29 June 2010.

**COMPOSITION**

| Members of the Committee         | Designation  |
|----------------------------------|--|
| 1. Tsen Keng Yam (Chairman)      | Independent Non-Executive Director<br>(Member of the Malaysian Institute of Accountants) |
| 2. Dato' Kamaruddin Bin Mat Desa | Independent Non-Executive Director   |
| 3. Winston Mah Yat Kong          | Independent Non-Executive Director   |

**TERMS OF REFERENCE**

The following terms of reference of the Audit Committee have been adopted.

**Constitution**

The Audit Committee was established by the Board of Directors on 24 February, 1994.

**Membership**

The Committee shall be appointed by the Board of Directors from amongst their numbers and shall consist of not less than 3 members, of whom a majority shall be independent directors. An independent director shall be one who fulfils the requirement as provided in the Listing Requirements of Bursa Malaysia Securities Berhad.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have:-

- (i) at least 3 years' working experience and passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
- (ii) at least 3 years' working experience and is a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act 1967; or
- (iii) a degree / masters / doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- (iv) at least 7 years' experience being a chief financial officer of a corporation, or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The members of the Audit Committee shall elect a Chairman from amongst their number, who shall be an independent director. 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 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

No alternate director can be appointed as a member of the Audit Committee.

## Authority

The Audit Committee is granted the authority to investigate any activity of its Company and its subsidiaries within its terms of reference. In particular, the Audit Committee has the authority to:-

- (i) have resources, which are required to perform its duties;
- (ii) have full and unrestricted access to any information, including any information it requires from any employee, and all employees are directed to co-operate with any request made by the Audit Committee;
- (iii) be able to obtain independent professional or other advice; and
- (iv) have direct communication channels with the external and internal auditors.

## Meetings and Reporting Procedures

The Audit Committee will meet at least four (4) times a year. A quorum for a meeting shall be two members, both being independent directors. At least twice a year, the Audit Committee shall meet with the external auditors without any executive directors being present. The external auditor may request for a meeting, if they consider necessary.

The directors and employees will attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

The Company Secretary shall be the secretary of the Audit Committee. Minutes of the meeting shall be duly entered in the books provided therefore. The minutes will be circulated to all members of the Board of Directors and shall be presented at the Board of Directors' meeting.

## Duties and Functions

The duties and functions of the Audit Committee shall be:-

- (i) To consider the appointment of the external auditor, the audit fee and any questions of the resignation or dismissal of the external auditor before making a recommendation to the Board of Directors;
- (ii) To discuss with external auditors before the audit commences, the audit plan, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- (iii) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:
  - (a) Any changes in the accounting policies and practices;
  - (b) Significant and unusual events;
  - (c) The going concern assumption;
  - (d) Compliance with accounting standards, stock exchange and legal requirements;
- (iv) To review any related party transaction and conflict of interest situation that may arise in the Company, including any transaction, procedure or course of conduct that raises question of management integrity;
- (v) To discuss problems and reservations arising from the interim and final audits, and matters the auditor may wish to discuss (in the absence of management where necessary);

- (vi) In relation to internal audit function:-
  - (a) to review the adequacy of the scope, functions, competency and resources of the internal audit function that it has the necessary authority to carry out its work;
  - (b) to review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - (c) to review any appraisal or assessment of the performance of members of the internal audit function;
  - (d) to approve any appointment or termination of senior staff members of the internal audit function;
  - (e) to take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (vii) To keep under review, the effectiveness of the internal control system and in particular review the external auditor's management letter and management's response;
- (viii) To review the audit reports;
- (ix) To review the reports of the Risk Management Committee;
- (x) To prepare periodic reports to the Board of Directors, summarising the work performed in fulfilling the Audit Committee's primary responsibilities; and
- (xi) To consider other topics, as defined by the Board of Directors.

#### ATTENDANCE AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 January 2010, there were six (6) Audit Committee meetings held and the number of meetings attended by each Audit Committee member are as follows:

| Audit Committee Member           | Number of Meetings attended by Audit Committee Member |
|----------------------------------|---|
| 1. Tsen Keng Yam                 | 6 out of 6  |
| 2. Dato' Kamaruddin Bin Mat Desa | 6 out of 6  |
| 3. Winston Mah Yat Kong          | 5 out of 6  |

The Head of Finance and the Head of Internal Audit would normally attend all Audit Committee meetings at the invitation of the Audit Committee.

#### SUMMARY OF AUDIT COMMITTEE ACTIVITIES

During the financial year ended 31 January 2010, the Audit Committee carried out its duties in accordance with its terms of reference, as follows:-

- (a) Reviewed the quarterly financial results prior to recommend for consideration and approval by the Board of Directors;
- (b) Reviewed and discussed with the external auditors the audit planning memorandum before commencement of the year end audit;

- (c) Reviewed and discussed with external auditors' findings during the course of their year end audit and the management's response;
- (d) Reviewed annual financial statements and recommend for approval by the Board of Directors;
- (e) Reviewed and deliberated the recurrent related party transactions;
- (f) Reviewed and approved the internal audit plan;
- (g) Reviewed and deliberated the internal audit reports; and
- (h) Reviewed the Risk Management Committee's reports and assessment.

### INTERNAL AUDIT FUNCTION

The Audit Committee is supported in its duties by the internal audit function. The Committee is aware of the fact that the internal audit function is essential to assist in obtaining the assurance and consulting services it requires, regarding the effectiveness of the system of internal control in the Group.

The primary objective of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care. The internal audit function enables the Audit Committee to discharge its duties by undertaking independent regular and systematic reviews of the system of internal control, so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively.

However, due to continued reduced business activities in the group, the internal audit activities were also scaled down accordingly. Total staff cost incurred in respect of the internal audit function during the financial year ended 31 January 2010 was RM103,065.

During the financial year, the following main internal audit activities were carried out :-

- i. Conducted internal audit in accordance with the risk based / driven internal audit plan. A total of three (3) routine audits and one (1) follow up audit were carried out during the year;
- ii. Reviewed the internal control procedures as stipulated in the Group's Standing Instructions and Standard of Operating Procedures. During the same period, Standing Instructions and Standard of Operating Procedures of the departments were being jointly reviewed and updated, and practical internal control procedures were incorporated;
- iii. Carried out 3 special reviews as requested by management and/or Audit Committee;
- iv. Reviews the recurrent related party transactions of the Company and its Group and made the necessary recommendation.

All internal audit reports, which were deliberated by the Audit Committee and recommendations made to the Board and / or the Management, were acted upon.

# FINANCIAL STATEMENTS

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The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2010.

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were that of the provision of management services, investment holding and property development.

The principal activities of the subsidiaries of the Company are stated in Note 40 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

## RESULTS

|                               | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|-------------------------------|-------------------------|---------------------------|
| Profit for the financial year | 9,022                   | 27,546                    |
| <hr/>                         |                         |                           |
| Attributable to:              |                         |                           |
| Equity holders of the Company | 8,313                   | 27,546                    |
| Minority interests            | 709                     | –                         |
|                               | <hr/>                   | <hr/>                     |
|                               | 9,022                   | 27,546                    |
|                               | <hr/>                   |                           |

## DIVIDEND

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 January 2010.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets 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 income statements and balance sheets 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 method 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 have arisen since the end of the financial year.

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

**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.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely 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,

- a) On 16 February 2009, the Company completed the share split involving the subdivision of every one (1) existing ordinary share of RM0.60 each in the Company into three (3) ordinary shares of RM0.20 each in the Company ("Share Split"). As a result of the Share Split, 643,579,444 ordinary shares of RM0.60 each in the Company have been subdivided into 1,930,738,332 ordinary shares of RM0.20 each in the Company. Concurrently, the authorised share capital of the Company had increased to RM2,000,000,000 divided into 8,000,000,000 ordinary shares of RM0.20 each, 1,500,000,000 redeemable convertible preference shares of RM0.20 each and 1,000,000,000 irredeemable convertible preference shares of RM0.10 each.
- b) 458,043,207 redeemable convertible preference shares ("RCPS") of RM0.20 each were converted into 458,043,207 new ordinary shares of RM0.20 each. The issued and paid-up ordinary share capital of the Company was increased from RM386,147,666 to RM477,756,308.
- c) Pursuant to the Regularisation Plan as disclosed in Note 39 to the financial statements:-
  - (i) the Company had on 24 June 2009, issued four (4) classes of redeemable convertible secured loan stocks ("RCSLS") with an aggregate amount of up to RM356,256,581 nominal value of RCSLS at 100% of its nominal value comprising 1,781,282,905 units of RCSLS of RM0.20 each as detailed below :

| Class     | Lenders                                 | Amount (RM) |
|-----------|---|-------------|
| RCSLS – A | RHB Investment Bank                     | 50,328,000  |
| RCSLS – B | EON Bank/EONCAP Islamic Bank Berhad     | 17,922,581  |
| RCSLS – C | Holders of MuNIF                        | 171,000,000 |
| RCSLS – D | Holders of BalDs of Maxisegar Sdn. Bhd. | 117,000,000 |
|           |   | 356,250,581 |

An additional RM2,000 nominal value of RCSLS will be issued for each of RCSLS-B, RCSLS-C and RCSLS-D at 100% of their nominal value to selected investors to facilitate the listing of the RCSLS-B, RCSLS-C and RCSLS-D on the Main Market of Bursa Malaysia Securities Berhad, such that there will be 100 holders for each class, with the holders holding 100 units of RCSLS of RM0.20 each. The RM50,328,000 nominal value of RCSLS-A will not be listed.

Each class of RCSLS has a tenure of 5 years from the date of issue and is secured on the assets of the Group. The salient features of the RCSLS are disclosed in Note 22 to the financial statements.

- (ii) the Company had issued RM257,402,000 redeemable convertible preference shares ("RCPS") comprising 1,287,010,000 RCPS of RM0.20 each.

The new ordinary shares issued during the financial year, arising from the conversion of RCPS, rank pari passu in all respects with the existing ordinary shares of the Company except that the holders thereof shall not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date of which precedes the date of allotment of the new ordinary shares of the Company.

## TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

As at 31 January 2010, the Company held as treasury shares a total of 2,464,240 of its 2,388,781,539 issued ordinary shares. Such treasury shares are held at a carrying amount of RM492,848 and further relevant details are disclosed in Note 19 to the financial statements.

The ordinary shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

## SHARE OPTION

No options were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:-

|  |                          |
|--|--------------------------|
| Tsen Keng Yam  |                          |
| Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon   |                          |
| Dato' Kamaruddin bin Mat Desa                            |                          |
| Chua Kim Lan   |                          |
| Loy Boon Chen  |                          |
| Winston Mah Yat Kong                                     |                          |
| Ng Bee Ken   | (Appointed on 21.5.2010) |
| Lee Swee Seng  | (Resigned on 21.5.2010)  |
| Y.A.M. Tengku Sulaiman Shah Al-Haj Ibni Al-Marhum Sultan |                          |
| Salahuddin Abdul Aziz Shah Al-Haj                        | (Resigned on 28.9.2009)  |

## 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 corporation during the financial year ended 31 January 2010 are as follows:-

|   | At<br>1.2.2009 | Number of ordinary shares<br>Acquired/<br>Converted/<br>Share split | Disposed | At<br>31.1.2010 |
|---|----------------|---|----------|-----------------|
| <b>The Company</b>  |                |   |          |                 |
| <b>Par value of ordinary share *</b>                      | RM0.60         | RM0.60/<br>RM0.20   | RM0.20   | RM0.20          |
| <b>Direct interest</b>                                    |                |   |          |                 |
| Tan Sri Dato' (Dr.) Ir. Chan Ah Chye<br>@ Chan Chong Yoon | 43,589,864     | 87,179,728  | -        | 130,769,592     |
| Chua Kim Lan  | 74,013         | 148,026   | -        | 222,039         |
| Loy Boon Chen   | 304,300        | 608,600   | -        | 912,900         |

## DIRECTORS' INTERESTS (cont'd)

|   | At<br>1.2.2009 | Number of ordinary shares<br>Acquired/<br>Converted/<br>Share split | Disposed      | At<br>31.1.2010 |
|---|----------------|---|---------------|-----------------|
| <b>Indirect interest</b>                                  |                |   |               |                 |
| Tan Sri Dato' (Dr.) Ir. Chan Ah Chye<br>@ Chan Chong Yoon | 288,837,181    | 577,674,376   | (154,828,800) | 711,682,757 #   |
| Chua Kim Lan  | 9,375          | 18,750  | -             | 28,125 ^        |

\* Par value reduced from RM0.60 to RM0.20 due to Share Split pursuant to the Regularisation Plan as disclosed in Note 39 to the financial statements.

# Deemed interested through his spouse, Puan Sri Datin Thong Nyok Choo, his daughter, Chan Siu Wei and by virtue of his interest in Kumpulan Europlus Berhad, Pengurusan Projek Bersistem Sdn. Bhd., Sze Choon Holdings Sdn. Bhd. and Prosperous Inn Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

^ Deemed interested through her spouse, Chin Chee Meng pursuant to Section 6A of the Companies Act, 1965.

Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon, by virtue of his interest in the shares of the Company, is also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown 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 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.

## SIGNIFICANT EVENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Significant events during the financial year and events after the balance sheet date are disclosed in Notes 41 and 42 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,

.....  
**CHUA KIM LAN**  
Director

.....  
**LOY BOON CHEN**  
Director

Kuala Lumpur

Date: 31 May 2010

# BALANCE SHEETS

as at 31 January 2010

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|  | Note  | Group            |                  | Company          |                |
|--|-------|------------------|------------------|------------------|----------------|
|  |       | 2010<br>RM'000   | 2009<br>RM'000   | 2010<br>RM'000   | 2009<br>RM'000 |
| <b>Non-current assets</b>                        |       |                  |                  |                  |                |
| Property, plant and equipment                    | 5     | 123,701          | 128,194          | 1,255            | 1,477          |
| Land held for property development               | 6(a)  | 1,214,598        | 1,131,204        | 18,126           | 18,126         |
| Investment properties                            | 7     | 193,403          | 198,275          | –                | –              |
| Prepaid lease payments                           | 8     | 9,735            | 10,431           | –                | –              |
| Goodwill   | 9     | 26,822           | 28,408           | –                | –              |
| Investment in subsidiaries                       | 10    | –                | –                | 344,801          | 344,801        |
| Investment in associates                         | 11    | –                | –                | –                | –              |
| Interest in jointly controlled entities          | 12    | 10,962           | 9,218            | –                | –              |
| Amount owing by subsidiaries                     | 10(a) | –                | –                | 750,194          | –              |
| Amount owing by associates                       | 11(c) | 26,124           | 26,186           | 3                | 84             |
| Amount owing by jointly controlled entities      | 12(b) | 187              | 183              | 187              | 183            |
| Sinking funds held by trustees                   | 13    | 4,198            | 8,723            | –                | –              |
| Long term receivables                            | 16(d) | 10,060           | –                | –                | –              |
| <b>Total non-current assets</b>                  |       | <b>1,619,790</b> | <b>1,540,822</b> | <b>1,114,566</b> | <b>364,671</b> |
| <b>Current assets</b>                            |       |                  |                  |                  |                |
| Property development costs                       | 6(b)  | 1,146,333        | 1,192,159        | 95,617           | 95,617         |
| Inventories                                      | 14    | 66,539           | 68,766           | 5,687            | 5,687          |
| Trade receivables                                | 15    | 217,308          | 92,883           | –                | –              |
| Other receivables, deposits and prepaid expenses | 16    | 165,636          | 125,296          | 20,578           | 14,574         |
| Cash and bank balances                           | 17    | 12,133           | 17,517           | 212              | 37             |
| <b>Total current assets</b>                      |       | <b>1,607,949</b> | <b>1,496,621</b> | <b>122,094</b>   | <b>115,915</b> |
| <b>TOTAL ASSETS</b>                              |       | <b>3,227,739</b> | <b>3,037,443</b> | <b>1,236,660</b> | <b>480,586</b> |

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

# BALANCE SHEETS (cont'd)

as at 31 January 2010

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|  | Note  | Group            |                  | Company          |                |
|--|-------|------------------|------------------|------------------|----------------|
|  |       | 2010<br>RM'000   | 2009<br>RM'000   | 2010<br>RM'000   | 2009<br>RM'000 |
| <b>EQUITY AND LIABILITIES</b>                        |       |                  |                  |                  |                |
| <b>Capital and Reserves</b>                          |       |                  |                  |                  |                |
| Share capital  | 18    | 477,757          | 386,148          | 477,757          | 386,148        |
| Treasury shares                                      | 19    | (493)            | (493)            | (493)            | (493)          |
| Reserves   | 20    | 131,317          | 5,282            | 76,107           | (60,618)       |
| Equity attributable to equity holders of the Company |       | 608,581          | 390,937          | 553,371          | 325,037        |
| Minority interests                                   |       | 4,235            | 3,526            | –                | –              |
| <b>Total equity</b>                                  |       | <b>612,816</b>   | <b>394,463</b>   | <b>553,371</b>   | <b>325,037</b> |
| <b>Non-current liabilities</b>                       |       |                  |                  |                  |                |
| Borrowings   | 21(A) | 218,866          | 85,858           | 134,213          | –              |
| Convertible securities                               | 22    | 390,186          | –                | 390,186          | –              |
| Long term payables                                   | 23    | 78,009           | 79,625           | –                | –              |
| Amount owing to subsidiaries                         | 10(a) | –                | –                | –                | 1,759          |
| Amount owing to jointly controlled entities          | 12(b) | 48,756           | 46,178           | –                | –              |
| Deferred tax liabilities                             | 24    | 37,765           | 4,205            | 32,966           | –              |
| Provision for liabilities                            | 25    | 43,614           | 43,614           | –                | –              |
| <b>Total non-current liabilities</b>                 |       | <b>817,196</b>   | <b>259,480</b>   | <b>557,365</b>   | <b>1,759</b>   |
| <b>Current liabilities</b>                           |       |                  |                  |                  |                |
| Provision for liabilities                            | 25    | 11,301           | 52,698           | –                | –              |
| Borrowings   | 21(B) | 312,869          | 666,573          | 38,828           | 76,210         |
| Trade payables                                       | 26    | 457,262          | 288,626          | 2,590            | 2,590          |
| Other payables and accrued expenses                  | 27    | 823,562          | 802,306          | 84,172           | 74,656         |
| Deferred progress billings                           | 28    | –                | 391,613          | –                | –              |
| Current tax liabilities                              |       | 192,733          | 181,684          | 334              | 334            |
| <b>Total current liabilities</b>                     |       | <b>1,797,727</b> | <b>2,383,500</b> | <b>125,924</b>   | <b>153,790</b> |
| <b>Total liabilities</b>                             |       | <b>2,614,923</b> | <b>2,642,980</b> | <b>683,289</b>   | <b>155,549</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                  |       | <b>3,227,739</b> | <b>3,037,443</b> | <b>1,236,660</b> | <b>480,586</b> |

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



# INCOME STATEMENTS

for the financial year ended 31 January 2010

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|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Revenue   | 29   | 253,714        | 301,278        | –              | –              |
| Cost of sales   | 30   | (145,257)      | (273,539)      | –              | –              |
| Gross profit  |      | 108,457        | 27,739         | –              | –              |
| Other operating income  |      | 46,816         | 164,210        | 52,734         | 32,306         |
| Administrative and other expenses                                 |      | (83,744)       | (76,944)       | (3,222)        | (7,166)        |
| Finance costs   | 31   | (56,028)       | (53,573)       | (25,393)       | (20,853)       |
| Share of results of jointly controlled entities                   | 12   | 1,744          | (869)          | –              | –              |
| <b>Profit before tax</b>  | 32   | 17,245         | 60,563         | 24,119         | 4,287          |
| Income tax (expense)/credit                                       | 35   | (8,223)        | 152            | 3,427          | (10)           |
| <b>Profit for the financial year</b>                              |      | 9,022          | 60,715         | 27,546         | 4,277          |
| <b>Attributable to:</b>   |      |                |                |                |                |
| Equity holders of the Company                                     |      | 8,313          | 59,105         | 27,546         | 4,277          |
| Minority interests  |      | 709            | 1,610          | –              | –              |
|   |      | 9,022          | 60,715         | 27,546         | 4,277          |
| Earnings per share attributable to equity holders of the Company: |      |                |                |                |                |
| Basic (sen)   | 36   | 0.42           | 9.39           |                |                |
| Diluted (sen)   | 36   | 0.41           | 9.39           |                |                |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 January 2010

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| Group   | Share<br>Capital<br>RM'000<br>(Note 18) | Share<br>Premium*<br>RM'000 | Treasury<br>Shares<br>RM'000<br>(Note 19) | Convertible<br>Securities<br>RM'000<br>(Note 20) | Capital<br>Reserve*<br>RM'000<br>(Note 20) | Accumulated<br>Losses<br>RM'000<br>(Note 20) | Attributable<br>to Equity<br>Holders of<br>the Company<br>RM'000 | Minority<br>Interest<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|---|-----------------------------|---|--|--|--|--|--------------------------------|---------------------------|
| <b>At 1 February 2008</b>   | 643,015                                 | 124,551                     | (844)                                     | -  | 37,547                                     | (459,809)                                    | 344,460  | 1,783                          | 346,243                   |
| Foreign currency<br>translation, representing<br>net expense recognised<br>directly in equity | -                                       | -                           | -   | -  | (13,193)                                   | -  | (13,193)   | -                              | (13,193)                  |
| Profit for the<br>financial year  | -                                       | -                           | -   | -  | -  | 59,105                                       | 59,105   | 1,610                          | 60,715                    |
| Capital reduction   | (257,432)                               | -                           | 351                                       | -  | -  | 257,081                                      | -  | -                              | -                         |
| Share premium reduction   | -                                       | (124,551)                   | -   | -  | -  | 124,551                                      | -  | -                              | -                         |
| Acquisition of subsidiaries   | -                                       | -                           | -   | -  | -  | -  | -  | 133                            | 133                       |
| Decrease in liability<br>component of ICPS  | 565                                     | -                           | -   | -  | -  | -  | 565  | -                              | 565                       |
| <b>At 31 January 2009</b>   | 386,148                                 | -                           | (493)                                     | -  | 24,354                                     | (19,072)                                     | 390,937  | 3,526                          | 394,463                   |
| Foreign currency<br>translation, representing<br>net expense recognised<br>directly in equity | -                                       | -                           | -   | -  | 8,543                                      | -  | 8,543  | -                              | 8,543                     |
| Profit for the financial year   | -                                       | -                           | -   | -  | -  | 8,313  | 8,313  | 709                            | 9,022                     |
| Issued during the financial year  | -                                       | -                           | -   | 200,788  | -  | -  | 200,788  | -                              | 200,788                   |
| Converted during the<br>financial year  | 91,609                                  | -                           | -   | (91,609)   | -  | -  | -  | -                              | -                         |
| <b>At 31 January 2010</b>   | 477,757                                 | -                           | (493)                                     | 109,179  | 32,897                                     | (10,759)                                     | 608,581  | 4,235                          | 612,816                   |

\* *non distributable*

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

## STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 January 2010

| Company                                 | Share Capital<br>RM'000<br>(Note 18) | Share Premium*<br>RM'000 | Treasury Shares<br>RM'000<br>(Note 19) | Convertible Securities<br>RM'000<br>(Note 20) | Accumulated Losses<br>RM'000<br>(Note 20) | Total Equity<br>RM'000 |
|---|--------------------------------------|--------------------------|--|---|---|------------------------|
| <b>At 1 February 2008</b>               | 643,015                              | 124,551                  | (844)                                  | –   | (446,527)                                 | 320,195                |
| Profit for the financial year           | –                                    | –                        | –                                      | –   | 4,277                                     | 4,277                  |
| Capital reduction                       | (257,432)                            | –                        | 351                                    | –   | 257,081                                   | –                      |
| Share premium reduction                 | –                                    | (124,551)                | –                                      | –   | 124,551                                   | –                      |
| Decrease in liability component of ICPS | 565                                  | –                        | –                                      | –   | –   | 565                    |
| <b>At 31 January 2009</b>               | 386,148                              | –                        | (493)                                  | –   | (60,618)                                  | 325,037                |
| Profit for the year                     | –                                    | –                        | –                                      | –   | 27,546                                    | 27,546                 |
| Issued during the financial year        | –                                    | –                        | –                                      | 200,788                                       | –   | 200,788                |
| Converted during the financial year     | 91,609                               | –                        | –                                      | (91,609)                                      | –   | –                      |
| <b>At 31 January 2010</b>               | 477,757                              | –                        | (493)                                  | 109,179                                       | (33,072)                                  | 553,371                |

\* *non distributable*

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

# CASH FLOW STATEMENTS

for the financial year ended 31 January 2010

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|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |                |                |                |                |
| Profit before tax  | 17,245         | 60,563         | 24,119         | 4,287          |
| Adjustments for : -  |                |                |                |                |
| Interest expenses :  |                |                |                |                |
| - borrowings   | 36,790         | 53,573         | 11,685         | 20,853         |
| - convertible securities                                       | 13,708         | -              | 13,708         | -              |
| Allowance for doubtful debts                                   | 22,676         | 17,071         | -              | 3,550          |
| Land and development costs written off                         | -              | 41             | -              | -              |
| Provision for liabilities                                      | -              | 738            | -              | -              |
| Depreciation/amortisation :                                    |                |                |                |                |
| - property, plant and equipment                                | 6,899          | 7,602          | 222            | 226            |
| - investment properties  | 2,577          | 4,102          | -              | -              |
| - prepaid lease payments                                       | 696            | 695            | -              | -              |
| Allowance for writedown in inventories                         | 1,412          | 1,617          | -              | -              |
| Bad debts written off  | 320            | 409            | -              | -              |
| (Gain)/Loss on disposal of :                                   |                |                |                |                |
| - property, plant and equipment                                | (307)          | 313            | -              | -              |
| - investment properties  | -              | 233            | -              | -              |
| - subsidiaries   | (774)          | -              | -              | -              |
| Impairment loss on goodwill                                    | 1,586          | -              | -              | -              |
| Investment properties written off                              | 2,295          | -              | -              | -              |
| Write back of allowance for doubtful debts :                   |                |                |                |                |
| - subsidiaries   | -              | -              | -              | (19,604)       |
| - third parties  | (13)           | (2,465)        | -              | -              |
| Write back of accrued expenses                                 | -              | (1,385)        | -              | -              |
| Write back of provision for liquidated and ascertained damages | (2,305)        | -              | -              | -              |
| Waiver of debts :  |                |                |                |                |
| - subsidiaries   | -              | -              | (52,537)       | (4,265)        |
| - third parties  | (12,000)       | (82,958)       | -              | -              |
| Waiver of interest   | -              | (62,277)       | -              | (7,864)        |
| Interest income  | (2,034)        | (1,701)        | -              | -              |
| Share of results of jointly controlled entities                | (1,744)        | 869            | -              | -              |
| Operating profit /(loss) before working capital changes        | 87,027         | (2,960)        | (2,803)        | (2,817)        |

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

# CASH FLOW STATEMENTS (cont'd)

for the financial year ended 31 January 2010

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|   | Group     |          | Company |        |
|---|-----------|----------|---------|--------|
|   | 2010      | 2009     | 2010    | 2009   |
|   | RM'000    | RM'000   | RM'000  | RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)</b>                |           |          |         |        |
| <i>Changes in working capital</i>                                   |           |          |         |        |
| Property development costs  | (26,325)  | (6,684)  | -       | -      |
| Subsidiaries balances   | -         | -        | 7,170   | 7,084  |
| Inventories   | 3,193     | 4,340    | -       | -      |
| Receivables   | (175,357) | 132,095  | (6,004) | 7,324  |
| Payables  | 117,993   | (52,848) | 10,187  | 905    |
| Cash generated from operations                                      | 6,531     | 73,943   | 8,550   | 12,496 |
| Interest received   | 2,034     | 1,701    | -       | -      |
| Income taxes paid   | (39)      | (83)     | -       | -      |
| Interest paid   | (433)     | (5,249)  | (126)   | (247)  |
| Payment for liquidated and ascertained damages                      | (767)     | (1,440)  | -       | -      |
| Net Cash Generated From Operating Activities                        | 7,326     | 68,872   | 8,424   | 12,249 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |           |          |         |        |
| Net change in associates balances                                   | 62        | (169)    | 81      | (27)   |
| Proceeds from disposal of :   |           |          |         |        |
| - property, plant and equipment                                     | 605       | 410      | -       | -      |
| - investment properties   | -         | 300      | -       | -      |
| Net change in Jointly controlled entities balances                  | 2,574     | 15,906   | (4)     | 5,691  |
| Additions to land held for property development                     | -         | (8,116)  | -       | -      |
| Amount paid to land vendors   | -         | (29,356) | -       | -      |
| Purchase of property, plant and equipment                           | (2,704)   | (2,249)  | -       | (4)    |
| Investment in jointly controlled entities                           | -         | (10)     | -       | -      |
| Net cash outflow arising from disposal of subsidiaries (Note 10b)   | (23)      | -        | -       | -      |
| Net cash inflow arising from acquisition of subsidiaries (Note 10c) | -         | 518      | -       | -      |
| Net Cash (Used In) / Generated From Investing Activities            | 514       | (22,766) | 77      | 5,660  |

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

## CASH FLOW STATEMENTS (cont'd)

for the financial year ended 31 January 2010

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|   | Group          |                 | Company        |                 |
|---|----------------|-----------------|----------------|-----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000  | 2010<br>RM'000 | 2009<br>RM'000  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             |                |                 |                |                 |
| Net repayment of borrowings   | (17,304)       | (36,535)        | (5,457)        | (17,064)        |
| Net repayment of Islamic debt securities                                | –              | (1,207)         | –              | –               |
| Net withdrawal of sinking funds held by trustees                        | 4,525          | 1,078           | –              | –               |
| Housing development accounts pledged as security values                 | 2,613          | (1,223)         | –              | –               |
| Bank balances released as security values                               | 1,896          | 1,722           | –              | –               |
| Deposits with licensed banks pledged as security values                 | 167            | (157)           | –              | –               |
| Net repayment of hire purchase financing                                | –              | (16)            | –              | –               |
| <b>Net Cash Used In Financing Activities</b>                            | <b>(8,103)</b> | <b>(36,338)</b> | <b>(5,457)</b> | <b>(17,064)</b> |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>             | <b>(263)</b>   | <b>9,768</b>    | <b>3,044</b>   | <b>845</b>      |
| <b>EFFECTS OF EXCHANGE DIFFERENCES</b>                                  | <b>(8)</b>     | <b>(13,193)</b> | <b>–</b>       | <b>–</b>        |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>     | <b>(1,171)</b> | <b>2,254</b>    | <b>(4,436)</b> | <b>(5,281)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR (Note 17)</b> | <b>(1,442)</b> | <b>(1,171)</b>  | <b>(1,392)</b> | <b>(4,436)</b>  |

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

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company during the financial year were that of the provision of management services, investment holding and property development. The principal activities of the subsidiaries of the Company are stated in Note 40. 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 Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company is located at Suite 2.05, Level 2, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia rounded to nearest '000 unless otherwise specified.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 May 2010.

## 2. 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 provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis.

The preparation of financial statements in conformity with 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 current events and actions, and therefore actual results may differ.

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

### 2.1 NEW AND REVISED FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS

#### (a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations

There are no new and revised FRSs, amendments/improvements to FRSs and IC Interpretations ("IC Int") that are effective and applicable to the financial statements of the Group and of the Company for the financial year ended 31 January 2010.



## 2. BASIS OF PREPARATION (Cont'd)

### 2.1 NEW AND REVISED FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (CONT'D)

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

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

|   |   | <b>Effective for<br/>financial periods<br/>beginning on<br/>or after</b> |
|---|---|--|
| <b><u>New FRSs</u></b>                        |   |  |
| FRS 4   | Insurance Contracts   | 1 January 2010   |
| FRS 7   | Financial Instruments : Disclosures   | 1 January 2010   |
| FRS 8   | Operating Segments  | 1 July 2009  |
| FRS 139                                       | Financial Instruments : Recognition and Measurement   | 1 January 2010   |
| <b><u>Revised FRSs</u></b>                    |   |  |
| FRS 1   | First-time Adoption of Financial Reporting Standards  | 1 July 2010  |
| FRS 3   | Business Combinations   | 1 July 2010  |
| FRS 101                                       | Presentation of Financial Statements  | 1 January 2010   |
| FRS 123                                       | Borrowing Costs   | 1 January 2010   |
| FRS 127                                       | Consolidated and Separate Financial Statements  | 1 July 2010  |
| <b><u>Amendments/Improvements to FRSs</u></b> |   |  |
| FRS 1   | First time Adoption of Financial Reporting Standards  | 1 January 2010 and<br>1 January 2011                                     |
| FRS 2   | Share-based Payment   | 1 January 2010 and<br>1 July 2010  |
| FRS 5   | Non-current Assets Held for Sale and Discontinued Operations  | 1 January 2010 and<br>1 July 2010  |
| FRS 7   | Financial Instruments: Disclosure   | 1 January 2010 and<br>1 January 2011                                     |
| FRS 8   | Operating Segments  | 1 January 2010   |
| FRS 107                                       | Statement of Cash Flow  | 1 January 2010   |
| FRS 108                                       | Accounting Policies, Changes in Accounting Estimates and Errors   | 1 January 2010   |
| FRS 110                                       | Events After the Reporting Period   | 1 January 2010   |
| FRS 116                                       | Property, Plant and Equipment   | 1 January 2010   |
| FRS 117                                       | Leases  | 1 January 2010   |
| FRS 118                                       | Revenue   | 1 January 2010   |
| FRS 119                                       | Employee Benefits   | 1 January 2010   |
| FRS 120                                       | Accounting for Government Grants and Disclosure of Government Assistance  | 1 January 2010   |
| FRS 123                                       | Borrowing Costs   | 1 January 2010   |
| FRS 127                                       | Consolidated and Separate Financial Statements :<br>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2010   |
| FRS 127                                       | Consolidated and Separate Financial Statements  | 1 January 2010   |
| FRS 128                                       | Investment in Associates  | 1 January 2010   |
| FRS 129                                       | Financial Reporting in Hyperinflationary Economies  | 1 January 2010   |

## 2. BASIS OF PREPARATION (Cont'd)

### 2.1 NEW AND REVISED FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (CONT'D)

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

|   |   | <b>Effective for<br/>financial periods<br/>beginning on<br/>or after</b> |
|---|---|--|
| <b><u>Amendments/Improvements to FRSs</u></b> |   |  |
| FRS 131                                       | Interests in Joint Ventures   | 1 January 2010   |
| FRS 132                                       | Financial Instruments: Presentation   | 1 January 2010 and<br>1 March 2010                                       |
| FRS 134                                       | Interim Financial Reporting   | 1 January 2010   |
| FRS 136                                       | Impairment of Assets  | 1 January 2010   |
| FRS 138                                       | Intangible Assets   | 1 January 2010 and<br>1 July 2010  |
| FRS 139                                       | Financial Instruments : Recognition and Measurement   | 1 January 2010   |
| FRS 140                                       | Investment Property   | 1 January 2010   |
| <b><u>IC Int</u></b>                          |   |  |
| IC Int 9                                      | Reassessment of Embedded Derivatives  | 1 January 2010 and<br>1 July 2010  |
| IC Int 10                                     | Interim Financial Reporting and Impairment  | 1 January 2010   |
| IC Int 11                                     | FRS 2 – Group and Treasury Share Transactions   | 1 January 2010   |
| IC Int 12                                     | Service Concession Arrangements   | 1 July 2010  |
| IC Int 13                                     | Customer Loyalty Programmes   | 1 January 2010   |
| IC Int 14                                     | FRS 119 – The Limit on a Defined Benefit Asset,<br>Minimum Funding Requirements and their Interaction | 1 January 2010   |
| IC Int 15                                     | Agreements for the Construction of Real Estate  | 1 July 2010  |
| IC Int 16                                     | Hedges of a Net Investment in a Foreign Operation   | 1 July 2010  |
| IC Int 17                                     | Distributions of Non-Cash Assets of Owners  | 1 July 2010  |

The Group and the Company plan to adopt the above FRSs, amendments/improvements to FRSs and IC Int when they become effective in the respective financial period. Unless otherwise described below, the adoption of the above FRSs, amendments/improvements to FRSs and IC Int upon their initial application are not expected to have any significant impact on the financial statements of the Group and of the Company. The Group and the Company are exempted from disclosing the possible impact if any to the financial statements upon application of FRS7 and FRS 139.

#### **IC Int 15 Agreements for the Construction of Real Estate**

IC Int 15 establishes that 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 as percentage of completion method. With IC Int 15, the Group will have to change its accounting policies from recognising revenue using percentage of completion method to recognised revenue using completion method. The Group is currently assessing the impact of the adoption of this Interpretation.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

#### 3.1 SUBSIDIARIES AND BASIS OF CONSOLIDATION

##### (i) Subsidiaries

Subsidiaries are those entities 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 costs less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9. On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is included in the income statement.

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 is reflected as a gain or loss on disposal in the consolidated income statement.

##### (ii) Basis of Consolidation

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.

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 that control ceases.

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

The excess of the cost of the acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition represents goodwill. Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired over the cost of acquisition is recognised immediately in the income statement.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.1 SUBSIDIARIES AND BASIS OF CONSOLIDATION (CONT'D)

##### (ii) Basis of Consolidation (Cont'd)

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate.

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

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

#### 3.2 ASSOCIATES

Associates are those entities in which the Group has significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method, the investment in associate is carried in the consolidated balance sheet 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 income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.2 ASSOCIATES (CONT'D)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of Group's interest in the associate, and the unrealised losses are eliminated to the extent of the costs that can be recovered.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the 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 in the carrying amount of the investment and is not 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 in which the investment is acquired.

On disposal of such investment, the difference between the net disposal proceeds and the carrying amount of the investment in an associate is reflected as a gain or loss on disposal in the consolidated income statement.

#### 3.3 JOINTLY CONTROLLED ENTITIES

Jointly controlled entities are corporations, partnerships or other entities in which the Group has contractually agreed to share its control with one or more parties, where strategic financial and operating decisions relating to the jointly controlled entity required unanimous consent of the parties.

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 3.2 based on the management financial statements of the jointly controlled entities.

#### 3.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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 annual rates used for this purpose are as follows:-

|  |           |
|--|-----------|
| Leasehold land and buildings                                       | 2% - 2.5% |
| Plant and machinery, tools and equipment, crockery and kitchenware | 10% - 25% |
| Office equipment, furniture and fittings                           | 10% - 20% |
| Motor vehicles   | 20%       |
| Renovation   | 10% - 35% |

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date. The effects of any revisions of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

Fully depreciated assets are retained in the financial statements 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 income statement in the financial year the asset is derecognised.

#### 3.5 INVESTMENT PROPERTIES

Investment properties are investment in land and buildings that are held for long term rental yields and/or for capital appreciation.

Investment in freehold land is stated at cost and is not depreciated as it has an indefinite life. Other investment properties are 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 3.9.

Other investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives at an annual rate of 1% to 2.5%.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated) from the balance sheet. The difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement in the financial year of the retirement or disposal.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.6 PROPERTY DEVELOPMENT ACTIVITIES

##### (i) Land Held for Property Development

Land held for property development consists of development costs 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 accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use.

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

##### (ii) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all 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 income statement by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the balance sheet date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

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 income statement.

Property development costs not recognised as an expense is 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 income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.7 GOODWILL

Goodwill represents the excess of the cost of business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9.

Goodwill is not amortised but is reviewed for impairment in value, annually or more frequently and is written down where it is considered necessary. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity being sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the net fair value of the Group's share of identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition over the cost of acquisition. Negative goodwill is recognised directly in the income statement.

#### 3.8 INVESTMENTS

Investments in subsidiaries, associates, jointly controlled entities and other investments are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9.

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

#### 3.9 IMPAIRMENT OF ASSETS

The carrying amount of assets, other than inventories, deferred tax assets and financial assets (excluding investments in subsidiaries, associates and jointly controlled entities), are reviewed at each balance sheet 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 the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.9 IMPAIRMENT OF ASSETS (CONT'D)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

### 3.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis for finished goods and consumables, and specific identification basis for completed units of unsold developed properties.

The costs of finished goods and consumables comprise the purchase price plus costs incurred to bring the inventories to their present locations and conditions. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

### 3.11 RECEIVABLES

Receivables are carried at anticipated realisable values. In estimating the realisable values, an allowance is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Bad debts are written off to the income statement during the financial year in which they are identified.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.12 PAYABLES

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

### 3.13 OPERATING LEASES

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests for the land element and the buildings element of the lease at the inception of the lease. The up-front payments relating to the land element represents prepaid lease payment and are amortised to the income statement on a straight line basis over the remaining period of the lease.

### 3.14 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK ("RCSLS")

RCSLS are regarded as compound instruments consisting of an equity component and a liability component.

At the issue date, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument; this amount is carried as liability on the amortised cost basis on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' equity; the value of the conversion option does not change in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest for an equivalent financial instrument to the instrument at the issue date. The different between this amount and the interest paid is added to the carrying amount of the RCSLS.

### 3.15 PROVISIONS FOR LIABILITIES

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past event and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 3.17 TAXATION

The tax expense in the income statements 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 year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date 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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits 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 time of the transaction, affects neither accounting profit nor taxable profit.

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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 balance sheet date. Deferred tax is recognised in the income statement, 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.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.18 SHARE CAPITAL

#### (i) Ordinary Shares

Ordinary shares are recorded at the nominal value. 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 balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date.

Costs 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 income statement. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. Shares repurchased are held as treasury shares and are accounted for using the treasury stock method. Under the treasury stock method, the shares repurchased are not cancelled but are held as treasury shares. The treasury shares are carried at cost.

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

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount of the treasury shares will be shown as a movement in equity.

#### (ii) Preference Shares

Preference shares are classified as equity if they are non-redeemable and dividends are discretionary at the option of the issuer. Preference shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders and dividends thereon are recognised in the income statement as interest expense. Preference shares that are compound instruments are split into liability and equity components. Each component is accounted for separately. Dividends on preference shares are recognised on an accrual basis as a liability and are reported as finance costs in the income statement.

### 3.19 EMPLOYEE BENEFITS

#### (i) Short Term Employee Benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year 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 compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.19 EMPLOYEE BENEFITS (Cont'd)

#### (ii) Post-Employment Benefits

The Group contributes to the Employees Provident Fund, the national defined contribution plan. Certain foreign subsidiaries make contributions to their respective countries' statutory pension scheme. The contributions are charged to the income statement in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

### 3.20 FOREIGN CURRENCIES

#### (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 ("RM"), which is the Company's functional currency and presentation currency.

#### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values was determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in the income statement.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.21 BORROWING COSTS

- (i) Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In the subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statement.

- (ii) Borrowing costs directly attributable to the acquisition and construction of land held for property development, investment properties and other properties, are capitalised as part of the costs of those assets, until such time the assets are substantially ready for their intended use or sale. Borrowing cost incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will be suspended when the assets are completed or during the period in which development and construction are stalled.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facilities.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

### 3.22 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.23 SEGMENT REPORTING

Segment reporting is presented for enhanced assessments of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between operating units within a single segment. Segment revenue and segment expense exclude dividends from within the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.23 SEGMENT REPORTING (Cont'd)

All income, expenses, assets and liabilities are directly allocated to each reported segment. Interest income and other income and expenses which cannot be allocated to respective segment on a reasonable basis are disclosed as either unallocated income or unallocated expenses, while the related assets and liabilities are disclosed as unallocated assets and unallocated liabilities.

The accounting policies used in deriving the individual segment revenue, segment results, segment assets and segment liabilities are the same as those disclosed in the summary of significant accounting policies.

Transfers between segments are priced at the estimated fair value of the products or services as negotiated between the operating units.

### 3.24 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits and short term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of bank overdrafts and deposits pledged to financial institutions.

### 3.25 REVENUE RECOGNITION

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (i) Property development

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the percentage of completion method, net of discount, and is consistent with the method adopted for profit recognition. Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project.

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

#### (ii) Sales of inventories and development land

Revenue is recognised when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due and associated costs.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.25 REVENUE RECOGNITION (Cont'd)

**(iii) Revenue from hotel operations and other recreational income**

Revenue is recognised upon services rendered and customer's acceptance, net of service taxes and discounts.

**(iv) Dividend income**

Dividend income is recognised when the right to receive the payment is established.

**(v) Management fee**

Management fee is recognised on an accrual basis, net of service taxes.

**(vi) Interest income**

Interest income other than interest income from late payment by house buyers and other trade receivables are recognised on an accrual basis unless collectibility is in doubt in which recognition will be on a receipt basis.

**(vii) Rental income**

Rental income from investment properties are recognised on an accrual basis.

**(viii) Deferred membership income**

Deferred membership income represents membership fees from club members. The deferred membership income is recognised evenly as revenue in the income statement over the period of the membership license agreements.



#### 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.

##### (a) Critical judgements in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except for matters discussed below:

##### (i) Contingent liabilities

As described in Note 3.16, a contingent liability is not recognised but is disclosed in the notes to the financial statements and when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision. No provision for liabilities has been made in the financial statements of the Group and of the Company as the quantum of which the Group and the Company are liable to make good cannot be presently determined.

##### (ii) Capitalisation of borrowing costs

As described in Note 3.21, it is the Group's policy to capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The directors are satisfied that the capitalisation of borrowing costs on property development projects relate mainly to projects whose activities are currently in progress to prepare the project for its intended sale. All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

##### (iii) Classification between investment properties and property, plant and equipment

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If this portion could be sold separately (or lease out separately under a finance lease), the Group would account for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment properties.

##### (iv) Split of land and building elements

The Group determines that the lease payments cannot be allocated reliably between the land and building elements for one of the Group's property. Accordingly, the entire lease of land and buildings for the said property has been classified as a finance lease and included under property, plant and equipment.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)****(a) Critical judgements in applying accounting policies (Cont'd)****(v) Classification of equity and liability component on convertible securities**

The Group has recognised the compound instruments consisting of an equity and liability component. At the issue date, the fair value of the liability component is determined using a prevailing market interest rate. The judgement is made on the market interest rate used for classification of equity and liability component.

**(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**(ii) Useful lives of property, plant and equipment and investment properties**

The Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment and investment properties are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment and investment properties would increase the recorded expenses and decrease the non-current assets.

**(iii) Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries**

The Company tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. Costs of investments in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an allowance for doubtful debts to be made to the amount owing by these subsidiaries.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)****(b) Key sources of estimation uncertainty (Cont'd)****(iii) Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries (Cont'd)**

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

**(iv) Impairment of non-current assets and current assets**

The Group reviews the carrying amount of its non-current assets and current assets, which include property, plant and equipment, land held for property development, property development costs and investment properties, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at 31 January 2010, the Group is of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by the Group during the current financial year to determine the carrying amount of these assets.

**(v) Property development**

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage 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.

Significant judgement is required in determining the stage 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. In making the judgement, the Group evaluates based on past experience. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profit/(loss) recognised.

**(vi) Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the 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.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)****(b) Key sources of estimation uncertainty (Cont'd)****(vii) Deferred tax assets**

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances 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.

**(viii) Allowance for doubtful debts**

The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable according to the original terms of receivables. Significant judgement is required in the assessment of the recoverability of receivables where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

**(ix) Allowance for writedown in 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 carrying value of inventories.

**(x) Provision for Liquidated and Ascertained Damages**

Provision for liquidated and ascertained damages ("LAD") is in respect of projects undertaken by certain subsidiaries and is recognised for expected LAD claims based on the terms of the applicable sale and purchase agreements. Significant judgement is required in determining the amount of provision for LAD to be made. The Group evaluates the amount of provision required based on past experience, the industry norm and the results from continuous dialogs held with affected purchasers who are seeking indulgence and extension of time to complete the affected projects and waive their LAD claim.

## 5. PROPERTY, PLANT AND EQUIPMENT

| Group   | Leasehold<br>Land and<br>Buildings<br>RM'000<br>(Note a) | Plant and<br>Machinery,<br>Tools and<br>Equipment,<br>Crockery and<br>Kitchenware<br>RM'000 | Office<br>Equipment,<br>Furniture<br>and Fittings<br>RM'000 | Motor<br>Vehicles<br>RM'000 | Total<br>RM'000 |
|---|--|---|---|-----------------------------|-----------------|
| <b>Cost</b>                                       |  |   |   |                             |                 |
| At 1 February 2008                                | 200,099  | 31,162  | 17,297  | 8,529                       | 257,087         |
| Additions   | 1,474  | 707   | 68  | –                           | 2,249           |
| Subsidiaries acquired                             | –  | 1,646   | –   | –                           | 1,646           |
| Disposals   | (58)   | (2,942)   | (160)   | (286)                       | (3,446)         |
| Reclassified to investment<br>properties (Note 7) | (61,105)   | –   | –   | –                           | (61,105)        |
| At 31 January 2009                                | 140,410  | 30,573  | 17,205  | 8,243                       | 196,431         |
| Additions   | 2,140  | 92  | 335   | 137                         | 2,704           |
| Disposals   | –  | (1,003)   | (86)  | (2,802)                     | (3,891)         |
| Write off   | –  | –   | (54)  | –                           | (54)            |
| At 31 January 2010                                | 142,550  | 29,662  | 17,400  | 5,578                       | 195,190         |
| <b>Accumulated Depreciation</b>                   |  |   |   |                             |                 |
| At 1 February 2008                                | 19,502   | 23,203  | 14,929  | 8,276                       | 65,910          |
| Charge for the<br>financial year                  | 3,651  | 3,124   | 725   | 102                         | 7,602           |
| Subsidiaries acquired                             | –  | 1,476   | –   | –                           | 1,476           |
| Disposals   | –  | (2,419)   | (126)   | (178)                       | (2,723)         |
| Reclassified to investment<br>properties (Note 7) | (4,028)  | –   | –   | –                           | (4,028)         |
| At 31 January 2009                                | 19,125   | 25,384  | 15,528  | 8,200                       | 68,237          |
| Charge for the<br>financial year                  | 3,580  | 2,619   | 671   | 29                          | 6,899           |
| Disposals   | –  | (727)   | (66)  | (2,800)                     | (3,593)         |
| Write off   | –  | –   | (54)  | –                           | (54)            |
| At 31 January 2010                                | 22,705   | 27,276  | 16,079  | 5,429                       | 71,489          |
| <b>Net Book Value</b>                             |  |   |   |                             |                 |
| At 31 January 2009                                | 121,285  | 5,189   | 1,677   | 43                          | 128,194         |
| At 31 January 2010                                | 119,845  | 2,386   | 1,321   | 149                         | 123,701         |

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Company                                   | Leasehold<br>Land and<br>Buildings<br>RM'000 | Office<br>Equipment,<br>Furniture<br>and Fittings<br>RM'000 | Renovation<br>RM'000 | Total<br>RM'000 |
|---|--|---|----------------------|-----------------|
| <b>Cost</b>                               |  |   |                      |                 |
| At 1 February 2008                        | 1,107  | 411   | 4,850                | 6,368           |
| Additions                                 | –  | –   | 4                    | 4               |
| At 31 January 2009<br>and 31 January 2010 | 1,107  | 411   | 4,854                | 6,372           |
| <b>Accumulated Depreciation</b>           |  |   |                      |                 |
| At 1 February 2008                        | 447  | 411   | 3,811                | 4,669           |
| Charge for the financial year             | 27   | –   | 199                  | 226             |
| At 31 January 2009                        | 474  | 411   | 4,010                | 4,895           |
| Charge for the financial year             | 27   | –   | 195                  | 222             |
| At 31 January 2010                        | 501  | 411   | 4,205                | 5,117           |
| <b>Net Book Value</b>                     |  |   |                      |                 |
| At 31 January 2009                        | 633  | –   | 844                  | 1,477           |
| At 31 January 2010                        | 606  | –   | 649                  | 1,255           |

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

a) Leasehold land and buildings consist of the following:

| Group                                 | Hotel and<br>Other Land<br>and<br>Buildings<br>RM'000 | Renovation<br>RM'000 | Total<br>RM'000 |
|---------------------------------------|---|----------------------|-----------------|
| <b>Cost</b>                           |   |                      |                 |
| At 1 February 2008                    | 191,605   | 8,494                | 200,099         |
| Additions                             | -   | 1,474                | 1,474           |
| Disposals                             | (58)  | -                    | (58)            |
| Reclassified to investment properties | (61,105)  | -                    | (61,105)        |
| At 31 January 2009                    | 130,442   | 9,968                | 140,410         |
| Additions                             | -   | 2,140                | 2,140           |
| At 31 January 2010                    | 130,442   | 12,108               | 142,550         |
| <b>Accumulated Depreciation</b>       |   |                      |                 |
| At 1 February 2008                    | 14,826  | 4,676                | 19,502          |
| Charge for the financial year         | 3,008   | 643                  | 3,651           |
| Reclassified to investment properties | (4,028)   | -                    | (4,028)         |
| At 31 January 2009                    | 13,806  | 5,319                | 19,125          |
| Charge for the financial year         | 2,862   | 718                  | 3,580           |
| At 31 January 2010                    | 16,668  | 6,037                | 22,705          |
| <b>Net Book Value</b>                 |   |                      |                 |
| At 31 January 2009                    | 116,636   | 4,649                | 121,285         |
| At 31 January 2010                    | 113,774   | 6,071                | 119,845         |

b) The net book value of property, plant and equipment charged to financial institutions for borrowings (Note 21) is as follows:

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Leasehold land and buildings | 113,517        | 116,272        | 606            | 633            |

## 6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land Held for Property Development

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| At cost :                                    |                |                |                |                |
| Freehold land                                | 106,240        | 143,342        | 17,987         | 17,987         |
| Leasehold land                               | 308,529        | 364,169        | -              | -              |
| Development costs                            | 860,650        | 699,582        | 139            | 139            |
|  | 1,275,419      | 1,207,093      | 18,126         | 18,126         |
| Accumulated impairment losses                | (68,697)       | (68,697)       | -              | -              |
| Transfer from/(to) property development cost | 7,876          | (7,192)        | -              | -              |
| Net carrying value                           | 1,214,598      | 1,131,204      | 18,126         | 18,126         |

### (b) Property Development Costs

|                                      | Group          |                | Company        |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| At cost :                            |                |                |                |                |
| Freehold land                        | 227,646        | 276,994        | 86,576         | 86,576         |
| Leasehold land                       | 470,103        | 479,025        | -              | -              |
| Development costs                    | 4,367,155      | 4,506,295      | 81,550         | 81,550         |
|                                      | 5,064,904      | 5,262,314      | 168,126        | 168,126        |
| Cost recognised in income statements | (3,868,391)    | (4,032,474)    | (72,509)       | (72,509)       |
| Foreseeable losses                   | (39,836)       | (44,508)       | -              | -              |
| Transfer from/(to)                   |                |                |                |                |
| - inventories                        | (2,468)        | (365)          | -              | -              |
| - land held for property development | (7,876)        | 7,192          | -              | -              |
| Net carrying value                   | 1,146,333      | 1,192,159      | 95,617         | 95,617         |



**6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (Cont'd)**

- (i) Certain land held for property development and property development costs of RM2,355 million (2009: RM2,255 million) are charged as securities for banking facilities of the Group as disclosed in Note 21.
- (ii) In the previous financial year, certain proceeds from sales of development properties of a subsidiary of the Group has been sold to a third party under the Islamic Assets Backed Securitisation ("ASB") arrangement as disclosed in Note 28.
- (iii) In the previous financial year, certain proceeds from sales of development properties of a subsidiary has been assigned to a third party under the Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") as disclosed in Note 21.
- (iv) Certain title deeds in respect of the land are not registered under the subsidiaries' names as these title deeds will be transferred directly to house buyers upon the sale of the properties.
- (v) Certain land held for property development of two subsidiaries are charged as securities for banking facilities granted to a corporate shareholder, Kumpulan Europlus Berhad.
- (vi) Included in the development costs for the financial year is interest expense capitalised during the financial year for the Group amounting to approximately RM13.711 million (2009 : RM3.264 million).

**7. INVESTMENT PROPERTIES**

| Group  | Freehold<br>Land<br>RM'000 | Buildings<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|---------------------|-----------------|
| <b>Cost</b>  |                            |                     |                 |
| At 1 February 2008                                       | 4,900                      | 96,903              | 101,803         |
| Subsidiaries acquired                                    | –                          | 71,580              | 71,580          |
| Disposals  | –                          | (680)               | (680)           |
| Reclassified from property, plant and equipment (Note 5) | –                          | 61,105              | 61,105          |
| At 31 January 2009                                       | 4,900                      | 228,908             | 233,808         |
| Write off  | –                          | (2,295)             | (2,295)         |
| At 31 January 2010                                       | 4,900                      | 226,613             | 231,513         |
| <b>Accumulated Depreciation</b>                          |                            |                     |                 |
| At 1 February 2008                                       | –                          | 287                 | 287             |
| Subsidiaries acquired                                    | –                          | 10,263              | 10,263          |
| Disposals  | –                          | (147)               | (147)           |
| Charge for the financial year                            | –                          | 4,102               | 4,102           |
| Reclassified from property, plant and equipment (Note 5) | –                          | 4,028               | 4,028           |
| At 31 January 2009                                       | –                          | 18,533              | 18,533          |
| Charge for the financial year                            | –                          | 2,577               | 2,577           |
| At 31 January 2010                                       | –                          | 21,110              | 21,110          |

## 7. INVESTMENT PROPERTIES (Cont'd)

| Group  | Freehold Land<br>RM'000 | Buildings<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|---------------------|-----------------|
| <b>Accumulated Impairment Losses</b>                   |                         |                     |                 |
| At 1 February 2008/31 January 2009/<br>31 January 2010 | –                       | 17,000              | 17,000          |
| <b>Net Book Value</b>                                  |                         |                     |                 |
| At 31 January 2009                                     | 4,900                   | 193,375             | 198,275         |
| At 31 January 2010                                     | 4,900                   | 188,503             | 193,403         |

Investment properties with net book value of RM193.403 million (2009 : RM198.275 million) are charged as securities for credit facilities granted to subsidiaries as disclosed in Note 21.

## 8. PREPAID LEASE PAYMENTS

|                                 | Group          |                |
|---------------------------------|----------------|----------------|
|                                 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Cost</b>                     |                |                |
| At 1 February and 31 January    | 16,458         | 16,458         |
| <b>Accumulated Amortisation</b> |                |                |
| At 1 February                   | (6,027)        | (5,332)        |
| Charge for the financial year   | (696)          | (695)          |
| At 31 January                   | (6,723)        | (6,027)        |
| Net Book Value                  | 9,735          | 10,431         |

Prepaid lease payments refer to leasehold land with unexpired lease term 14 years and are charged to banks for certain credit facilities granted to subsidiaries as disclosed in Note 21.

## 9. GOODWILL

|                                    | Group          |                              |
|------------------------------------|----------------|------------------------------|
|                                    | 2010<br>RM'000 | 2009<br>RM'000<br>(restated) |
| At 1 February                      | 28,408         | –                            |
| Arising from subsidiaries acquired | –              | 28,408                       |
| Less: Impairment                   | (1,586)        | –                            |
| At 31 January                      | 26,822         | 28,408                       |

10. INVESTMENT IN SUBSIDIARIES

|                                     | Company        |                |
|-------------------------------------|----------------|----------------|
|                                     | 2010<br>RM'000 | 2009<br>RM'000 |
| Unquoted shares in Malaysia at cost | 502,011        | 502,011        |
| Accumulated impairment losses       | (157,210)      | (157,210)      |
|                                     | 344,801        | 344,801        |

Details of subsidiaries are disclosed in Note 40.

(a) Amount owing by/(to) subsidiaries

|                                    | Company        |                |
|------------------------------------|----------------|----------------|
|                                    | 2010<br>RM'000 | 2009<br>RM'000 |
| Amount owing by subsidiaries       | 1,317,956      | 551,429        |
| Less: Allowance for doubtful debts | (272,977)      | (272,977)      |
|                                    | 1,044,979      | 278,452        |
| Amount owing to subsidiaries       | (294,785)      | (280,211)      |
| Amount owing by/(to) subsidiaries  | 750,194        | (1,759)        |

Amount owing by/(to) subsidiaries, which arose from non-trade transactions, are unsecured, interest free and have no fixed terms of repayment.

- (b) During the financial year, a subsidiary, Seaview Plantations Sdn Bhd had on 14 December 2009 entered into a Sale Shares Agreement with a third party to dispose a total of 2,000,000 ordinary shares of RM1 each, [representing 100% equity interest in Peninsular Properties (M) Sdn Bhd ("PPMSB") for a total consideration of RM2,000. As a result, PPMSB ceased to be a subsidiary.

The effects of the above mentioned disposal of subsidiaries on the financial results of the Group for the financial year ended 31 January 2010 were as follows:

|                                   | 2010<br>Up to the date of disposals<br>RM'000 |
|-----------------------------------|---|
| Revenue                           | -   |
| Other operating income            | -   |
| Administrative and other expenses | (10)  |
| Increase in loss of the Group     | (10)  |

## 10. INVESTMENT IN SUBSIDIARIES (Cont'd)

The effects of disposal of subsidiaries on the financial position of the Group as at 31 January 2010 are as follows:-

|  | <b>2010<br/>Group<br/>RM'000</b> |
|--|----------------------------------|
| Current assets   | 1,798                            |
| Current liabilities                                    | (1,912)                          |
| Long term liabilities                                  | (658)                            |
| <hr/>  |                                  |
| Net liabilities disposed                               | (772)                            |
| Gain on disposal of subsidiaries                       | 774                              |
| <hr/>  |                                  |
| Proceeds from disposal                                 | 2                                |
| Less : cash and cash equivalents                       | (25)                             |
| <hr/>  |                                  |
| Net cash outflow arising from disposal of subsidiaries | (23)                             |

- (c) On 20 November 2008, the RM76,332,275 5-Year 1% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") issued to the Company's subsidiary, Europlus Berhad by Venue Venture Sdn. Bhd. ("VVS") were fully converted into 76,332,275 new ordinary shares of RM1.00 each of VVS. Upon conversion of the ICULS, VVS and its 3 subsidiaries namely, Bukit Khazanah Sdn. Bhd., Pandan Lake Club Berhad and Saujana Ukay Sdn. Bhd. (formerly known as Gemar Megaprima Sdn. Bhd.) became indirect subsidiaries of the Company.

The effects of the above mentioned acquisitions on the financial results of the Group from the date of acquisition to 31 January 2009 were as follows:

|  | <b>2009<br/>RM'000</b> |
|--|------------------------|
| Revenue  | 387                    |
| Cost of sales  | (177)                  |
| <hr/>  |                        |
| Gross Profit   | 210                    |
| Other operating income   | 62                     |
| Administrative and other expenses                              | (283)                  |
| <hr/>  |                        |
| Minority interest  | (11)<br>1              |
| <hr/>  |                        |
| Increase in loss attributable to equity holders of the Company | (10)                   |

## 10. INVESTMENT IN SUBSIDIARIES (Cont'd)

The effects of these acquisitions on the financial position of the Group as at 31 January 2009 were as follows:

|  | <b>2009<br/>RM'000</b> |
|--|------------------------|
| Property, plant and equipment                    | 165                    |
| Land held for property development               | 779                    |
| Investment properties                            | 54,605                 |
| Goodwill   | 2,338                  |
| Trade receivables                                | 7,072                  |
| Other receivables, deposits and prepaid expenses | 4,938                  |
| Cash and bank balances                           | 581                    |
| Borrowings                                       | (415)                  |
| Trade payables                                   | (73)                   |
| Other payables and accrued expenses              | (14,141)               |
| Minority interest                                | (31)                   |
| Net assets                                       | 55,818                 |

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiaries were as follows:

|   | <b>At acquisition<br/>date<br/>RM'000</b> |
|---|---|
| Net assets acquired:  |   |
| Property, plant and equipment   | 170                                       |
| Land held for property development  | 779                                       |
| Investment properties   | 61,317                                    |
| Goodwill  | 28,408                                    |
| Current tax assets  | 103                                       |
| Trade receivables   | 6,497                                     |
| Other receivables, deposits and prepaid expenses                                | 75,134                                    |
| Cash and bank balances  | 518                                       |
| Borrowings  | (415)                                     |
| Trade payables  | (74)                                      |
| Other payables and accrued expenses   | (95,972)                                  |
| Minority interest   | (133)                                     |
| Total consideration   | 76,332                                    |
| Purchase consideration settled via the conversion<br>of the investment in ICULS | (76,332)                                  |
| Less: Cash and cash equivalents of subsidiaries acquired                        | (518)                                     |
| Net cash inflow arising from acquisition of subsidiaries                        | (518)                                     |

## 11. INVESTMENT IN ASSOCIATES

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2010<br>RM'000 | 2009<br>RM'000 |
| Unquoted shares, at cost           | 10,772         | 10,772         |
| Share of post-acquisition reserves | (10,772)       | (10,772)       |
|                                    | -              | -              |

(a) Details of associates are as follows:

| Name of Company                                       | Financial Year End | Effective Equity Interest |           | Principal Activities |
|---|--------------------|---------------------------|-----------|----------------------|
|   |                    | 2010<br>%                 | 2009<br>% |                      |
| <b>Incorporated in Malaysia</b>                       |                    |                           |           |                      |
| Beruntung Transport City Sdn Bhd                      | 31 January         | 30.60                     | 30.60     | Dormant              |
| <b>Incorporated in Hong Kong</b>                      |                    |                           |           |                      |
| Larut Leisure Enterprise (Hong Kong) Limited * #      | 31 January         | 49.99                     | 49.99     | Investment holding   |
| <b>Incorporated in The People's Republic of China</b> |                    |                           |           |                      |
| Jilin Dingtai Enterprise Development Co. Limited *    | 31 December        | 49.99                     | 49.99     | Property development |
| <b>Incorporated in Cambodia</b>                       |                    |                           |           |                      |
| Cambodia Resources Import-Export Company Limited *#   | 31 January         | 49.00                     | 49.00     | Dormant              |
| Parkgrove (Cambodia) Pte. Ltd. *#                     | 31 January         | 49.00                     | 49.00     | Dormant              |
| Noble House Investment (Cambodia) Pte. Ltd. *#        | 31 January         | 49.00                     | 49.00     | Dormant              |

\* Audited by firms of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.

# The financial statements and auditor's report of these associates are not available. The said investments have been fully written down in prior financial years. In view of this, the effect of not equity accounting for investment in associates is not material to the Group.

## 11. INVESTMENT IN ASSOCIATES (Cont'd)

- (b) The auditors' report of Larut Leisure Enterprise (Hong Kong) Limited ("LLE"), the holding company of Jilin Dingtai Enterprise Development Co Limited ("Jilin") contained the following qualification:-

The auditors have not been provided with sufficient evidence to satisfy themselves as to the fair value of property development cost of the uncompleted building in the financial statements of Jilin amounting to RM88,079,112 (Equivalent to RMB 151,460,127) as at 31 January 2010. There are no other satisfactory audit procedures that could be adopted to determine whether the property development costs are fairly stated in the financial statements as at 31 January 2010.

The last professional valuation for the uncompleted building was carried on 31 March 2001 and the valuation approximated the carrying book value then. Since the building work did not recommence until 2008, when a new investor acquired 50% of the equity interest in LLE, the book value remain basically unchanged. The directors are of the opinion that there is no necessity to carry out another valuation as the addition to the property development costs subsequent to 2008 are the actual costs incurred.

- (c) Amount owing by associates, which arose from non-trade transactions, are unsecured, interest free and have no fixed terms of repayment.
- (d) The summarised financial information of the associates is as follows:

|                                   | <b>Group</b>  |               |
|-----------------------------------|---------------|---------------|
|                                   | <b>2010</b>   | <b>2009</b>   |
|                                   | <b>RM'000</b> | <b>RM'000</b> |
| <b>Assets and liabilities</b>     |               |               |
| Non-current assets                | 87,552        | 76,470        |
| Current assets                    | 3,748         | 25,395        |
| Total assets                      | 91,300        | 101,865       |
| <br>                              |               |               |
| Non-current liabilities           | 107,910       | 72,303        |
| Current liabilities               | 7,149         | 3,540         |
| Total liabilities                 | 115,059       | 75,843        |
| <br>                              |               |               |
| <b>Results</b>                    |               |               |
| Expenses, including finance costs | (4,684)       | (2,250)       |

## 12. INTEREST IN JOINTLY CONTROLLED ENTITIES

|                                    | <b>Group</b>  |               |
|------------------------------------|---------------|---------------|
|                                    | <b>2010</b>   | <b>2009</b>   |
|                                    | <b>RM'000</b> | <b>RM'000</b> |
| Unquoted shares, at cost           | 10,510        | 10,510        |
| Share of post-acquisition reserves | 452           | (1,292)       |
| Total                              | 10,962        | 9,218         |

## 12. INTEREST IN JOINTLY CONTROLLED ENTITIES (Cont'd)

(a) Details of the jointly controlled entities, which are incorporated in Malaysia, are as follows:

| Name of Company            | Financial Year End | Effective Equity Interest |        | Principal Activities |
|----------------------------|--------------------|---------------------------|--------|----------------------|
|                            |                    | 2010 %                    | 2009 % |                      |
| Astaka Tegas Sdn. Bhd. *   | 31 March           | 50                        | 50     | Dormant              |
| Sierra Ukay Sdn. Bhd. *    | 31 March           | 49.99                     | 49.99  | Property development |
| Good Debut Sdn. Bhd. *     | 31 March           | 50                        | 50     | Property development |
| Cekap Tropikal Sdn. Bhd. * | 31 March           | 49.99                     | 49.99  | Property development |

\* Audited by firms of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.

(b) Amount owing by/(to) jointly controlled entities, which arose from non-trade transactions, are unsecured, bear interest at the rates ranging from 6.55 % to 7.55% (2009: 7.5% to 8.5%) per annum and have no fixed terms of repayment.

(c) The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities are as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Assets and liabilities</b>             |                |                |
| Non-current assets                        | 10,489         | 10,309         |
| Current assets                            | 101,431        | 86,204         |
| <b>Total assets</b>                       | <b>111,920</b> | <b>96,513</b>  |
| Non-current liabilities                   | 41,303         | 59,041         |
| Current liabilities                       | 65,275         | 32,934         |
| <b>Total liabilities</b>                  | <b>106,578</b> | <b>91,975</b>  |
| <b>Results</b>                            |                |                |
| Income/(Expense), including finance costs | 1,744          | (869)          |

## 13. SINKING FUNDS HELD BY TRUSTEES

The sinking funds are held by trustees for the redemption and/or servicing of the following financing facilities:

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| Murabahah Notes Issuance Facility ("MuNIF") (Note 21 b) | 22             | 611            |
| Sukuk Al-Ijarah (Note 21 c)                             | 4,176          | 8,112          |
|   | <b>4,198</b>   | <b>8,723</b>   |



14. INVENTORIES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| At cost:                                     |                |                |                |                |
| Completed properties held for sale           | 91,188         | 91,656         | 5,831          | 5,831          |
| Consumables and others                       | 1,168          | 1,515          | –              | –              |
|  | 92,356         | 93,171         | 5,831          | 5,831          |
| Less: Allowance for inventories<br>writedown | (25,817)       | (24,405)       | (144)          | (144)          |
|  | 66,539         | 68,766         | 5,687          | 5,687          |

15. TRADE RECEIVABLES

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2010<br>RM'000 | 2009<br>RM'000 |
| Trade receivables                  | 233,020        | 100,274        |
| Less: Allowance for doubtful debts | (15,712)       | (7,391)        |
|                                    | 217,308        | 92,883         |

(a) Included in trade receivables are amounts due from related parties (Note 43) as follows:

|  | Group          |                |
|--|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 |
| Agrocon (M) Sdn. Bhd.  | –              | 5,397          |
| Radiant Pillar Sdn. Bhd.                                       | 9,000          | 6,000          |
| Kumpulan Europlus Berhad and its<br>subsidiaries ("KEB Group") | 5,229          | 3,147          |

(b) The Group's normal trade credit terms ranges from 14 days to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

(c) The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(d) In the previous financial year, included in trade receivables of the Group was amounts due from certain contractors of the Group totalling RM24.445 million. The directors were of the opinion that these receivables were fully recoverable.

## 16. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Other receivables  | 220,115        | 181,150        | 30,736         | 23,713         |
| Less: Allowance for doubtful debts   | (70,428)       | (85,396)       | (10,208)       | (10,208)       |
|  | 149,687        | 95,754         | 20,528         | 13,505         |
| Less : Amount receivable after the next 12 months classified as long term receivables (Note d) | (10,060)       | -              | -              | -              |
|  | 139,627        | 95,754         | 20,528         | 13,505         |
| Refundable deposits  | 26,510         | 27,913         | 1,050          | 54             |
| Less: Allowance for doubtful debts   | (1,000)        | (1,000)        | (1,000)        | (1,000)        |
|  | 25,510         | 26,913         | 50             | (946)          |
| Prepaid expenses   | 185            | 153            | -              | -              |
| Tax recoverable  | 314            | 2,476          | -              | 2,015          |
|  | 165,636        | 125,296        | 20,578         | 14,574         |

Included in other receivables of the Group are:

- An amount owing by a third party of RM23.38 million (2009 : RM23.409 million) pursuant to the issuance of Sukuk Al-Ijarah ("Sukuk") which is secured by the said third party's property.
- Deferred expenditure in respect of the issuance of Sukuk RM0.674 million (2009: RM1.441 million).
- Miscellaneous charges receivables from house purchasers of RM12.53 million (2009 : RM7.896 million).
- The long term receivables are non trade, unsecured, interest free and have no fixed terms of repayment.
- Included in other receivables are amounts due from related parties as follows:-

|                          | Group          |                |
|--------------------------|----------------|----------------|
|                          | 2010<br>RM'000 | 2009<br>RM'000 |
| IJM Group                | 40             | 92             |
| Radiant Pillar Sdn. Bhd. | 17             | 17             |
|                          | 57             | 109            |

The nature of the relationship with the above related parties is disclosed in Note 43.

**17. CASH AND CASH EQUIVALENTS**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Housing development accounts ("HDA")                     | 7,497          | 11,035         | -              | -              |
| Cash in hand and bank balances                           | 4,229          | 6,095          | 212            | 37             |
| Deposits with licensed banks                             | 407            | 387            | -              | -              |
| Cash and bank balances                                   | 12,133         | 17,517         | 212            | 37             |
| Less:  |                |                |                |                |
| Bank overdrafts (Note 21B)                               | (6,078)        | (6,515)        | (1,604)        | (4,473)        |
| Balances pledged as security to licensed banks (Note 21) |                |                |                |                |
| - HDA  | (7,497)        | (10,110)       | -              | -              |
| - bank balances  | -              | (1,896)        | -              | -              |
| - deposits with licensed banks                           | -              | (167)          | -              | -              |
| Cash and cash equivalents                                | (1,442)        | (1,171)        | (1,392)        | (4,436)        |

The housing development accounts of the Group are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the respective subsidiaries upon the completion of the property development projects and after all property development expenditure have been fully settled.

**18. SHARE CAPITAL**

|   | Group and Company |              |                |                |
|---|-------------------|--------------|----------------|----------------|
|   | Number of Shares  |              | Amount         |                |
|   | 2010<br>'000      | 2009<br>'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Authorised</b>   |                   |              |                |                |
| <b>Ordinary shares</b>  |                   |              |                |                |
| At 1 February, shares of RM0.60 (2009 : RM1.00) each                  | 939,000           | 939,000      | 563,400        | 939,000        |
| Capital reduction of RM0.40 per share                                 | -                 | -            | -              | (375,600)      |
| Share split to three (3) shares of RM0.20 each                        | 1,878,000         | -            | -              | -              |
| Created during the financial year                                     | 5,183,000         | -            | 1,036,600      | -              |
| At 31 January, shares of RM0.20 (2009 : RM0.60) each                  | 8,000,000         | 939,000      | 1,600,000      | 563,400        |
| <b>Redeemable convertible preference shares of RM0.20 each (RCPS)</b> |                   |              |                |                |
| At 1 February   | -                 | -            | -              | -              |
| Created during the financial year                                     | 1,500,000         | -            | 300,000        | -              |
| At 31 January   | 1,500,000         | -            | 300,000        | -              |

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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## 18. SHARE CAPITAL (Cont'd)

|  | Group and Company |              |                |                |
|--|-------------------|--------------|----------------|----------------|
|  | Number of Shares  |              | Amount         |                |
|  | 2010<br>'000      | 2009<br>'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b><i>Irredeemable convertible preference shares ("ICPS") of RM0.10 each</i></b> |                   |              |                |                |
| At 1 February  | 600,000           | 600,000      | 60,000         | 60,000         |
| Created during the financial year  | 400,000           | –            | 40,000         | –              |
| At 31 January  | 1,000,000         | 600,000      | 100,000        | 60,000         |
| <b><i>Redeemable convertible preference shares of RM0.01 each (RCPS)</i></b>     |                   |              |                |                |
| At 1 February  | 100,000           | 100,000      | 1,000          | 1,000          |
| Cancelled during the financial year  | (100,000)         | –            | (1,000)        | –              |
| At 31 January  | –                 | 100,000      | –              | 1,000          |
| Total  | 10,500,000        | 1,639,000    | 2,000,000      | 624,400        |
| <b>Issued and paid-up</b>  |                   |              |                |                |
| <b><i>Ordinary shares</i></b>  |                   |              |                |                |
| At 1 February, shares of RM0.60 (2009 : RM1.00) each                             | 643,580           | 629,183      | 386,148        | 629,183        |
| Capital reduction of RM0.40 per share  | –                 | –            | –              | (257,432)      |
| Share split to three (3) shares of RM0.20 each                                   | 1,287,159         | –            | –              | –              |
| Conversion of ICPS   | –                 | 14,397       | –              | 14,397         |
| Conversion of RCPS   | 458,043           | –            | 91,609         | –              |
| At 31 January, shares of RM0.20 (2009 : RM0.60) each                             | 2,388,782         | 643,580      | 477,757        | 386,148        |
| <b><i>ICPS of RM0.10 each</i></b>  |                   |              |                |                |
| At 1 February  | –                 | 143,963      | –              | 14,397         |
| Converted during the financial year  | –                 | (143,963)    | –              | (14,397)       |
| At 31 January  | –                 | –            | –              | –              |

## 18. SHARE CAPITAL (Cont'd)

|  | Group and Company |              |                |                |
|--|-------------------|--------------|----------------|----------------|
|  | Number of Shares  |              | Amount         |                |
|  | 2010<br>'000      | 2009<br>'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>RCPS of RM0.20 each</b>                               |                   |              |                |                |
| At 1 February  | –                 | –            | –              | –              |
| Allotted during the financial year                       | 1,287,010         | –            | 257,402        | –              |
| Converted during the financial year                      | (458,043)         | –            | (91,609)       | –              |
| Less : Liability component (Note 22e)                    | –                 | –            | (124,145)      | –              |
| At 31 January  | 828,967           | –            | 41,648         | –              |
|  | 3,217,749         | 643,580      | 519,405        | 386,148        |
| Less : Equity component of RCPS<br>classified to reserve |                   |              | (41,648)       | –              |
| Total  |                   |              | 477,757        | 386,148        |

(a) On 16 February 2009, the Company completed the share split involving the subdivision of every one (1) existing ordinary share of RM0.60 each in the Company into three (3) ordinary shares of RM0.20 each in the Company ("Share Split"). As a result of the Share Split, 643,579,444 ordinary shares of RM0.60 each in the Company have been subdivided into 1,930,738,332 ordinary shares of RM0.20 each in the Company. Concurrently, the authorised share capital of the Company had increased to RM2,000,000,000 divided into 8,000,000,000 ordinary shares of RM0.20 each, 1,500,000,000 redeemable convertible preference shares of RM0.20 each and 1,000,000,000 irredeemable convertible preference shares of RM0.10 each.

(b) 458,043,207 redeemable convertible preference shares ("RCPS") of RM0.20 each were converted into 458,043,207 new ordinary shares of RM0.20 each. The issued and paid-up ordinary share capital of the Company was increased from RM386,147,666 to RM477,756,308.

The new ordinary shares issued during the financial year arising from the conversion of the RCPS rank pari passu in all respects with the existing ordinary shares of the Company except that the holders thereof shall not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date of which precedes the date of allotment of the new ordinary shares of the Company.

(c) The RCPS is classified between the liability component and the equity component, representing the fair value of the conversion component. The main features of the RCPS are disclosed in Note 22.

## 19. TREASURY SHARES

|   | Group and Company |              |                |                |
|---|-------------------|--------------|----------------|----------------|
|   | Number of Shares  |              | Amount         |                |
|   | 2010<br>'000      | 2009<br>'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Ordinary shares</b>                                  |                   |              |                |                |
| At 31 January, shares of RM0.20<br>(2009 : RM0.60) each | 2,465             | 822          | 493            | 493            |

## 20. RESERVES

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Capital Reserves:   |                |                |                |                |
| Capitalisation of retained profits for bonus issue of ordinary shares by subsidiaries | 6,392          | 6,392          | -              | -              |
| Redemption of preference shares to ordinary shares                                    | 4,809          | 4,809          | -              | -              |
|   | 11,201         | 11,201         | -              | -              |
| Foreign exchange reserve  | 21,696         | 13,153         | -              | -              |
| Total capital reserves  | 32,897         | 24,354         | -              | -              |
| Convertible securities  | 109,179        | -              | 109,179        | -              |
| Accumulated losses  | (10,759)       | (19,072)       | (33,072)       | (60,618)       |
|   | 131,317        | 5,282          | 76,107         | (60,618)       |

## 21. BORROWINGS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>(A) Long term borrowings</b>                            |                |                |                |                |
| <i>Secured:</i>  |                |                |                |                |
| BaIDS (Note a)   | 134,213        | 117,000        | 134,213        | -              |
| MuNIF (Note b)   | -              | 171,000        | -              | -              |
| Sukuk Al-Ijarah (Note c)                                   | 85,184         | 87,065         | -              | -              |
| Term and bridging loans (Note d)                           | 129,479        | 233,256        | -              | 4,512          |
|  | 348,876        | 608,321        | 134,213        | 4,512          |
| Less : Amount payable within the next 12 months (Note 21B) |                |                |                |                |
| BaIDS  | -              | (117,000)      | -              | -              |
| MuNIF  | -              | (171,000)      | -              | -              |
| Sukuk Al-Ijarah  | (1,207)        | (1,207)        | -              | -              |
| Term and bridging loans                                    | (128,803)      | (233,256)      | -              | (4,512)        |
|  | (130,010)      | (522,463)      | -              | (4,512)        |
| Amount payable after the next 12 months                    |                |                |                |                |
| BaIDS  | 134,213        | -              | 134,213        | -              |
| Sukuk Al-Ijarah  | 83,977         | 85,858         | -              | -              |
| Term and bridging loans                                    | 676            | -              | -              | -              |
|  | 218,866        | 85,858         | 134,213        | -              |

## 21. BORROWINGS (Cont'd)

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>(B) Short term borrowings</b> |                |                |                |                |
| <b>Secured:</b>                  |                |                |                |                |
| Revolving credits                |                |                |                |                |
| - Related party                  | 2,669          | 29,761         | -              | -              |
| - Financial institutions         | 70,239         | 83,135         | 14,004         | 42,526         |
| MuNIF                            | 80,653         | -              | -              | -              |
|                                  | 153,561        | 112,896        | 14,004         | 42,526         |
|                                  | 153,561        | 112,896        | 14,004         | 42,526         |
| <b>Unsecured:</b>                |                |                |                |                |
| Bank overdrafts (Note 17)        | 6,078          | 6,515          | 1,604          | 4,473          |
| Revolving credits                |                |                |                |                |
| - Related party                  | 23,220         | 24,699         | 23,220         | 24,699         |
|                                  | 29,298         | 31,214         | 24,824         | 29,172         |
| Long term borrowings             |                |                |                |                |
| payable within the next          |                |                |                |                |
| 12 months (Note 21A)             |                |                |                |                |
| BalDS                            | -              | 117,000        | -              | -              |
| MuNIF                            | -              | 171,000        | -              | -              |
| Sukuk Al-Ijarah                  | 1,207          | 1,207          | -              | -              |
| Term and bridging loans          | 128,803        | 233,256        | -              | 4,512          |
|                                  | 130,010        | 522,463        | -              | 4,512          |
| <b>Total</b>                     | <b>312,869</b> | <b>666,573</b> | <b>38,828</b>  | <b>76,210</b>  |

## (a) Al-Bai Bithaman Ajil Islamic Debt Securities ("BalDS")

In the financial year ended 31 January 2005, Maxisegar Sdn. Bhd. ("Maxisegar"), a wholly-owned subsidiary, issued RM140.0 million nominal value of BalDS.

The BalDS is secured inter-alia by the following:

- (i) Charges over all the operating accounts of Maxisegar (including Housing Development Accounts);
- (ii) Assignments of sale proceeds from certain development phases of Maxisegar;
- (iii) A charge over certain development properties of Maxisegar;
- (iv) Specific debenture covering fixed and floating charge on all assets of Maxisegar related to the project; and
- (v) A corporate guarantee from the Company.

## 21. BORROWINGS (Cont'd)

### (a) Al-Bai Bithaman Ajil Islamic Debt Securities ('BaIDS') (cont'd)

Pursuant to the Regularisation Plan as disclosed in Note 39, on 31 December 2008, the Company and its subsidiary had entered into a Debt Settlement Agreement ("Debt Settlement") with the holders of BaIDS. Each of the holders of BaIDS agrees to accept as full and final settlement and discharge their respective indebtedness, the existing facilities, the guarantees and any and all securities in respect thereof, via the issuance of RM117.0 million nominal value of zero coupon 5-year redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value on the basis of RM1.00 nominal value of RCSLS for every RM1.00 nominal value of the BaIDS outstanding.

As a consequence to the above Debt Settlement, the holders of BaIDS have granted a partial waiver of the outstanding balance of the BaIDS and all outstanding profits and other charges accrued from the cut-off date as at 27 February 2006 up to the date of issuance of the RCSLS.

The RCSLS mentioned above were issued during the financial year to the holders of BaIDS as disclosed in Note 22.

During the financial year, the Company had issued RM134,213,337 nominal value of 10-year BaIDS at 100% of its nominal value pursuant to Regularisation Plan as disclosed in Note 39.

The BaIDS bears the following profit rates per annum:

| <u>Period</u> | <u>Profit rate (per annum)</u> |
|---------------|--------------------------------|
| Year 1-3      | Not applicable                 |
| Year 4-5      | 2%                             |
| Year 6-8      | 6%                             |
| Year 9        | 8%                             |
| Year 10       | 9%                             |

The BaIDS of the Company consist of non-interest bearing primary notes together with non-detachable secondary notes. The redemption of the primary notes shall be made on 100% of its nominal value at maturity date while the redemption of the secondary notes shall be made on a semi annual basis throughout the tenure of the BaIDS.

The BaIDS of the Company is secured on certain properties of subsidiaries.

### (b) MuNIF

The MuNIF of the Group is secured by the following:

- (i) Memorandum of Charge over the operating accounts (including Housing Development Accounts) of certain subsidiaries;
- (ii) Assignment of proceeds from sale of the development properties of certain subsidiaries;
- (iii) Debentures creating a fixed and floating charge over assets of certain subsidiaries; and
- (iv) Third party first legal charge on certain subsidiaries' operating accounts (including Housing Development Accounts) as referred to in Note 17.



**21. BORROWINGS (Cont'd)**

(b) MuNIF (cont'd)

Pursuant to the Regularisation Plan as disclosed in Note 39, on 31 December 2008, the Company and its subsidiary had entered into a Debt Settlement Agreement (“Debt Settlement”) with the holders of MuNIF. Each of the holders of MuNIF agrees to accept as full and final settlement and discharge of their respective indebtedness, the existing facilities, the guarantees and any and all securities in respect thereof, via the issuance of RM171.0 million nominal value of zero coupon 5-year redeemable convertible secured loan stocks (“RCSLS”) at 100% of its nominal value on the basis of RM1.00 nominal value of RCSLS for every RM1.00 nominal value of the MuNIF outstanding.

As a consequence to the above Debt Settlement, the holders of MuNIF have granted a partial waiver of the outstanding balance of the MuNIF and all outstanding profits and other charges accrued from the cut-off date as at 29 March 2006 up to the date of issuance of the RCSLS.

The RCSLS mentioned above were issued during the financial year to the holders of MuNIF as disclosed in Note 22.

An amount of RM21,825 (2009 :RM611,000) has been maintained in the sinking funds held by trustees in accordance with the MuNIF granted to a subsidiary as disclosed in Note 13. The amount is deposited to meet the redemption of maturing notes.

(c) Sukuk Al-Ijarah

In the financial year ended 31 January 2005, Ample Zone Berhad (“Ample Zone”), a 99.99% owned subsidiary, issued RM150.0 million nominal value of Sukuk Al-Ijarah (“Sukuk”).

The Sukuk is secured inter-alia by the following:

- (i) Debenture over the fixed and floating charge over all assets and properties and undertakings both present and future of Ample Zone; and
- (ii) Principal charge on various designated accounts.

On 18 January 2008, the Facility Agent for the Sukuk has utilised part of the sale proceeds from the disposal of an investment property to redeem RM58,020,800 face value of Primary Sukuk.

An amount of RM 4.176 million (2009 : RM8.112 million) has been maintained in the bank account held by trustees in accordance with the requirement of Sukuk granted to Ample Zone as disclosed in Note 13. The amount is deposited for the profit servicing requirement.

The Sukuk shall be payable upon maturity as follows:

|                              | Group          |                |
|------------------------------|----------------|----------------|
|                              | 2010<br>RM'000 | 2009<br>RM'000 |
| Year ending/ended 31 January |                |                |
| 2010                         | –              | 1,207          |
| 2011                         | 1,207          | 1,207          |
| 2012                         | 83,977         | 84,651         |
|                              | 85,184         | 87,065         |

## 21. BORROWINGS (Cont'd)

- (d) The term and bridging loans are secured by the following:
- (i) First and third legal charge over the freehold land, leasehold land and buildings of certain subsidiaries as disclosed in Notes 5, Note 6 and Note 7 to the financial statements;
  - (ii) Subordination deed executed by a subsidiary;
  - (iii) Fixed and floating charge over all the assets, revenue, rights and benefits on the property development properties of certain subsidiaries; and
  - (iv) Corporate guarantee by the Company.

- (e) The Company has provided corporate guarantees for unsecured bank overdrafts of its subsidiary.

The secured revolving credits of the Group and of the Company are secured by fixed and floating charges over certain assets of the Group and of the Company as disclosed in Notes 5, Note 6 and Note 7.

- (f) The range of effective interest rates or purchase yield during the financial year for borrowings is as follows:

|                         | Group       |              | Company     |             |
|-------------------------|-------------|--------------|-------------|-------------|
|                         | 2009<br>%   | 2008<br>%    | 2009<br>%   | 2008<br>%   |
| Revolving credits       | 9.00-9.75   | 6.83- 10.50  | 9.00 - 9.75 | 9.00 - 9.75 |
| Bank overdrafts         | 7.00 - 9.00 | 7.00 - 9.00  | 7.00-9.00   | 8.75 - 9.00 |
| BaIDS                   | -           | 8.21         | -           | -           |
| MuNIF                   | 5.75        | 5.75         | -           | -           |
| Term and bridging loans | 7.75-16.00  | 6.60 - 16.00 | -           | 9.00        |
| Sukuk Al-Ijarah         | 5.20 - 9.30 | 5.20 - 9.30  | -           | -           |

- (g) Pursuant to the Regularisation Plan as disclosed in Note 39, on 31 December 2008, the Company and its subsidiaries had also entered into a Settlement Agreement with two other lenders, RHB Investment Bank Berhad ("RHB") and EON Bank Berhad ("EON") for the settlement of debts totalling RM75,833,979. Each of the lenders agrees to accept as full and final settlement and discharge of their respective indebtedness, the existing facilities, the guarantees and any and all securities in respect thereof, via the issuance of two classes of zero coupon 5-year redeemable convertible secured loan stocks ("RCCLS") of RM50,328,000 and RM17,922,581 to RHB and EON respectively.

As a consequence to the above Settlement Agreement, RHB and EON have granted a partial waiver of the outstanding balance and all outstanding interests and other charges accrued from the cut-off date as at 31 May 2006 up to the date of issuance of the RCCLS.

The RCCLS mentioned above were issued during the financial year to RHB and EON as disclosed in Note 22.

22. CONVERTIBLE SECURITIES

|                             | GROUP AND COMPANY |          |
|-----------------------------|-------------------|----------|
|                             | 2010              | 2009     |
|                             | RM'000            | RM'000   |
| <b>Liability components</b> |                   |          |
| Secured:                    |                   |          |
| - RCSLS A (Note a)          | 38,950            | -        |
| - RCSLS B (Note b)          | 13,883            | -        |
| - RCSLS C (Note c)          | 132,445           | -        |
| - RCSLS D (Note d)          | 90,622            | -        |
| RCPS (Note e)               | 114,286           | -        |
|                             | <b>390,186</b>    | <b>-</b> |

Pursuant to the Regularisation Plan as disclosed in Note 39, the Company issued four (4) classes of zero coupon redeemable convertible secured loan stocks ("RCSLS") with an aggregate amount of up to RM356,256,581 nominal value of RCSLS at 100% of its nominal value comprising 1,781,282,905 units of RCSLS of RM0.20 each as detailed below :

| Class     | Lenders                                 | Amount (RM)        |
|-----------|---|--------------------|
| RCSLS – A | RHB Investment Bank                     | 50,328,000         |
| RCSLS – B | EON Bank/EONCAP Islamic Bank Berhad     | 17,922,581         |
| RCSLS – C | Holders of MuNIF                        | 171,000,000        |
| RCSLS – D | Holders of BalDs of Maxisegar Sdn. Bhd. | 117,000,000        |
|           |   | <b>356,250,581</b> |

An additional RM2,000 nominal value of RCSLS will be issued for each of RCSLS-B, RCSLS-C and RCSLS-D at 100% of their nominal value to selected investors to facilitate the listing of the RCSLS-B, RCSLS-C and RCSLS-D on the Main Market of Bursa Malaysia Securities Berhad, such that there will be 100 holders for each class, with holders holding 100 units of RCSLS of RM0.20 each. The RM50,328,000 nominal value of RCSLS-A will not be listed.

Each class of RCSLS has a tenure of 5 years from the date of issue and is secured on the assets of the Group.

|   | GROUP AND COMPANY |          |
|---|-------------------|----------|
|   | 2010              | 2009     |
|   | RM'000            | RM'000   |
| <b>Note (a)</b>   |                   |          |
| <b>Redeemable convertible secured loan stock A of RM0.20 each (RCSLS-A)</b> |                   |          |
| At 1 February   | -                 | -        |
| Issued during the financial year  | 37,608            | -        |
| Add :   |                   |          |
| Interest recognised   | 1,342             | -        |
| At 31 January   | <b>38,950</b>     | <b>-</b> |

## 22. CONVERTIBLE SECURITIES (Cont'd)

|  | GROUP AND COMPANY |        |
|--|-------------------|--------|
|  | 2010              | 2009   |
|  | RM'000            | RM'000 |
| <b>Note (b)</b>  |                   |        |
| <b><i>Redeemable convertible secured loan stock B of RM0.20 each (RCSLS-B)</i></b> |                   |        |
| At 1 February  | –                 | –      |
| Issued during the financial year   | 13,394            | –      |
| Add :  |                   |        |
| Interest recognised  | 489               | –      |
| At 31 January  | 13,883            | –      |
| <b>Note (c)</b>  |                   |        |
| <b><i>Redeemable convertible secured loan stock C of RM0.20 each (RCSLS-C)</i></b> |                   |        |
| At 1 February  | –                 | –      |
| Issued during the financial year   | 127,783           | –      |
| Add :  |                   |        |
| Interest recognised  | 4,662             | –      |
| At 31 January  | 132,445           | –      |
| <b>Note (d)</b>  |                   |        |
| <b><i>Redeemable convertible secured loan stock D of RM0.20 each (RCSLS-D)</i></b> |                   |        |
| At 1 February  | –                 | –      |
| Issued during the financial year   | 87,431            | –      |
| Add :  |                   |        |
| Interest recognised  | 3,191             | –      |
| At 31 January  | 90,622            | –      |
| <b>Note (e)</b>  |                   |        |
| <b><i>Redeemable convertible preference share of RM0.20 each (RCPS)</i></b>        |                   |        |
| At 1 February  | –                 | –      |
| Liability component (Note 18)  | 124,145           | –      |
| Less:  |                   |        |
| Interest recognised  | (9,859)           | –      |
| At 31 January  | 114,286           | –      |

**22. CONVERTIBLE SECURITIES (Cont'd)****(a) Redeemable Convertible Secured Loan Stock A**

The RCSLS-A were issued at 100% of the nominal value and bear zero coupon rate. The RCSLS-A are issued in registered form and in denomination of RM0.20.

The RCSLS-A has a maturity of five (5) years from the date of issue. Each registered holder of the RCSLS-A shall have the right to convert at any time during the conversion period of the RCSLS-A into fully paid new ordinary shares of RM0.20 each in the Company at the conversion price.

Each nominal value of RCSLS-A are convertible into new ordinary shares of RM0.20 each in the Company at a conversion price of RM0.20 each.

The RCSLS-A are secured against the identified assets of the Group. A sinking fund account will be created to capture proceeds from the sale of the charged assets and shall be utilised to redeem the equivalent value of RCSLS-A. The redemption of the RCSLS-A shall be on semi-annual basis.

**(b) Redeemable Convertible Secured Loan Stock B**

The RCSLS-B were issued at 100% of the nominal value and bear zero coupon rate. The RCSLS-B are issued in registered form and in denomination of RM0.20.

The RCSLS-B has a maturity of five (5) years from the date of issue. Each registered holder of the RCSLS-B shall have the right to convert at any time during the conversion period of the RCSLS-B into fully paid new ordinary shares of RM0.20 each in the Company at the conversion price.

Each nominal value of RCSLS-B are convertible into new ordinary shares of RM0.20 each in the Company at a conversion price of RM0.20 each.

The RCSLS-B are secured against the identified assets of the Group. A sinking fund account will be created to capture proceeds from the sale of the charged assets and shall be utilised to redeem the equivalent value of RCSLS-B. The redemption of the RCSLS-B shall be on annual basis.

**(c) Redeemable Convertible Secured Loan Stock C**

The RCSLS-C were issued at 100% of the nominal value and bear zero coupon rate. The RCSLS-C are issued in registered form and in denomination of RM0.20.

The RCSLS-C has a maturity of five (5) years from the date of issue. Each registered holder of the RCSLS-C shall have the right to convert at any time during the conversion period of the RCSLS-C into fully paid new ordinary shares of RM0.20 each in the Company at the conversion price.

Each nominal value of RCSLS-C are convertible into new ordinary shares of RM0.20 each in the Company at a conversion price of RM0.20 each.

The RCSLS-C are secured against the identified assets of the Group. A sinking fund account will be created to capture proceeds from the sale of the charged assets and shall be utilised to redeem the equivalent value of RCSLS-C. The redemption of the RCSLS-C shall be on annual basis.

## 22. CONVERTIBLE SECURITIES (Cont'd)

### (d) *Redeemable Convertible Secured Loan Stock D*

The RCSLS-D were issued at 100% of the nominal value and bear zero coupon rate. The RCSLS-D are issued in registered form and in denomination of RM0.20.

The RCSLS-D has a maturity of five (5) years from the date of issue. Each registered holder of the RCSLS-D shall have the right to convert at any time during the conversion period of the RCSLS-D into fully paid new ordinary shares of RM0.20 each in the Company at the conversion price.

Each nominal value of RCSLS-D are convertible into new ordinary shares of RM0.20 each in the Company at a conversion price of RM0.20 each.

The RCSLS-D are secured against the identified assets of the Group. A sinking fund account will be created to capture proceeds from the sale of the charged assets and shall be utilised to redeem the equivalent value of RCSLS-D. The redemption of the RCSLS-D shall be on annual basis.

### (e) *Redeemable Convertible Preference Shares*

The RCPS have par value of RM0.20 each and bear zero dividend rate.

The RCPS has a maturity of five (5) years from the date of issue, subject however to a further extension of up to maximum of two (2) years from Year 5 at the option of the Company. On maturity, all outstanding RCPS will be automatically converted into new ordinary shares of RM0.20 each in the Company.

Each registered holder of the RCPS shall have the right to convert at any time during the conversion period of the RCPS into fully paid new ordinary shares of RM0.20 each in the Company at the conversion price.

Each RCPS is convertible into one new ordinary shares of RM0.20 each in the Company at a conversion price of RM0.20 each.

The RCPS shall carry no right to vote at any general meetings of the Company except with regards to any proposal on the followings:-

- (i) To reduce the capital of the Company;
- (ii) To dispose of the whole of the Company's property, business and undertaking;
- (iii) To wind up the Company ;and
- (iv) Any proposal that affect the rights attached to the RCPS.

**23. LONG TERM PAYABLES**

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| Amount payable for the acquisition of land (Note a)       | 52,352         | 52,352         |
| Loan from a minority shareholder of a subsidiary (Note b) | 11,184         | 11,890         |
| Amount payable for acquisition of building (Note c)       | 14,398         | 15,308         |
| Preference shareholders of a subsidiary                   | 75             | 75             |
|   | 78,009         | 79,625         |

- (a) The amount payable for the acquisition of land is payable in accordance with the terms and conditions of the Sale and Purchase Agreements. The amounts are not repayable within 12 months from the end of the financial year.
- (b) Loan from a minority shareholder of a subsidiary is interest free, unsecured and has no fixed terms of repayment.
- (c) The amount payable for the acquisition of building is in relation to an agreement entered into with a third party in the 1999 financial year for the sale of four floors of a building owned by a subsidiary. The agreement provides an option for the subsidiary to re-acquire those floors within ten years from the date of agreement at the market value on the date of exercise of the option. The directors have the intention to exercise the option and therefore the transaction was not recognised as a disposal.

**24. DEFERRED TAX LIABILITIES**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| At 1 February                                 | 4,205          | 3,959          | –              | –              |
| Recognised in the income statements (Note 35) |                |                |                |                |
| Current year                                  | (3,427)        | (223)          | (3,427)        | –              |
| prior years                                   | 594            | 469            | –              | –              |
| Convertible securities                        | 36,393         | –              | 36,393         | –              |
|   | 37,765         | 4,205          | 32,966         | –              |

## 24. DEFERRED TAX LIABILITIES (Cont'd)

The deferred tax liabilities are in respect of the following:

|                                     | Group          |                | Company        |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Deferred tax liabilities</b>     |                |                |                |                |
| Tax effects on:                     |                |                |                |                |
| Temporary differences arising from: |                |                |                |                |
| Property, plant and equipment       | 5,898          | 5,898          | -              | -              |
| Others                              | 11,128         | 10,534         | -              | -              |
| Convertible securities              | 32,966         | -              | 32,966         | -              |
|                                     | 49,992         | 16,432         | 32,966         | -              |

### Deferred tax assets

|                                     |          |          |        |   |
|-------------------------------------|----------|----------|--------|---|
| Tax effects on:                     |          |          |        |   |
| Temporary differences arising from: |          |          |        |   |
| Unused tax losses                   | (7,551)  | (7,551)  | -      | - |
| Unabsorbed capital allowances       | (4,676)  | (4,676)  | -      | - |
|                                     | (12,227) | (12,227) | -      | - |
| At 31 January                       | 37,765   | 4,205    | 32,966 | - |

The directors are of the opinion that, two of its subsidiaries, which recognised the deferred tax assets, will be able to produce sufficient taxable profit to realise the deferred tax assets based on their projections of the operations of these subsidiaries.

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

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Unused tax losses                | 111,902        | 108,434        | -              | 364            |
| Deductible temporary differences | 1,288          | 1,125          | -              | 6              |
|                                  | 113,190        | 109,559        | -              | 370            |

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.



25. PROVISION FOR LIABILITIES

|  | Group          |                |
|--|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 |
| At 1 February                                      | 96,312         | 97,014         |
| Provision during the financial year                | –              | 738            |
| Charged to income statements                       | (2,305)        | –              |
| Utilisation of provision during the financial year | (39,092)       | (1,440)        |
|  | 54,915         | 96,312         |
| Less : Amount payable after the<br>next 12 months  | (43,614)       | (43,614)       |
| At 31 January                                      | 11,301         | 52,698         |

Provision for liabilities comprises:

|  | Group          |                |
|--|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 |
| Provision for liquidated and ascertained damages     | 54,915         | 57,987         |
| Provision for compensation arising from a litigation | –              | 38,325         |
|  | 54,915         | 96,312         |

Provision for liquidated and ascertained damages is in respect of projects undertaken by certain subsidiaries. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements.

In the previous financial year, provision for compensation arising from a litigation is in respect of a legal suit filed by a subsidiary, Maxisegar Sdn. Bhd. against a third party ("Land Vendor") to recover the deposit and instalments paid to the Land Vendor for the proposed purchase of land by MSSB as MSSB could not obtain a loan to complete the sale and purchase agreement due to intervening events. Judgement was delivered in favour of the Land Vendor together with interests and costs amounting to RM38.325 million.

## 26. TRADE PAYABLES

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Trade payables  | 329,126        | 196,375        | 2,590          | 2,590          |
| Progress billings in respect of<br>property development costs | 94,739         | 61,372         | –              | –              |
| Retention sum   | 33,397         | 30,879         | –              | –              |
|   | <b>457,262</b> | <b>288,626</b> | <b>2,590</b>   | <b>2,590</b>   |

(a) Included in trade payables and retention sum are amounts due to related parties as follows:

|                       | Group          |                |
|-----------------------|----------------|----------------|
|                       | 2010<br>RM'000 | 2009<br>RM'000 |
| <i>Trade Payables</i> |                |                |
| KEB Group             | 5,710          | 4,493          |
| IJM Group             | 151,882        | 163,916        |
|                       | <b>157,592</b> | <b>168,409</b> |
| <i>Retention Sums</i> |                |                |
| KEB Group             | 1,291          | 595            |
| IJM Group             | –              | 455            |
|                       | <b>1,291</b>   | <b>1,050</b>   |
| <b>Total</b>          | <b>158,883</b> | <b>169,459</b> |

The nature of the relationship with the above related parties is disclosed in Note 43.

(b) The normal trade credit terms granted to the Group ranges from 30 days to 90 days.

27. OTHER PAYABLES AND ACCRUED EXPENSES

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Other payables  | 499,455        | 401,150        | 78,222         | 66,229         |
| Accrued expenses  | 161,307        | 233,129        | 5,950          | 8,427          |
| Amount payable for<br>acquisition of land               | 26,065         | 31,292         | -              | -              |
| Obligation arising from<br>acquisition of land (Note a) | 136,735        | 136,735        | -              | -              |
| Total land cost payable                                 | 162,800        | 168,027        | -              | -              |
|   | 823,562        | 802,306        | 84,172         | 74,656         |

- (a) The obligation arising from the acquisition of land is in respect of obligations arising from the Universiti Industri Selangor ("UNISEL") project, whereby the Selangor State Government had alienated three parcels of land to the Group in consideration for the development of UNISEL in 2001 as further explained below.

In 2001, Maxisegar Sdn. Bhd. ("Maxisegar"), a wholly-owned subsidiary, entered into an agreement with the State Government of Selangor for the financing and construction of the main campus of UNISEL on 572.16 acres of land at Berjuntai Bestari, Selangor Darul Ehsan for a total value of RM750 million. In return, the State Government of Selangor had alienated three parcels of leasehold land to Maxisegar as follows:

|                    | Acres | RM'000  |
|--------------------|-------|---------|
| Batang Berjuntai   | 3,000 | 345,000 |
| Taman Puncak Jalil | 801   | 337,500 |
| Saujana Damansara  | 110   | 67,500  |
|                    | 3,911 | 750,000 |

Maxisegar was unable to meet its financial obligation to bear the development and maintenance costs due of approximately RM134.0 million ("obligation due"). Maxisegar entered into a settlement agreement on 29 July 2005 with Kumpulan Darul Ehsan Berhad ("KDEB") and Pendidikan Industri YS Sdn. Bhd. ("PIYS") (both of which acted as nominees of State Government of Selangor) whereby Maxisegar agreed to settle the obligation due by transferring 1,715.9 acres of Batang Berjuntai land which the parties have agreed shall be valued for the purpose of settlement at RM80,000 per acre to KDEB and/or PIYS.

- (b) Included in other payables of the Group are:
- (i) Refundable deposits of RM9.10 million (2009 : RM19.284 million) received from purchasers of properties and tenants of complexes;
  - (ii) Advances from minority shareholders of a subsidiary amounting to RM0.282 million (2009 : RM1.166 million), bearing interest at the rate of 8% (2009 :8%) per annum. The advances are unsecured and have no fixed terms of repayment;
  - (iii) Renovation costs payable for a hotel building of approximately RM1.731 million (2009 : RM1.858 million); and
  - (iv) Amount owing to a corporate shareholder, Kumpulan Europlus Berhad and its subsidiaries, of approximately RM120.447 million (2009 : RM71.105 million) which arose from payments made on behalf, bearing interest at the rate of 8% (2009: 8%) per annum with no fixed terms of repayment.

## 27. OTHER PAYABLES AND ACCRUED EXPENSES (Cont'd)

- (c) Included in other payables of the Group and of the Company are amounts payable to the IJM Group, a related party, of RM17.035 million (2009 : RM14.240 million) and RM7.503 million (2009 : RM5.0 million) respectively. The nature of the relationship with this related party is disclosed in Note 43.
- (d) Included in accrued expenses of the Group and of the Company are:
- (i) Accrued interest of RM123.893 million (2009: RM90.755 million) and RM4.482 million (2009 : RM6.997 million) respectively;
  - (ii) Amount payable to authorities in relation to development projects of RM58.225 million (2009 : RM62.557 million); and
  - (iii) Progress billings billed in advance of RM39.275 million (2009 : RM47.929 million).

## 28. DEFERRED PROGRESS BILLINGS

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| Deferred progress billings                  | 427,539        | 427,539        |
| Discount on deferred progress billings      | (35,926)       | (35,926)       |
| Deferred progress billings, net of discount | 391,613        | 391,613        |
| Less : settled by convertible securities    | (391,613)      | -              |
|   | -              | 391,613        |

- (a) Deferred progress billings relates to an Islamic Assets Backed Securitisation ("ABS") arranged by a subsidiary. The ABS arrangement encompasses the sale of the subsidiary's right to bill under certain Sale and Purchase Agreements of certain phases of two development projects to a special purpose vehicle, Ambang Sentosa Sdn. Bhd. ("ASSB"), for a net cash purchase consideration of approximately RM919.231 million.
- (b) The Group defaulting on its repayment obligations under ABS on its due date on 28 July 2006. Subsequently on 5 October 2006, the Company and Maxisegar Sdn. Bhd. a wholly-owned subsidiary, had entered into a settlement agreement with ASSB and PB Trustee Services Berhad ("Trustee"). The settlement agreement encompasses the acceptance of RM503.8 million as full and final settlement towards the remaining outstanding BalDs with the following salient terms:
- (i) cash portion of RM67.8 million and all profits accruing thereon in the Escrow Accounts and the BalDs Redemption Account as at the Cash Portion Payment Date;
  - (ii) secured Al-Bai Bithaman Ajil Islamic Debt Securities of up to an aggregate value of RM150.0 million Settlement BalDs to be issued in one series by the Company with a tenure of 8 years and at the issuer's option to extend another 2 years;
  - (iii) RM286.0 million of Redeemable Convertible Preference Shares ("RCPS") at par value RM0.20 per RCPS with a maturity period of 5 years;

The settlement agreement forms part of the Regularisation Plan as disclosed in Note 39.

Pursuant to the Regularisation Plan, this indebtedness was assumed by the Company and was settled by the issuance of RM134,213,337 nominal value of 100% of 10 year BalDs and RM250,407,000 RCPS of par value of RM0.20 each.

29. REVENUE

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Property development revenue                      | 130,319        | 241,367        | -              | -              |
| Rental income                                     | 15,456         | 14,508         | -              | -              |
| Revenue from hotel operations                     | 17,531         | 19,492         | -              | -              |
| Management fees and charges<br>from third parties | 3,423          | 7,456          | -              | -              |
| Sale of development land                          | 80,466         | -              | -              | -              |
| Sales of inventories                              | 4,151          | 18,433         | -              | -              |
| Others  | 2,368          | 22             | -              | -              |
|   | 253,714        | 301,278        | -              | -              |

30. COST OF SALES

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Property development costs   | 83,453         | 240,452        | -              | -              |
| Cost of rental               | 11,114         | 9,779          | -              | -              |
| Cost of for hotel operations | 8,005          | 8,617          | -              | -              |
| Cost of development land     | 38,410         | -              | -              | -              |
| Cost of inventories sold     | 4,225          | 14,691         | -              | -              |
| Others                       | 50             | -              | -              | -              |
|                              | 145,257        | 273,539        | -              | -              |

31. FINANCE COSTS

|                                   | Group          |                | Company        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Interest expenses on:             |                |                |                |                |
| - term and bridging loans         | 21,213         | 16,395         | 5,771          | 3,785          |
| - bank overdraft                  | 433            | 536            | 126            | 141            |
| - other borrowings                | 15,144         | 31,298         | 5,788          | 16,927         |
| - convertible securities          | 13,708         | -              | 13,708         | -              |
|                                   | 50,498         | 48,229         | 25,393         | 20,853         |
| Profit on Islamic debt securities | 5,530          | 5,344          | -              | -              |
|                                   | 56,028         | 53,573         | 25,393         | 20,853         |

## 31. FINANCE COSTS (Cont'd)

Included in interest expense of the Group and the Company are amounts paid or payable to the following related parties:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Pengurusan Projek Bersistem<br>Sdn. Bhd. | 635            | 2,389          | -              | -              |
| KEB Group                                | 8,064          | 24,271         | 3,258          | 14,675         |

The nature of the relationship with the above related parties is disclosed in Note 43.

## 32. PROFIT BEFORE TAX

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Profit before tax is stated after charging/(crediting) :                  |                |                |                |                |
| Staff costs (Note 33)   | 9,551          | 11,237         | -              | 5              |
| Allowance for doubtful debts  |                |                |                |                |
| - third parties (non trade)   | 1,972          | 17,046         | -              | 3,550          |
| - third parties (trade)   | 20,704         | -              | -              | -              |
| - associates  | -              | 25             | -              | -              |
| Allowance for obsolete inventories  | 2,337          | 1,655          | -              | -              |
| Auditors' remuneration  |                |                |                |                |
| - current year  | 377            | 414            | 80             | 70             |
| - (over)/under accrual in prior years                                     | (17)           | 66             | -              | -              |
| - other services  | 1              | -              | -              | -              |
| Bad debts written off - third parties                                     | 320            | 409            | -              | -              |
| Equipment rental  | (31)           | -              | -              | -              |
| Depreciation/amortisation :   |                |                |                |                |
| - property, plant and equipment   | 6,899          | 7,602          | 222            | 226            |
| - investment properties   | 2,577          | 4,102          | -              | -              |
| - prepaid lease payments  | 696            | 695            | -              | -              |
| (Gain)/Loss on disposal of :  |                |                |                |                |
| - property, plant and equipment   | (307)          | 313            | -              | -              |
| - investment properties   | -              | 233            | -              | -              |
| - Subsidiaries (Note 10b)   | (774)          | -              | -              | -              |
| Impairment loss on goodwill   | 1,586          | -              | -              | -              |
| Investment properties written off   | 2,295          | -              | -              | -              |
| Interest income   | (2,034)        | (1,701)        | -              | -              |
| Land and development costs written off                                    | -              | 41             | -              | -              |
| Management fee  | 2,382          | -              | -              | -              |
| Rental income   | (1,658)        | (1,339)        | -              | (5)            |
| Rental of office / complex  | -              | 104            | -              | -              |
| (Write back)/addition of provision for liquidated and ascertained damages | (2,305)        | 738            | -              | -              |

32. PROFIT BEFORE TAX (Cont'd)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Profit before tax is stated after charging/(crediting) :      |                |                |                |                |
| Write back of allowance for doubtful debts no longer required |                |                |                |                |
| - third parties   | (13)           | (2,465)        | -              | -              |
| - subsidiaries  | -              | -              | -              | (19,604)       |
| Write back of allowance for obsolete inventories              | (925)          | (38)           | -              | -              |
| Write back of expenses over accrued                           | -              | (1,385)        | -              | -              |
| Waiver of debts   |                |                |                |                |
| - third parties   | (12,000)       | (184)          | -              | -              |
| - subsidiary  | -              | -              | (52,536)       | -              |
| - borrowings  | -              | (7,583)        | -              | (4,587)        |
| - Islamic debt securities                                     | -              | (32,000)       | -              | -              |
| - Deferred progress billings                                  | -              | (43,513)       | -              | -              |
| Waiver of interests / profits                                 |                |                |                |                |
| - borrowings  | -              | (52,483)       | -              | (7,864)        |
| - Deferred progress billings                                  | -              | (9,794)        | -              | -              |

33. STAFF COSTS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Wages and salaries                             | 7,930          | 9,571          | -              | -              |
| Social security                                | 76             | 89             | -              | -              |
| Defined contribution                           | 1,135          | 905            | -              | -              |
| Other staff related expenses                   | 410            | 672            | -              | 5              |
|  | 9,551          | 11,237         | -              | 5              |
| Included in the staff costs:                   |                |                |                |                |
| Key Management Personnel other than Directors: |                |                |                |                |
| Salaries and other remuneration                | 325            | 529            | -              | -              |
| Defined contribution                           | 55             | 70             | -              | -              |
| Other staff related expenses                   | 10             | 51             | -              | -              |
|  | 390            | 650            | -              | -              |
| Directors' remuneration (Note 34)              | 804            | 1,900          | 690            | 1416           |

## 34. DIRECTORS' REMUNERATION

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Company:</b>                 |                |                |                |                |
| <i>Executive directors:</i>     |                |                |                |                |
| Fees                            | –              | 58             | –              | 58             |
| Salaries                        | 342            | 569            | 342            | 569            |
| Defined contribution            | 64             | 68             | 64             | 68             |
| Other emoluments                | 22             | 311            | 22             | 311            |
|                                 | 428            | 1,006          | 428            | 1,006          |
| <i>Non-executive directors:</i> |                |                |                |                |
| Fees                            | –              | 108            | –              | 108            |
| Other emoluments                | 262            | 302            | 262            | 302            |
|                                 | 262            | 410            | 262            | 410            |
|                                 | 690            | 1,416          | 690            | 1,416          |
| <b>Subsidiaries:</b>            |                |                |                |                |
| Salaries                        | 94             | 340            | –              | –              |
| Defined contribution            | 13             | 41             | –              | –              |
| Other emoluments                | 7              | 103            | –              | –              |
|                                 | 114            | 484            | –              | –              |
|                                 | 804            | 1,900          | 690            | 1,416          |
| Benefit-in-kinds                | 6              | 41             | 6              | 11             |

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are as follows:

|                                 | 2010 | 2009 |
|---------------------------------|------|------|
| <i>Executive directors:</i>     |      |      |
| RM350,001 - RM400,000           | –    | 1    |
| RM300,001 - RM350,000           | –    | 2    |
| RM200,001 - RM300,000           | 1    | –    |
| RM100,001 - RM200,000           | 1    | –    |
| RM50,000 - RM100,000            | –    | –    |
| <i>Non-Executive directors:</i> |      |      |
| RM50,001 - RM100,000            | 1    | 5    |
| Below RM50,000                  | 5    | 1    |
|                                 | 8    | 9    |



**35. INCOME TAX EXPENSE/(CREDIT)**

|                          | Group          |                | Company        |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Income tax               |                |                |                |                |
| - current financial year | 10,922         | 1,192          | -              | -              |
| - prior financial years  | 134            | (1,590)        | -              | 10             |
| Deferred tax             |                |                |                |                |
| - current financial year | (3,427)        | (223)          | (3,427)        | -              |
| - prior financial years  | 594            | 469            | -              | -              |
|                          | 8,223          | (152)          | (3,427)        | 10             |

Income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before tax 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        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Profit before tax  | 17,245         | 60,563         | 24,119         | 4,287          |
| Taxation at Malaysian<br>statutory tax rate of<br>25% (2009: 25%)                              | 4,311          | 15,141         | 6,030          | 1,072          |
| Income not subject to tax  | (7,865)        | (46,431)       | (13,109)       | (8,014)        |
| Expenses not deductible<br>for tax purposes  | 14,680         | 22,124         | 3,282          | 5,974          |
| (Reversal)/Origination of deferred<br>tax assets not recognised on the<br>financial statements | (3,631)        | 10,135         | 370            | 968            |
| Under provision of deferred<br>tax in previous financial years                                 | 594            | 469            | -              | -              |
| Under/(Over) provision of income<br>tax expense in prior financial year                        | 134            | (1,590)        | -              | 10             |
| Tax expense/(credit) for the<br>financial year   | 8,223          | (152)          | (3,427)        | 10             |

## 36. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2010</b>  | <b>2009</b> |
| Profit for the financial year (RM'000)   | 8,313        | 59,105      |
| Weighted average number of shares ('000) | 1,975,071    | 629,367     |
| Basic earnings per share (sen)           | 0.42         | 9.39        |

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year and the weighted number of ordinary shares in issue during the year have been adjusted for the effect of dilutive potential ordinary shares from the conversion of RCPS and RCSLS. The amount of profit for the financial year is adjusted by the tax effect of interest expense recognised during the financial year which would have been saved on the conversion of the outstanding convertible securities into ordinary shares. The adjusted weighted average number of ordinary shares is the weighted number of shares issued during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The RCPS and RCSLS are deemed to have been converted into ordinary shares at the date of issue.

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2010</b>  | <b>2009</b> |
| Adjusted profit for the financial year (RM'000)                                  | 18,594       | 59,105      |
| Weighted average number of ordinary shares in issue ('000)                       | 1,975,071    | 629,367     |
| Adjustment for assumed conversion of RCPS and RCSLS ('000)                       | 2,610,245    | -           |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 4,585,316    | 629,367     |
| Diluted earnings per share (sen)   | 0.41         | 9.39        |

**37. CONTINGENT LIABILITIES / LOSSES**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Unsecured:</b>  |                |                |                |                |
| Guarantees given to financial institution for :-                                   |                |                |                |                |
| - credit facilities granted to subsidiaries  | -              | -              | 220,513        | 219,779        |
| - credit facilities granted to jointly controlled entities                         | 21,650         | 21,941         | 21,650         | 21,941         |
| Guarantees given to non financial institutions for :-                              |                |                |                |                |
| - credit facilities granted subsidiaries   | -              | -              | -              | 288,000        |
| - purchase of land by subsidiaries   | -              | -              | 201,634        | 201,634        |
|  | 21,650         | 21,941         | 443,797        | 731,354        |
| <b>Secured:</b>  |                |                |                |                |
| Assets pledged to financial institution for credit facilities granted to KEB group | 136,600        | 136,520        | 136,600        | 136,520        |
|  | 158,250        | 158,461        | 580,397        | 867,874        |

No provision for these contingent liabilities have been made in the financial statements of the Group and of the Company as the quantum of the shortfall of which the Group and the Company are liable to make good cannot be presently determined.

**38. COMMITMENTS**

On 10 January 2005, Ample Zone Berhad, a 99.99% owned subsidiary of the Company, had entered into, inter-alia, an Assets Purchase Agreement and a Trust Deed under the issuance of SUKUK of RM150.0 million. It is a condition of the said trust deed that the Company grants an option in favour of the security trustee for the benefit of the SUKUK holders. Pursuant to the option agreement, the Company irrevocably and unconditionally grants to the security trustee a right to require the Company at any time during the option period to purchase the assets at the exercise price upon or after the occurrence of a trigger event or an event of default or upon or after failure of the sellers to honour their sale undertakings or purchase undertakings.

## 39. REGULARISATION PLAN

Following the Regularisation Plan undertaken by Group in the previous financial year, the Securities Commission had vide its letter dated 6 May 2009 approved the proposed revision to the principal terms and condition of the RCSLS and Settlement BaIDS ("Proposed Revision") and is subject to, inter-alia, the following conditions:-

- (i) All relevant parties to the RCSLS and Settlement BaIDS including, but not limited to, trustee and rating agency, be fully informed of the Proposed Revision and, where applicable, obtain their consents thereto;
- (ii) RHB Investment Bank Berhad and the Company have undertaken all necessary due diligence in relation to the Proposed Revision;
- (iii) RHB Investment Bank Berhad and the Company to take the necessary steps to ensure compliance with Paragraph 4.1(iii) of the Guidelines on the Minimum Contents Requirements for Trust Deeds;
- (iv) RHB Investment Bank Berhad and the Company to obtain all other regulatory approvals for the Proposed Revision, if any; and
- (v) RHB Investment Bank Berhad to submit a written confirmation on compliance with the above upon implementation of the Proposed Revision.

The Securities Commission had vide its letter dated 13 May 2009 further approved the following:-

- (i) Proposed transfer of the redeemable convertible preference shares and redeemable convertible secured loan stocks (collectively known as "Securities") from Kumpulan Darul Ehsan Berhad to 100 holders each holding 100 units of the Securities respectively to meet the public spread requirement of Bursa Malaysia Securities Berhad; and
- (ii) Proposed extension of time to 29 June 2009 for the Company to complete the Regularisation Plan.

Bursa Malaysia Depository Sdn. Bhd. had vide its letter dated 22 May 2009 approved the proposed transfer of the Securities to be issued pursuant to the Regularisation Plan from Kumpulan Darul Ehsan Berhad to 100 holders each holding 100 units of the Securities respectively to meet the public spread requirement of Bursa Malaysia Securities Berhad via bulk transfer method.

## 40. SUBSIDIARIES

Details of subsidiaries are as follows:

| Name of Company                 | Effective Equity Interest |           | Principal Activities  |
|---------------------------------|---------------------------|-----------|---|
|                                 | 2010<br>%                 | 2009<br>% |   |
| <b>Incorporated in Malaysia</b> |                           |           |   |
| Abra Development Sdn. Bhd. ^    | 100                       | 100       | Property development and investment holding                   |
| Alam Johan Sdn. Bhd. ^          | 99.99                     | 99.99     | Property development  |
| Ample Zone Berhad * δ           | 99.99                     | 99.99     | Investment holding and provision of asset management services |

## 40. SUBSIDIARIES (Cont'd)

| Name of Company                         | Effective Equity Interest |           | Principal Activities                        |
|---|---------------------------|-----------|---|
|   | 2010<br>%                 | 2009<br>% |   |
| <b>Incorporated in Malaysia</b>         |                           |           |   |
| Beautiful Peninsular Sdn. Bhd. ^        | 69.99                     | 69.99     | Property development                        |
| Biltradex Sdn. Bhd. ^                   | 99.99                     | 99.99     | Property development and investment         |
| Bukit Beruntung Nurseries Sdn. Bhd. ^   | 99.99                     | 99.99     | Ceased operation                            |
| Bukit Khazanah Sdn. Bhd.* ¥             | 99.65                     | 99.65     | Property development and investment         |
| Capital Advance Corporation Sdn. Bhd. ^ | 99.99                     | 99.99     | Investment holding                          |
| Cekap Mesra Development Sdn. Bhd. ^     | 50.01                     | 50.01     | Property development                        |
| Classic Fortune Sdn. Bhd. ^             | 99.99                     | 99.99     | Property development                        |
| Daya Kreatif Sdn. Bhd. ^                | 99.99                     | 99.99     | Property development                        |
| Envy Vista Sdn. Bhd. ^                  | 99.99                     | 99.99     | Dormant                                     |
| Era-Casa Sdn. Bhd. ^                    | 100                       | 100       | Investment holding                          |
| Europlus Berhad ^                       | 99.99                     | 99.99     | Investment holding and Property Development |
| Europlus Construction Sdn. Bhd. ^       | 99.99                     | 99.99     | Property development                        |
| Europlus Corporation Sdn. Bhd. ^        | 99.99                     | 99.99     | Property development and investment holding |
| Expand Factor Sdn. Bhd. ^               | 100                       | 100       | Property development and investment holding |
| Galian Juta Sdn. Bhd. ^                 | 100                       | 100       | Property development                        |
| Gemapantas Sdn. Bhd. ^                  | 51                        | 51        | Investment holding                          |
| G.L. Development Sdn. Bhd. ^            | 100                       | 100       | Property investment and development         |
| Ideal Synergy Sdn. Bhd. ^               | 100                       | 100       | Property development                        |
| Inti Johan Sdn. Bhd. ^                  | 100                       | 100       | Property investment and management          |
| Izin Saga Sdn. Bhd. ^                   | 99.99                     | 99.99     | Dormant                                     |

## 40. SUBSIDIARIES (Cont'd)

| Name of Company                             | Effective Equity Interest |           | Principal Activities                            |
|---|---------------------------|-----------|---|
|   | 2010<br>%                 | 2009<br>% |   |
| <b>Incorporated in Malaysia</b>             |                           |           |   |
| Juara Tiasa Sdn. Bhd. ^                     | 100                       | 100       | Property investment                             |
| Kenshine Corporation Sdn. Bhd. ^            | 99.99                     | 99.99     | Property development                            |
| Kolej Aman Bhd. ^                           | 58.46                     | 58.46     | Ceased operation                                |
| Lambang Wira Sdn. Bhd. ^                    | 99.99                     | 99.99     | Investment holding                              |
| Larut Leisure Enterprise Sdn. Bhd. ^        | 99.99                     | 99.99     | Investment holding                              |
| Larut Management Services Sdn. Bhd. ^       | 99.99                     | 99.99     | Investment holding                              |
| Larut Overseas Ventures Sdn. Bhd. ^         | 99.99                     | 99.99     | Investment holding                              |
| L.C.B. Management Sdn. Bhd. ^               | 100                       | 100       | Provision of management services                |
| Lestari Puchong Sdn. Bhd. ^                 | 99.99                     | 99.99     | Property development                            |
| Layatama Sdn. Bhd. ^                        | 100                       | 100       | Investment holding                              |
| Maxdale (M) Sdn. Bhd. ^                     | 100                       | 100       | Investment holding                              |
| Maxisegar Construction Sdn. Bhd. ^          | 100                       | 100       | Property investment, Management and development |
| Maxisegar Education Sdn. Bhd. ^             | 60                        | 60        | Investment holding                              |
| Maxisegar Realty Sdn. Bhd. ^                | 100                       | 100       | Dormant   |
| Maxisegar Sdn. Bhd. ^                       | 100                       | 100       | Property development and investment holding     |
| Mutual Prosperous Sdn. Bhd. *¥              | 99.99                     | 99.99     | Investment holding                              |
| New Court Properties Sdn. Bhd. ^            | 98.04                     | 98.04     | Dormant   |
| Noblepace (M) Sdn. Bhd. ^                   | 100                       | 100       | Investment holding                              |
| Pandan Indah Medical Management Sdn. Bhd. ^ | 100                       | 100       | Ceased operation                                |
| Pandan Lake Club Berhad * δ                 | 99.65                     | 99.65     | Operation of a recreational Club                |

## 40. SUBSIDIARIES (Cont'd)

| Name of Company                                      | Effective Equity Interest |           | Principal Activities                                    |
|--|---------------------------|-----------|---|
|  | 2010<br>%                 | 2009<br>% |   |
| <b>Incorporated in Malaysia</b>                      |                           |           |   |
| Peninsular Properties (M) Sdn. Bhd.                  | –                         | 99.99     | Property development                                    |
| Peninsular Properties Management Sdn. Bhd.           | –                         | 99.99     | Provision of property management services               |
| Perwira Indra Sakti Management Services Sdn. Bhd. *¥ | 99.99                     | 99.99     | Dormant   |
| P.I.S. Properties Management Sdn. Bhd. *¥            | 99.99                     | 99.99     | Dormant   |
| Regobase Sdn. Bhd. ^                                 | 100                       | 100       | Investment holding                                      |
| Seaview Plantations Sdn. Bhd. ^                      | 99.99                     | 99.99     | Property development and investment holding             |
| Saujana Ukay Sdn. Bhd. * ¥                           | 50.82                     | 50.82     | Property development                                    |
| Sentosa Restu (M) Sdn. Bhd. ^                        | 99.99                     | 99.99     | Property development                                    |
| Star Base Sdn. Bhd. ^                                | 90                        | 90        | Property development                                    |
| Talam Beverage Sdn. Bhd. ^                           | 99.77                     | 99.77     | Ceased operation  |
| Talam General Foods Sdn. Bhd. ^                      | 100                       | 100       | Dormant   |
| Talam Industries Sdn. Bhd.^                          | 100                       | 100       | Property development and investment holding             |
| Talam Leisure Development Sdn. Bhd. ^                | 100                       | 100       | Property development and investment holding             |
| Talam Management Services Sdn. Bhd.                  | 100                       | 100       | Dormant   |
| Talam Manufacturing Sdn. Bhd. ^                      | 100                       | 100       | Investment holding and provision of management services |
| Talam Medical Centre Sdn. Bhd. ^                     | 100                       | 100       | Dormant   |
| Talam Plantations Sdn. Bhd. ^                        | 100                       | 100       | Investment holding                                      |
| Talam Properties Sdn. Bhd. ^                         | 100                       | 100       | Property development                                    |
| Talam Refrigeration Sdn. Bhd. ^                      | 99.77                     | 99.77     | Investment holding                                      |

## 40. SUBSIDIARIES (Cont'd)

| Name of Company   | Effective Equity Interest |           | Principal Activities   |
|---|---------------------------|-----------|--|
|   | 2010<br>%                 | 2009<br>% |  |
| <b>Incorporated in Malaysia</b>                           |                           |           |  |
| Talam Premium Development Sdn. Bhd. ^                     | 100                       | 100       | Investment holding and provision of management services                                  |
| Talam Tractors Sdn. Bhd. ^                                | 100                       | 100       | Dormant  |
| TCB Resources Sdn. Bhd. ^                                 | 100                       | 100       | Investment holding, provision of management and consultancy services and general trading |
| Terang Tanah Sdn. Bhd. ^                                  | 99.99                     | 99.99     | Property development   |
| Trans Liberty Sdn. Bhd. ^                                 | 99.99                     | 99.99     | Property development   |
| Ukay Land Sdn. Bhd. ^                                     | 99.99                     | 99.99     | Property development   |
| Ulu Yam Golf And Country Club Sdn. Bhd. ^                 | 60                        | 60        | Dormant  |
| United Axis Sdn. Bhd. ^                                   | 99.99                     | 99.99     | Property development   |
| Untung Utama Sdn. Bhd. * ¥                                | 99.99                     | 99.99     | Property development   |
| Venue Venture Sdn. Bhd. * δ                               | 99.65                     | 99.65     | Investment holding, property investment and management                                   |
| Winax Engineering Sdn. Bhd. ^                             | 100                       | 100       | Investment holding   |
| Zhinmun Sdn. Bhd. * ¥                                     | 99.99                     | 99.99     | Property development   |
| Zillion Development Sdn. Bhd. ^                           | 100                       | 100       | Property investment and development  |
| <b>Incorporated in Hong Kong</b>                          |                           |           |  |
| Agriresources International (HK) Limited *¥               | 64.99                     | 64.99     | Dormant  |
| Larut Consolidated (HK) Limited #* ¥                      | 99.99                     | 99.99     | Investment holding   |
| Larut Talam International Management Services Limited * ¥ | 99.88                     | 99.88     | Dormant  |
| Malim Enterprise (HK) Limited * ¥                         | 100                       | 100       | Investment holding   |



40. SUBSIDIARIES (Cont'd)

| Name of Company                                       | Effective Equity Interest |           | Principal Activities           |
|---|---------------------------|-----------|--------------------------------|
|   | 2010<br>%                 | 2009<br>% |                                |
| <b>Incorporated in Hong Kong</b>                      |                           |           |                                |
| Noble House Investments Limited *¥                    | 100                       | 100       | Investment holding             |
| Parkgrove Limited * ¥                                 | 100                       | 100       | Investment holding             |
| PPB Investment (HK) Limited *Δ¥                       | 99.99                     | 99.99     | Dormant                        |
| Talam Corporation (HK) Limited * ¥                    | 100                       | 100       | Investment holding             |
| Talam Resources (HK) Limited * ¥                      | 100                       | 100       | Investment holding             |
| <b>Incorporated in Singapore</b>                      |                           |           |                                |
| Crystal Ace Pte. Ltd. *¥                              | 100                       | 100       | Dormant                        |
| <b>Incorporated in The People's Republic of China</b> |                           |           |                                |
| Jilin Province Maxcourt Hotel Limited *^              | 85                        | 85        | Operating and managing a hotel |

\* Audited by firms of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.

δ The auditors' reports of this subsidiary is not available. Audit procedures on consolidation have been applied by the auditors on the financial statements of this subsidiary.

# Certain shares of the companies are held in trust by certain directors for Larut Overseas Ventures Sdn. Bhd.

Δ Submitted for deregistration with the authorities.

¥ The audited financial statements and auditors' reports of these subsidiaries are not available for consolidation. These subsidiaries are currently dormant or inactive.

^ The audit reports of these subsidiaries contain an emphasis of matter relating to the appropriateness of the going concern basis of accounting used in the preparation of their financial statements.

## 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 16 February 2009, the 643,579,444 ordinary shares of RM0.60 each in the Company were subdivided into 1,930,738,332 ordinary shares of RM0.20 each in the Company ("Split Shares") as the result of the share split involving the subdivision of every one (1) existing ordinary share of RM0.60 each into three (3) ordinary shares of RM0.20 each in the Company. The Split Shares were listed and quoted on Bursa Malaysia Securities Berhad with effect from 17 February 2009. Concurrently, the authorised share capital of the Company has increased to RM2,000,000,000 divided into 8,000,000,000 ordinary shares of RM0.20 each, 1,500,000,000 redeemable convertible preference shares of RM0.20 each and 1,000,000,000 irredeemable convertible preference shares of RM0.10 each.
- (b) The Securities Commission had vide its letter dated 6 May 2009 approved the proposed revision to the principal terms and condition of the RCSLS and Settlement BalDS ("Proposed Revision") pursuant to the Regularisation Plan. The details are disclosed in Note 39.
- (c) On 26 May 2009, Europlus Corporation Sdn. Bhd., a 99.99% owned subsidiary of the Company, had entered into a Sale and Purchase Agreement with TA First Credit Sdn. Bhd. ("TAFC") to dispose of a piece of vacant commercial land in Bukit Beruntung measuring approximately 73.61 acres to TAFC at a total purchase consideration of RM44.89 million.

## 42. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 12 March 2010, the Company entered into a settlement agreement with Menteri Besar Selangor (Incorporated) ("MBI") to dispose of properties for a total consideration of RM330,461,378 to settle a sum of RM228,697,628 owing to MBI and RM101,763,750 due to financial institutions and secured creditors. On 9 April 2010, the Company entered into a supplementary agreement with MBI to dispose additional properties for a total consideration of RM345,632,918 to settle a sum of RM150,619,159 owing to MBI and RM164,500,000 to financial institution and to secured creditors.

The Company agrees to conclude this settlement arrangement within 6 months from the date of the Company's shareholders' approval or redemption of the liabilities by MBI whichever is earlier.

- (b) A subsidiary, Galian Juta Sdn Bhd, had entered into two Sale and Purchase Agreements with Malaysian Allied Sciences Academy Sdn Bhd to dispose of two pieces of land measuring 41.69 acres and 8.10 acres respectively for a total consideration of RM35,407,310.
- (c) On 30 April 2010, the Company has made an application to Bursa Malaysia Securities Berhad for its approval to uplift the Company from the PN17/2005 status and as at to date, the Company is still awaiting the approval from Bursa Malaysia Securities Berhad.

### 43. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, significant related party transactions are as follows:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Construction costs paid/payable :          |                |                |                |                |
| - KEB Group                                | 8,461          | 262            | -              | -              |
| - IJM Group                                | 70,846         | 208,652        | -              | -              |
| Rental income received/<br>receivable :    |                |                |                |                |
| - Agrocon (M) Sdn. Bhd.                    | (26)           | (64)           | -              | -              |
| - KEB Group                                | (1,610)        | (2,248)        | -              | -              |
| Management fee received/<br>receivable :   |                |                |                |                |
| - Venue Venture Sdn. Bhd.                  | -              | (600)          | -              | -              |
| - Radiant Pillar Sdn. Bhd.                 | (3,000)        | (6,000)        | -              | -              |
| Interest expense paid/payable :            |                |                |                |                |
| - Pengurusan Projek<br>Bersistem Sdn. Bhd. | 635            | 2,389          | -              | -              |
| - KEB Group                                | 8,064          | 24,271         | 3,258          | 14,675         |
| - Sierra Ukay Sdn. Bhd.                    | 484            | 543            | -              | -              |
| - Cekap Tropikal Sdn. Bhd.                 | 708            | 671            | -              | -              |
| - Good Debut Sdn. Bhd.                     | 253            | 321            | -              | -              |

The nature of the relationship with the related parties is as follows:

| Related Parties   | Nature of Relationship   |
|---|--|
| Pengurusan Projek Bersistem Sdn. Bhd. ("PPBSB")                   | PPBSB is a corporate shareholder.<br><br>Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon ("TSDCAC"), a director and substantial shareholder of the Company and his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), a substantial shareholder of the Company, have substantial financial interest in PPBSB. |
| Agrocon (M) Sdn. Bhd. ("AMSB")                                    | The sister of TSDCAC, a director and substantial shareholder of the Company, has substantial financial interest in AMSB.   |
| Kumpulan Europlus Berhad and its subsidiaries ("KEB Group")       | Kumpulan Europlus Berhad ("KEB") is a corporate shareholder.<br><br>TSDCAC, a director and substantial shareholder of the Company and his spouse, PSDTNC, a substantial shareholder of the Company, have substantial financial interest in KEB Group.  |
| IJM Corporation Berhad ("IJM") and its subsidiaries ("IJM Group") | IJM is a corporate shareholder by virtue of IJM holding 25% in KEB.  |
| Radiant Pillar Sdn. Bhd. ("RP")                                   | RP is a 50% owned associate of IJM and KEB.  |

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**44. FINANCIAL INSTRUMENTS****(a) Financial Risk Management Objectives and Policies**

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

**(b) Foreign Currency Risk**

The Group operates internationally and is exposed to foreign currency transactions in Chinese Renminbi and Hong Kong Dollars. The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income with local currency costs.

**(c) Interest Rate Risk**

The Group's policy is to borrow principally on a floating rate basis but retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

**(d) Credit Risk**

Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables mainly arises from development properties projects and are supported by end-financiers.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than those disclosed in Note 16.

**(e) Liquidity Risk**

Since the financial year ended 31 January 2006, the Group and the Company have not met their obligations in certain loan repayments and interest payments and have breached the borrowing facilities agreements as disclosed in Note 21. The Group and the Company are undertaking a debt restructuring exercise as disclosed in Note 39 to mitigate the liquidity risk.

**(f) Cash Flow Risk**

The Group and the Company review its cash flows position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

## 44. FINANCIAL INSTRUMENTS (Cont'd)

## (g) Fair Values

 (i) Recognised Financial Instruments

The carrying amounts of the financial assets and financial liabilities as at the balance sheet date approximate their fair values due to the relatively short term maturities except for the following:

|  | Note   | Group<br>Carrying<br>Amount<br>RM'000 | Fair<br>Value<br>RM'000 | Company<br>Carrying<br>Amount<br>RM'000 | Fair<br>Value<br>RM'000 |
|--|--------|---------------------------------------|-------------------------|---|-------------------------|
| <b>At 31 January 2010</b>                        |        |                                       |                         |   |                         |
| <b>Financial Assets</b>                          |        |                                       |                         |   |                         |
| Amount owing by subsidiaries                     | 10 (a) | –                                     | –                       | 750,194                                 | ^                       |
| Amount owing by associates                       | 11 (c) | 26,124                                | ^                       | 3                                       | ^                       |
| Long term receivables                            | 16 (d) | 10,060                                | *                       | –                                       | –                       |
| <b>Financial Liabilities</b>                     |        |                                       |                         |   |                         |
| Amount owing to jointly controlled entities      | 12(b)  | 48,756                                | ^                       | –                                       | –                       |
| Long term payables:                              | 23     |                                       |                         |   |                         |
| Amount payable for acquisition of land           |        | 52,352                                | **                      | –                                       | –                       |
| Amount payable for acquisition of building       |        | 14,398                                | **                      | –                                       | –                       |
| Loan from a minority shareholder of a subsidiary |        | 11,184                                | *                       | –                                       | –                       |
| <b>At 31 January 2009</b>                        |        |                                       |                         |   |                         |
| <b>Financial Asset</b>                           |        |                                       |                         |   |                         |
| Amount owing by associates                       | 11 (c) | 26,186                                | ^                       | 84                                      | ^                       |
| <b>At 31 January 2009</b>                        |        |                                       |                         |   |                         |
| <b>Financial Liabilities</b>                     |        |                                       |                         |   |                         |
| Amount owing to jointly controlled entities      | 12(b)  | 46,178                                | ^                       | –                                       | –                       |
| Amount owing to subsidiaries                     | 10(a)  | –                                     | –                       | 1,759                                   | ^                       |
| Other long term payables:                        | 23     |                                       |                         |   |                         |
| Amount payable for acquisition of land           |        | 52,352                                | **                      | –                                       | –                       |
| Amount payable for acquisition of building       |        | 15,308                                | **                      | –                                       | –                       |
| Loan from a minority shareholder of a subsidiary |        | 11,890                                | *                       | –                                       | –                       |

## 44. FINANCIAL INSTRUMENTS (Cont'd)

### (g) Fair Values

#### (i) Recognised Financial Instruments (Continued)

- ^ It is not practical to estimate the fair values of amounts owing by/to subsidiaries, associates and jointly controlled entities due principally to the inability to estimate the settlement date without incurring excessive costs as these amounts lack fixed repayment terms. However, the Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the values that would be eventually settled.
- \* It is not practical to estimate the fair values of loan from a minority shareholder of a subsidiary and long term receivables due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs.
- \*\* It is not practical to estimate the fair values of amount payable for acquisition of land and building due principally to a lack of fixed payment terms (as terms of payment is subject to the timing of fulfilment of certain conditions precedent) entered into by the parties involved and without incurring excessive costs.

#### (ii) Unrecognised Financial Instruments

The nominal/notional amount and net fair value of contingent liabilities (as disclosed in Note 37) are not recognised in the balance sheet as at 31 January 2010 as it is not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

There were no other unrecognised financial instruments as at 31 January 2010 that are required to be disclosed.

## 45. SEGMENTAL INFORMATION

### (i) **Reporting Format**

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. Secondary information is reported geographically.

### (ii) **Business Segments**

The Group's operations comprise the following business segments:

- |                                     |  |
|-------------------------------------|--|
| Property investment and development | : Investment holdings, development of residential and commercial properties. |
| Hotel and recreation                | : Operate and manage hotel and club and other related services.              |

### (iii) **Geographical Segments**

In determining the geographical segments of the Group, revenue is based on the geographical locations of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The composition of each geographical segment is as follows:

- |                                |   |
|--------------------------------|---|
| Malaysia                       | : Investment holding, property development and investment, provision of asset management services, operating a recreational club, provision of management and consultancy services and general trading. |
| The People's Republic of China | : Investment holding and operating and managing a hotel.  |

45. SEGMENTAL INFORMATION (Cont'd)

(a) Analysis by business segments

|   | Property<br>investment<br>and<br>development<br>RM'000 | Hotel and<br>Recreation<br>RM'000 | Total<br>RM'000 |
|---|--|-----------------------------------|-----------------|
| <b><i>At 31 January 2010</i></b>                |  |                                   |                 |
| <b>Revenue</b>                                  |  |                                   |                 |
| External sales                                  | 236,183  | 17,531                            | 253,714         |
| <b>Result</b>                                   |  |                                   |                 |
| Segment result                                  | 21,533   | (6,032)                           | 15,501          |
| Share of results of jointly controlled entities | 1,744  | –                                 | 1,744           |
| Profit before tax                               |  |                                   | 17,245          |
| Income tax expense                              |  |                                   | (8,223)         |
|   |  |                                   | 9,022           |

|   | Property<br>investment<br>and<br>development<br>RM'000 | Hotel and<br>Recreation<br>RM'000 | Total<br>RM'000 |
|---|--|-----------------------------------|-----------------|
| <b><i>At 31 January 2009</i></b>                |  |                                   |                 |
| <b>Revenue</b>                                  |  |                                   |                 |
| External sales                                  | 281,786  | 19,492                            | 301,278         |
| <b>Result</b>                                   |  |                                   |                 |
| Segment result                                  | 69,286   | (7,854)                           | 61,432          |
| Share of results of jointly controlled entities | (869)  | –                                 | (869)           |
| Profit before tax                               |  |                                   | 60,563          |
| Income tax credit                               |  |                                   | 152             |
|   |  |                                   | 60,715          |

## 45. SEGMENTAL INFORMATION (Cont'd)

### (a) Analysis by business segments (Cont'd)

|  | Property<br>investment<br>and<br>development<br>RM'000 | Hotel and<br>Recreation<br>RM'000 | Total<br>Before<br>Elimination<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|--|--|-----------------------------------|--|-----------------------|------------------------|
| <b><i>At 31 January 2010</i></b>                                 |  |                                   |  |                       |                        |
| <b>Other Information</b>   |  |                                   |  |                       |                        |
| Segment assets   | 3,076,959  | 139,504                           | 3,216,463                                | –                     | 3,216,463              |
| Interest in jointly<br>controlled entities                       | 10,962   | –                                 | 10,962                                   | –                     | 10,962                 |
| Unallocated assets   |  |                                   |  |                       | 314                    |
| <b>Total assets</b>  |  |                                   |  |                       | <b>3,227,739</b>       |
| Segment liabilities  | 2,281,411  | 103,014                           | 2,384,425                                | –                     | 2,384,425              |
| Unallocated liabilities  |  |                                   |  |                       | 230,498                |
| <b>Total liabilities</b>   |  |                                   |  |                       | <b>2,614,923</b>       |
| Capital expenditure  | –  | 2,704                             | 2,704                                    | –                     | 2,704                  |
| Depreciation of property,<br>plant and equipment                 | 773  | 6,126                             | 6,899                                    | –                     | 6,899                  |
| Depreciation of<br>investment properties                         | 2,577  | –                                 | 2,577                                    | –                     | 2,577                  |
| Amortisation of<br>prepaid lease payments                        | –  | 696                               | 696                                      | –                     | 696                    |
| Non-cash expenses other<br>than depreciation and<br>amortisation | 26,731   | 188                               | 26,919                                   | –                     | 26,919                 |



## 45. SEGMENTAL INFORMATION (Cont'd)

## (a) Analysis by business segments (Cont'd)

|  | Property<br>investment<br>and<br>development<br>RM'000 | Hotel and<br>Recreation<br>RM'000 | Total<br>Before<br>Elimination<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|--|--|-----------------------------------|--|-----------------------|------------------------|
| <b><i>At 31 January 2009</i></b>                                 |  |                                   |  |                       |                        |
| <b>Other Information</b>   |  |                                   |  |                       |                        |
| Segment assets   | 2,930,506  | 103,351                           | 3,033,857                                | (8,108)               | 3,025,749              |
| Interest in jointly<br>controlled entities                       | 9,218  | –                                 | 9,218                                    | –                     | 9,218                  |
| Unallocated assets   |  |                                   |  |                       | 2,476                  |
| <b>Total assets</b>  |  |                                   |  |                       | <b>3,037,443</b>       |
| Segment liabilities  | 2,367,360  | 151,646                           | 2,519,006                                | (61,915)              | 2,457,091              |
| Unallocated liabilities  |  |                                   |  |                       | 185,889                |
| <b>Total liabilities</b>   |  |                                   |  |                       | <b>2,642,980</b>       |
| Capital expenditure  | 131  | 2,118                             | 2,249                                    | –                     | 2,249                  |
| Depreciation of property,<br>plant and equipment                 | 839  | 6,763                             | 7,602                                    | –                     | 7,602                  |
| Depreciation of<br>investment properties                         | 4,102  | –                                 | 4,102                                    | –                     | 4,102                  |
| Amortisation of<br>prepaid lease payments                        | –  | 695                               | 695                                      | –                     | 695                    |
| Non-cash expenses other<br>than depreciation and<br>amortisation | 20,108   | 352                               | 20,460                                   | –                     | 20,460                 |

## 45. SEGMENTAL INFORMATION (Cont'd)

### (b) Analysis by geographical segments

|   | Malaysia<br>RM'000 | The<br>People's<br>Republic<br>of China<br>RM'000 | Total<br>RM'000 |
|---|--------------------|---|-----------------|
| <b>At 31 January 2010</b>                     |                    |   |                 |
| Sales Revenue                                 | 236,183            | 17,531  | 253,714         |
| Carrying Amount of Segment<br>Assets          | 3,088,235          | 139,504   | 3,227,739       |
| Additions to Property, Plant and<br>Equipment | –                  | 2,704   | 2,704           |
| <b>At 31 January 2009</b>                     |                    |   |                 |
| Sales Revenue                                 | 281,786            | 19,492  | 301,278         |
| Carrying Amount of Segment<br>Assets          | 2,934,092          | 103,351   | 3,037,443       |
| Additions to Property, Plant and<br>Equipment | 131                | 2,118   | 2,249           |

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## 46. MATERIAL LITIGATION

Van Oord Acz Malaysia Sdn Bhd (“the Petitioner”) Vs Europlus Berhad (“EB”)

Judgement was obtained by the Petitioner on 7 January 2009 for a total sum of RM5,429,579 consisting RM4,054,744 being the principal amount and RM1,374,835 being the interest awarded at 8% per annum.

The winding up petition via Kuala Lumpur High Court against EB, a 99.99% owned subsidiary of the Company by the Petitioner was served on 23 November 2009. The Petitioner had on 1 April 2010 obtained a winding up order.

The Company had filed an application for an order to stay the winding up order and hearing had been fixed on 24 June 2010. The management is currently negotiating with the Petitioner on the settlement of the amount due, and do not foresee any further losses except for legal costs.

**47. COMPARATIVE FIGURES**

During the financial year, the management performed a review of the Group's assets and liabilities arising from the acquisition of Venue Venture Sdn. Bhd. in the previous financial year. In the course of the review, the management has restated the Group's balance sheet based on the fair value of the net assets acquired.

The following comparative figures have been reclassified on the above matter:

|   | <b>As<br/>previously<br/>reported<br/>RM'000</b> | <b>Adjustments<br/>RM'000</b> | <b>As<br/>restated<br/>RM'000</b> |
|---|--|-------------------------------|-----------------------------------|
| <b><i>Group balance sheet</i></b>                   |  |                               |                                   |
| Investment properties                               | 191,785  | 6,490                         | 198,275                           |
| Goodwill  | 39,208   | (10,800)                      | 28,408                            |
| Other receivables ,deposits<br>and prepaid expenses | 124,189  | 1,107                         | 125,296                           |
| Other payables and accrued expenses                 | 805,472  | (3,166)                       | 802,306                           |
| Minority interests                                  | 3,563  | (37)                          | 3,526                             |

## STATEMENT BY DIRECTORS

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We, **CHUA KIM LAN** and **LOY BOON CHEN**, being two of the directors of **TALAM CORPORATION BERHAD**, do hereby state that in the opinion of the directors, the financial statements are properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2010 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

On behalf of the Board,

**CHUA KIM LAN**

Director

**LOY BOON CHEN**

Director

Kuala Lumpur

Date: 31 May 2010

## STATUTORY DECLARATION

I, **LOY BOON CHEN**, being the director primarily responsible for the financial management of **TALAM CORPORATION BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the 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.

**LOY BOON CHEN**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 31 May 2010.

Before me,

**ZULKIFLA MOHD DAHLIM** (W541)

Commissioner for Oaths

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of **TALAM CORPORATION BERHAD**, which comprise the balance sheets as at 31 January 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 125.

### ***Directors' responsibility for the financial statements***

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards and the provisions of the Companies Act 1965 ("the Act") in Malaysia. This responsibility include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***Auditors' responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Act in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2010 and of their financial performance and cash flows for the financial year ended on that date.

**INDEPENDENT AUDITORS' REPORT** (cont'd)  
TO THE MEMBERS OF TALAM CORPORATION BERHAD  
(Incorporated in Malaysia)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;
- (b) Other than those subsidiaries without the financial statements and auditors' reports as disclosed in Note 40 to the financial statements, we have considered the financial statements and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 40 to the financial statements;
- (c) Other than those subsidiaries without the audited financial statements as disclosed in Note 40 to the financial statements, we are satisfied that the audited financial statements of the remaining subsidiaries that have been consolidated with the Company's financial statements are in a 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; and
- (d) Other than those subsidiaries with modified opinions in the auditors' reports and those subsidiaries without the auditors' reports as disclosed in Note 40 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries were not subject to any qualification material in relation to the consolidated financial statements, or included any adverse comments made under Section 174(3) of the Act.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act in Malaysia and for no other purpose. 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. 578/05/12 (J/PH)  
Partner

Kuala Lumpur

Date: 31 May 2010

# LIST OF PROPERTIES

@ 31 January 2010

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| NO. | @ JOINT VENTURE<br>+ REGISTERED<br># BENEFICIAL<br>OWNER | LAND/<br>BUILT UP<br>AREA     | REMAINING<br>ACREAGE | DESCRIPTION/<br>PROPOSED<br>DEVELOPMENT   | DATE OF<br>ACQUISITION/<br>JOINT VENTURE/<br>COMPLETION | TENURE             | EXPIRY     | APPROXIMATE<br>AGE OF THE<br>BUILDING<br>(YEARS) | NET BOOK<br>VALUE / NET<br>CARRYING<br>VALUE AS AT<br>31 JANUARY<br>2010<br>RM'000 |
|-----|--|-------------------------------|----------------------|---|---|--------------------|------------|--|--|
| 1   | Europlus Corporation Sdn Bhd                             | + 2,566.93 acres              | 2,259.82<br>*911.44  | Town ship Development Bukit Beruntung   | 18/12/1991  | Freehold           | N/A        | N/A  | 627,051  |
| 2   | Talam Corporation Berhad                                 | + 993.99 acres                | 472.87               | Bukit Sentosa III Development of industrial, residential and commercial development | 29/10/1994  | Freehold           | N/A        | N/A  | 269,399  |
| 3   | Europlus Berhad  | + 50.71 acres                 | 35.00                | Town ship Development Prima Beruntung   | 14/05/1996  | Freehold           | N/A        | N/A  | 226,784  |
|     |  | + 717 acres                   | 511.02               | Residential, Industrial and Bukit Beruntung III                                     | 18/12/1991  | Freehold           | N/A        |  |  |
| 4   | Kenshine Corporation Sdn Bhd                             | @ 600 acres                   | 184.40               | Development of residential and commercial properties                                | 28/09/1995  | 99 years Leasehold | 19/10/2093 | N/A  | 212,238  |
| 5   | Maxisegar Sdn Bhd  | + 3,000 acres                 | 1,284.10<br>* 736.47 | Batang Berjuntai  | 17/01/2001  | 99 years Leasehold | 21/01/2101 | N/A  | 182,559  |
| 6   | Maxisegar Sdn Bhd  | + 801 acres                   | 74.49                | Taman Puncak Jalil  | 17/01/2001  | 99 years Leasehold | 02/07/2100 | N/A  | 149,444  |
| 7   | Lestari Puchong Sdn Bhd                                  | + 496.731 acres               | 91.31                | Mix development of residential, commercial and corporate park. - Lestari Puchong    | 24/07/2000  | 99 years Leasehold | 12/06/2091 | N/A  | 149,406  |
| 8   | Jilin Province Maxcourt Hotel Limited                    | + 5,995 sq m<br>41,584 sq m   | N/A                  | A 4 star 24 storey hotel building   | 24/12/1999  | 30 years Leasehold | 29/12/2023 | 10   | 115,639  |
| 9   | Galian Juta Sdn Bhd                                      | # & @ 200 acres               | 70.91                | Proposed development of residential and commercial buildings - Saujana Putra        | 09/01/2001  | 99 years Leasehold | 05/02/2094 | N/A  | 74,529   |
| 10  | Abra Development Sdn Bhd                                 | + 0.96 acres/<br>3,901.4 sq M | N/A                  | Menara Maxisegar 24-storey commercial complex                                       | 22/06/1995  | 99 years Leasehold | 03/04/2094 | 14   | 55,660   |

\* After completion of Selangor State Settlement

## STATEMENT ON DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS  
as at 29 June 2010

### ORDINARY SHARES

(Based on Register of Directors' shareholdings as at 29 June 2010)

|                    |  | No. of Ordinary Shares of RM0.20 each |                 |                           |                 |
|--------------------|--|---------------------------------------|-----------------|---------------------------|-----------------|
|                    |  | Direct Interest                       | % <sup>*3</sup> | Deemed Interest           | % <sup>*3</sup> |
| <b>The Company</b> |  |                                       |                 |                           |                 |
| 1.                 | Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon | 45,230,592                            | 1.60            | 678,081,943 <sup>*1</sup> | 24.02           |
| 2.                 | Chua Kim Lan   | 222,039                               | 0.008           | 28,125 <sup>*2</sup>      | 0.001           |
| 3.                 | Loy Boon Chen  | 912,900                               | 0.03            | –                         | –               |

#### Notes:

<sup>\*1</sup> Deemed interested through his spouse, PSDTNC, his daughter, Chan Siu Wei and by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd, Prosperous Inn Sdn Bhd, Sze Choon Holdings Sdn Bhd and Kumpulan Europlus Berhad pursuant to Section 6A of the Companies Act, 1965 ("Act").

<sup>\*2</sup> Deemed interested through her spouse, Chin Chee Meng pursuant to Section 6A of the Act.

<sup>\*3</sup> % shareholding based on voting share capital as at 29 June 2010 of 2,823,204,575.

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon, by virtue of his interest in the shares of the Company is also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors of the Company have any interests in the shares of the Company and its related corporations as at 29 June 2010.



# ANALYSIS OF SHAREHOLDINGS

as at 29 June 2010

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## SHARE CAPITAL

|                                  |   |  |
|----------------------------------|---|--|
| Authorised share capital         | : | RM2,000,000,000.00 divided into 8,000,000,000 ordinary shares of RM0.20 each, 1,500,000,000 redeemable convertible preference shares of RM0.20 each and 1,000,000,000 irredeemable convertible preference shares of RM0.10 each. |
| Issued and paid-up share capital | : | RM564,640,915 divided into 2,825,840,375 ordinary shares of RM0.20 each.   |
| Class of Shares/Voting Rights    | : | There is only one class of ordinary shares with voting rights in the paid-up share capital of the Company. Each share entitles the holder to one vote.   |
| Shares Buy Back                  | : | The Company had purchased 2,635,800 ordinary shares of RM0.20 each and the shares purchased were retained as treasury shares.  |

## DISTRIBUTION OF ORDINARY SHAREHOLDINGS

(Based on Record of Depositors as at 29 June 2010)

| Size of Holdings                     | No. of Ordinary Shareholders | % of Ordinary Shareholders <sup>3</sup> | No. of Ordinary Shares Held | % of Ordinary Shares Held <sup>3</sup> |
|--------------------------------------|------------------------------|---|-----------------------------|--|
| 1 - 99                               | 1,064                        | 4.49                                    | 44,661                      | 0.00                                   |
| 100 - 1,00                           | 1,950                        | 8.23                                    | 1,278,622                   | 0.05                                   |
| 1,001 - 10,000                       | 8,535                        | 36.04                                   | 39,926,063                  | 1.41                                   |
| 10,001 - 100,000                     | 9,158                        | 38.67                                   | 414,090,418                 | 14.67                                  |
| 100,001 - 141,160,228 <sup>(1)</sup> | 2,970                        | 12.54                                   | 1,627,647,375               | 57.65                                  |
| 140,160,229 and above <sup>(2)</sup> | 3                            | 0.01                                    | 740,217,436                 | 26.22                                  |
| <b>TOTAL</b>                         | <b>23,680</b>                | <b>100.00</b>                           | <b>2,823,204,575</b>        | <b>100.00</b>                          |

### NOTES:

<sup>1</sup> Less than 5% of the voting share capital

<sup>2</sup> 5% and above of the voting share capital

<sup>3</sup> Exclusive of Shares Buy Back

## THIRTY LARGEST ORDINARY SHAREHOLDERS

(Based on Record of Depositors as at 29 June 2010)

| Name  | No. of Ordinary Shares Held | %     |
|---|-----------------------------|-------|
| 1. EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>Pledged Securities Account For Kumpulan Europlus Berhad (JTR) | 312,400,000                 | 11.07 |
| 2. CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>Cimb Bank for Kumpulan Europlus Berhad (Banking)                   | 231,589,700                 | 8.20  |
| 3. KUMPULAN EUROPLUS BERHAD   | 196,227,736                 | 6.95  |

# ANALYSIS OF SHAREHOLDINGS

as at 29 June 2010

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## THIRTY LARGEST ORDINARY SHAREHOLDERS (Cont'd)

(Based on Record of Depositors as at 29 June 2010)

| Name  | No. of Ordinary Shares Held | %    |
|---|-----------------------------|------|
| 4. TASEC NOMINEES (TEMPATAN) SDN BHD<br>Ta First Credit Sdn Bhd for Kumpulan Europlus Berhad                      | 60,000,000                  | 2.13 |
| 5. M & A NOMINEE (TEMPATAN) SDN BHD<br>Insas Credit & Leasing Sdn Bhd for Chan Ah Chye @ Chan Chong Yoon          | 22,094,463                  | 0.78 |
| 6. TASEC NOMINEES (TEMPATAN) SDN BHD<br>Ta First Credit Sdn Bhd for Pengurusan Projek Bersistem Sdn Bhd           | 20,400,000                  | 0.72 |
| 7. HSBC NOMINEES (ASING) SDN BHD<br>Exempt An for Credit Suisse (SG BR-TST-Asing)                                 | 20,375,000                  | 0.72 |
| 8. TA NOMINEES (TEMPATAN) SDN BHD<br>Pledged Securities Account for Su Ming Keat                                  | 20,000,000                  | 0.71 |
| 9. HDM NOMINEES (ASING) SDN BHD<br>Uob Kay Hian Pte Ltd for Michael Koh Kow Tee                                   | 18,363,700                  | 0.65 |
| 10. CITIGROUP NOMINEES (ASING) SDN BHD<br>Cbny for Dimensional Emerging Markets Value Fund                        | 17,833,050                  | 0.63 |
| 11. HSBC NOMINEES (ASING) SDN BHD<br>Exempt An for The Bank of New York Mellon (Bnym as E&A)                      | 16,959,700                  | 0.60 |
| 12. CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>Dbs Vickers (Hong Kong) Limited for Chai Yet Lee                      | 14,030,000                  | 0.50 |
| 13. EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>Pledged Securities Account for Chan Ah Chye @ Chan Chong Yoon (BB) | 13,018,086                  | 0.46 |
| 14. MINISTER OF FINANCE<br>Akaun Jaminan Pinjaman Kerajaan Persekutuan  | 12,900,000                  | 0.46 |
| 15. TASEC NOMINEES (TEMPATAN) SDN BHD<br>Ta First Credit Sdn Bhd For Kumpulan Europlus Bhd (A/C No 2)             | 12,874,167                  | 0.46 |
| 16. RESON SDN BHD   | 12,584,000                  | 0.45 |
| 17. POS MALAYSIA BERHAD   | 11,637,000                  | 0.41 |
| 18. ARUNACHALAM A/L RAMIAH  | 10,000,000                  | 0.35 |
| 19. ONG YENG TIAN @ ONG WENG TIAN   | 10,000,000                  | 0.35 |
| 20. ONG YOONG NYOCK   | 10,000,000                  | 0.35 |
| 21. PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD<br>Pledged Securities Account for Yeap Gek @ Yeap Poh Chim (C)      | 9,500,000                   | 0.34 |
| 22. TAN SUAN HUAT   | 9,078,300                   | 0.32 |
| 23. LEE KIM POH   | 9,000,000                   | 0.32 |

# ANALYSIS OF SHAREHOLDINGS

as at 29 June 2010

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## THIRTY LARGEST ORDINARY SHAREHOLDERS (Cont'd)

(Based on Record of Depositors as at 29 June 2010)

| Name   | No. of Ordinary Shares Held | %     |
|--|-----------------------------|-------|
| 24. HLG NOMINEE (TEMPATAN) SDN BHD<br>Hong Leong Bank Bhd for Chung Chiong Bing                                    | 8,900,000                   | 0.32  |
| 25. GENERAL TECHNOLOGY SDN BHD   | 8,783,431                   | 0.31  |
| 26. HDM NOMINEES (TEMPATAN) SDN BHD<br>Uob Kay Hian Pte Ltd for Teh Kee Hong                                       | 8,500,000                   | 0.30  |
| 27. YEE TECK CHOON   | 7,522,400                   | 0.27  |
| 28. KUMPULAN EUROPLUS BERHAD   | 6,796,800                   | 0.24  |
| 29. RHB NOMINEES (ASING) SDN BHD<br>Uob Kay Hian Private Limited for Tan Poh Geok                                  | 6,000,000                   | 0.21  |
| 30. CITIGROUP NOMINEES (ASING) SDN BHD<br>Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign) | 5,692,749                   | 0.20  |
|  | 1,123,060,282               | 39.78 |

## SUBSTANTIAL SHAREHOLDERS

(Based on Register of Substantial Shareholders as at 29 June 2010)

| Name of substantial shareholders                                      | No. of Ordinary Shares of RM0.20 each |                |                          |                |
|---|---------------------------------------|----------------|--------------------------|----------------|
|   | Direct Interest                       | % <sup>4</sup> | Deemed Interest          | % <sup>4</sup> |
| 1. Tan Sri Dato' (Dr) Ir Chan Ah Chye<br>@ Chan Chong Yoon ("TSDCAC") | 45,230,592                            | 1.60           | 678,081,543 <sup>1</sup> | 24.02          |
| 2. Puan Sri Datin Thong Nyok Choo<br>("PSDTNC")                       | 537,145                               | 0.02           | 834,958,390 <sup>2</sup> | 29.57          |
| 3. Kumpulan Europlus Berhad<br>("KEURO")                              | 819,888,403                           | 29.04          | –                        | –              |
| 4. IJM Corporation Berhad ("IJM")                                     | –                                     | –              | 819,888,403 <sup>3</sup> | 29.04          |

### NOTES:

<sup>1</sup> Deemed interested through his spouse, PSDTNC, his daughter, Chan Siu Wei and by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd, Prosperous Inn Sdn Bhd, Sze Choon Holdings Sdn Bhd and KEURO pursuant to Section 6A of the Companies Act, 1965 ("Act").

<sup>2</sup> Deemed interest through her spouse, TSDCAC, her daughter, Chan Siu Wei and by virtue of her interest in Pengurusan Projek Bersistem Sdn Bhd, Prosperous Inn Sdn Bhd, Sze Choon Holdings Sdn Bhd and KEURO pursuant to Section 6A of the Act.

<sup>3</sup> Deemed interested by virtue of IJM holding 25% in KEURO.

<sup>4</sup> % shareholding based on voting share capital as at 29 June 2010 of 2,823,204,575.

# NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN THAT** the 85th Annual General Meeting of **TALAM CORPORATION BERHAD** will be held at Perdana Ballroom, Pandan Lake Club, Lot 28, Jalan Perdana 3/8, Pandan Perdana, 55300 Kuala Lumpur on Thursday, 29 July 2010 at 11.30 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 January 2010 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of RM25,000 for each Director for the year ended 31 January 2010. **(Resolution 2)**
3. To re-elect the Director, Dato' Kamaruddin Bin Mat Desa, who is retiring in accordance with Article 97 of the Articles of Association of the Company. **(Resolution 3)**
4. To re-elect the Director, Loy Boon Chen, who is retiring in accordance with Article 97 of the Articles of Association of the Company. **(Resolution 4)**
5. To re-elect the Director, Ng Bee Ken who is retiring in accordance with Article 81 of the Articles of Association of the Company. **(Resolution 5)**
6. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

## AS SPECIAL BUSINESS

7. To consider and if thought fit to pass the following Ordinary Resolutions:-
  - 7.1 **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(Resolution 7)**

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10 percent of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotments and issues.”
  - 7.2 **Authority pursuant to Section 132E of the Companies Act, 1965** **(Resolution 8)**

“THAT pursuant to Section 132E of the Companies Act, 1965, authority be and is hereby given for the Company and each of its subsidiaries to enter into any arrangement or transaction with any Director of the Company or any person connected with such Director to acquire from or dispose to such Director or person connected with such Director any non-cash assets of requisite value that is less than 5% of the total net assets of the Group at the time of such acquisition or disposal.

**AND THAT** such authority shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company; or
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be tabled pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.”

**7.3 Proposed renewal of shareholders’ mandate for existing recurrent related party transactions and new shareholders’ mandate for additional recurrent related party transactions of a revenue or trading nature (“Proposed Shareholders’ Mandate I”)**

**(Resolution 9)**

“THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.2 (1) and (2) of the Circular to Shareholders dated 6 July 2010 subject further to the following:-

- (i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders’ Mandate I conducted during the financial year, including amongst others, the following information:-
  - (a) the type of the recurrent transactions made; and
  - (b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company and/or its subsidiaries.

**AND THAT** such mandate shall commence upon passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders at a general meeting before the next AGM;

whichever is the earliest;

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate I."

7.4 **Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate II")** **(Resolution 10)**

"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.2 (3) to (14) of the Circular to Shareholders dated 6 July 2010 subject further to the following:-

- (i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders' Mandate II conducted during the financial year, including amongst others, the following information:-
  - (a) the type of the recurrent transactions made; and
  - (b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company and/or its subsidiaries.

AND THAT such mandate shall commence upon passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders at a general meeting before the next AGM;

whichever is the earliest;

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate II."

8. To transact any ordinary business which due notice shall have been given.

## BY ORDER OF THE BOARD

### WONG SOON KIONG

Secretary

Kuala Lumpur  
6 July 2010

### NOTES:

#### (A) APPOINTMENT OF PROXY

1. *A member of the Company entitled to attend and vote at the meeting may appoint one (1) proxy only to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of its attorney duly authorised.*
3. *All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 2.05, Level 2 Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

#### (B) EXPLANATORY NOTES TO THE SPECIAL BUSINESSES

1. *The Ordinary Resolution no. 7 if passed, will give the Directors of the Company the authority to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and costs involved in convening general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.*

2. *Resolution pursuant to Section 132E of the Companies Act, 1965*

*Section 132E of the Companies Act, 1965 prohibits a company or its subsidiaries from entering into any arrangement or transaction with its Directors or persons connected with such Directors in respect of the acquisition from or disposal to such Directors or connected persons of any non-cash assets of the requisite value without prior approval of the Company in general meeting. According to the Companies Act, 1965, a non-cash asset is considered to be of the requisite value, if at the time of arrangement or transaction, its value is greater than RM250,000.00 or 10% of the Company's net assets, whichever is the lesser, subject to a minimum of RM10,000.00.*

*The proposed Ordinary Resolution no. 8, if passed, will authorise the Company and each of its subsidiaries to enter into any arrangement or transaction with a Director of the Company or with a person connected with such a Director to acquire from or dispose to such a Director or person connected with such a Director any non-cash assets of the requisite value that is less than 5% of the total net assets of the Group at the time of such acquisition or disposal.*

3. *The detailed information on the Ordinary Resolution nos. 9 and 10 pertaining to the proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature, is set out in the Circular to Shareholders dated 6 July 2010 which is enclosed together with the Company's 2010 Annual Report.*

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### **DIRECTORS STANDING FOR RE-ELECTION AT THE 85TH ANNUAL GENERAL MEETING OF THE COMPANY**

The Directors retiring by rotation and standing for re-election pursuant to Article 97 of the Articles of Association of the Company are as follows:-

1. Dato' Kamaruddin Bin Mat Desa
2. Loy Boon Chen

The Director retiring by rotation and standing for re-election pursuant to Article 81 of the Articles of Association of the Company is as follows:-

1. Ng Bee Ken

The profile of each of the above Directors is set out in the section entitled "Profile of Board of Directors" on pages 5 to 8 of this Annual Report.

The information relating to the Directors' shareholdings in the Company and its related corporations are set out in the section entitled "Statement on Directors' Interests" on page 130 of this Annual Report.



**FORM OF PROXY**

| NO. OF SHARES HELD |
|--------------------|
|                    |

I/We \_\_\_\_\_ (Company No./NRIC No. \_\_\_\_\_)  
(Name in full and in block letters)

of \_\_\_\_\_  
(Full address)

being a member/members of **TALAM CORPORATION BERHAD (1120-H)** hereby appoint \_\_\_\_\_  
(NRIC No. \_\_\_\_\_)  
(Name in full and in block letters)

of \_\_\_\_\_  
(Full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 85th Annual General Meeting of the Company to be held at the Perdana Ballroom, Pandan Lake Club, Lot 28, Jalan Perdana 3/8, Pandan Perdana, 55300 Kuala Lumpur on Thursday, 29 July 2010 at 11.30 a.m. and at any adjournment thereof, on the resolutions referred to in the Notice of the Annual General Meeting.

My/our proxy is to vote as indicated below:

| NO.                           | RESOLUTIONS  | FOR | AGAINST |
|-------------------------------|--|-----|---------|
| <b>As Ordinary Businesses</b> |  |     |         |
| 1                             | To receive and adopt the Audited Financial Statements of the Company for the year ended 31 January 2010 and the Reports of the Directors and Auditors thereon.   |     |         |
| 2                             | To approve the payment of Directors' fees of RM25,000 for each Director for the year ended 31 January 2010   |     |         |
| 3                             | To re-elect the Director, Dato' Kamaruddin Bin Mat Desa who is retiring in accordance with Article 97 of the Articles of Association of the Company.   |     |         |
| 4                             | To re-elect the Director, Loy Boon Chen who is retiring in accordance with Article 97 of the Articles of Association of the Company.   |     |         |
| 5                             | To re-elect the Director, Ng Bee Ken who is retiring in accordance with Article 81 of the Articles of Association of the Company.  |     |         |
| 6                             | To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration.   |     |         |
| <b>As Special Businesses</b>  |  |     |         |
| 7                             | Ordinary Resolution<br>Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.  |     |         |
| 8                             | Ordinary Resolution<br>Authority pursuant to Section 132E of the Companies Act, 1965.  |     |         |
| 9                             | Ordinary Resolution<br>Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate I").  |     |         |
| 10                            | Ordinary Resolution<br>Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate II"). |     |         |

(Please indicate with an "X" in the appropriate spaces how you wish your vote to be casted. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstains from voting).

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_  
Signature/Common Seal of Member

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting may appoint one (1) proxy only to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of its attorney duly authorised.
3. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 2.05, Level 2 Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.



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Stamp

The Company Secretary  
**TALAM CORPORATION BERHAD** (1120-H)  
Suite 2.05, Level 2, Menara Maxisegar  
Jalan Pandan Indah 4/2  
Pandan Indah  
55100 Kuala Lumpur

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