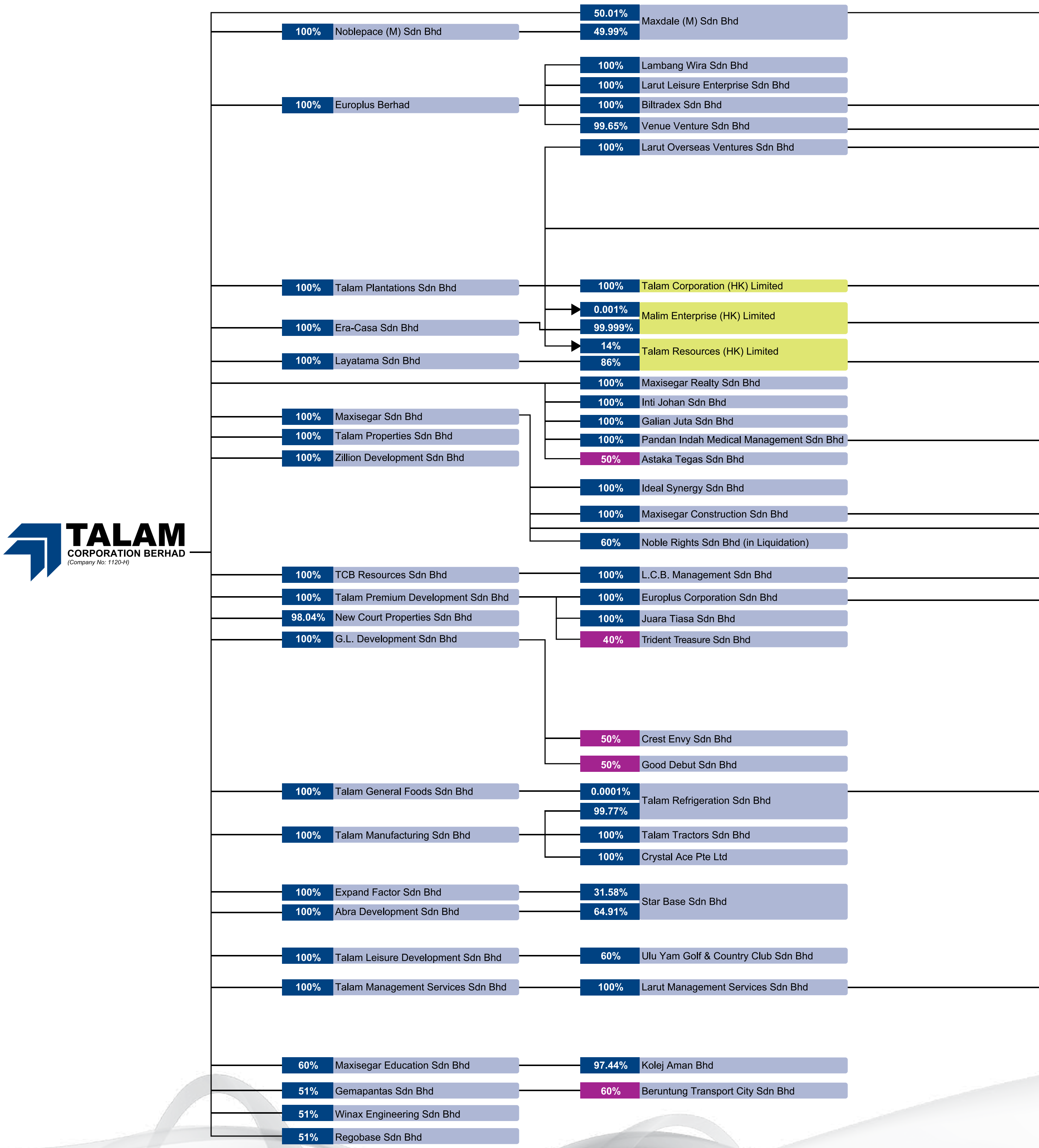
TALAM
CORPORATION BERHAD
(Company No: 1120-H)

ANNUAL REPORT 2011

Corporate Structure

CORPORATE STRUCTURE
as at 24 June 2011




100% Talam Industries Sdn Bhd
70% Beautiful Peninsular Sdn Bhd
100% Bukit Khazanah Sdn Bhd
100% Pandan Lake Club Berhad
51% Saujana Ukay Sdn Bhd
50% Larut Leisure Enterprise (Hong Kong) Limited
100% Jilin Dingtai Enterprise Development Company Limited
100% Larut Consolidated (HK) Limited
65% Agriresources International (HK) Limited
1%
99%
Parkgrove Limited
50%
50%
PPB Investment (HK) Limited
1%
99%
Noble House Investments Limited
49.94%
49.94%
Larut Talam International Management Services Limited
49% Parkgrove (Cambodia) Pte Ltd
85% Jilin Province Maxcourt Hotel Limited
49% Noble House Investment (Cambodia) Pte Ltd
49% Cambodia Resources Import-Export Co Ltd
100% Talam Medical Centre Sdn Bhd
0.005%
50%
Cekap Mesra Development Sdn Bhd
35.94%
64.06%
Ukay Land Sdn Bhd
100% Capital Advance Corporation Sdn Bhd
100% Kenshine Corporation Sdn Bhd
100% Envy Vista Sdn Bhd
100% Mutual Prosperous Sdn Bhd
100% Untung Utama Sdn Bhd
100% Sentosa Restu (M) Sdn Bhd
100% Zhinmun Sdn Bhd
100% Seaview Plantations Sdn Bhd
100% Trans Liberty Sdn Bhd
100% Daya Kreatif Sdn Bhd
50% Cekap Tropikal Sdn Bhd
100% Classic Fortune Sdn Bhd
100% Alam Johan Sdn Bhd
100% Talam Beverage Sdn Bhd
100% Europlus Construction Sdn Bhd
100% Terang Tanah Sdn Bhd
50% Sierra Ukay Sdn Bhd
100% P.I.S. Properties Management Sdn Bhd
100% Perwira Indra Sakti Management Services Sdn Bhd
100% Ample Zone Berhad
LEGEND
Local
Overseas
Subsidiary
Associate

CORPORATE INFORMATION

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

Datuk Ng Bee Ken
Independent Non-Executive Director

AUDIT COMMITTEE

Tsen Keng Yam
Chairman
Member of the Malaysian Institute of Accountants

Dato' Kamaruddin Bin Mat Desa
Member

Datuk Ng Bee Ken
Member

NOMINATION COMMITTEE

Dato' Kamaruddin Bin Mat Desa
Chairman

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

Datuk Ng Bee Ken
Member

REMUNERATION COMMITTEE

Tsen Keng Yam
Chairman

Dato' Kamaruddin Bin Mat Desa
Member

Datuk Ng Bee Ken
Member

COMPANY SECRETARY

Raw Koon Beng
(MIA 8521)

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

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

PROFILE OF BOARD OF DIRECTORS

TSEN KENG YAM

Malaysian, aged 61, 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 and Remuneration 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 director and/or major shareholder of the Company. There is no conflict of interest with the Company. Within the past 10 years, he has no convictions for offences.

He has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 January 2011.

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

Malaysian, aged 65, Non-Independent Non-Executive Director, joined the Board of Talam on 6 November 1990. He was formerly the Executive Chairman of 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 40 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 Immobilieres ("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 21 to 24 of the Additional Compliance Information and Note 41 to the Financial Statements of this Annual Report. Within the past ten (10) years, he has no convictions for offences.

He has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 January 2011.

PROFILE OF BOARD OF DIRECTORS (cont'd)

DATO' KAMARUDDIN BIN MAT DESA

Malaysian, aged 60, Independent Non-Executive Director, joined the Board of Talam on 1 October 2007. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration 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, Officer 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 of 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 director and/or major shareholder of the Company. There is no conflict of interest with the Company. Within the past ten (10) years, he has no convictions for offences.

He has attended four (4) out of five (5) Board of Directors' meetings held during the financial year ended 31 January 2011.

CHUA KIM LAN

Malaysian, aged 47, 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 five (5) years from 1984 to 1989 and Talam for one (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 director and/or major shareholder of the Company. There is no conflict of interest with the Company. Within the past 10 years, she has no convictions for offences.

She has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 January 2011.

LOY BOON CHEN

Malaysian, aged 59, Executive Director, joined the Board of Talam on 1 October 2007 as Non-Independent Non-Executive Director. 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 worked as an auditor for an international accounting firm for seven (7) years prior to joining 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 was an Independent and Non-Executive Director of Guangdong Provincial Expressway Development Co. Limited, a company listed on the Shenzhen Stock Exchange, China, for more than 10 years until his retirement in 2010.

He has no family relationship with any director and/or major shareholder of the Company. There is no conflict of interest with the Company. Within the past 10 years, he has no convictions for offences.

He has attended all the five (5) Board of Directors' meetings held during the financial year ended 31 January 2011.

DATUK NG BEE KEN

Datuk Ng Bee Ken, a Malaysian, aged 57, joined the Board of Talam on 21 May 2010 as an Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Datuk 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 Azri, Lee Swee Seng & Co where he specializes in corporate law.

Datuk 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. He was conferred the award of Panglima Jasa Negara by DYMM YDP Agung on 4 June 2011.

Besides legal practice, he is also the Chairman and an Independent Non-Executive Director of Sinotop Holdings Bhd and an Independent Non-Executive Director of both Widetech (Malaysia) Bhd. and Opensys (M) Bhd. In addition, he is the local representative as an Independent Non-Executive Director of Xstrata Recycling Sdn Bhd ("Xstrata") whose parent company is listed in both London and Zurich. Xstrata is one of the top three largest mining companies in the world.

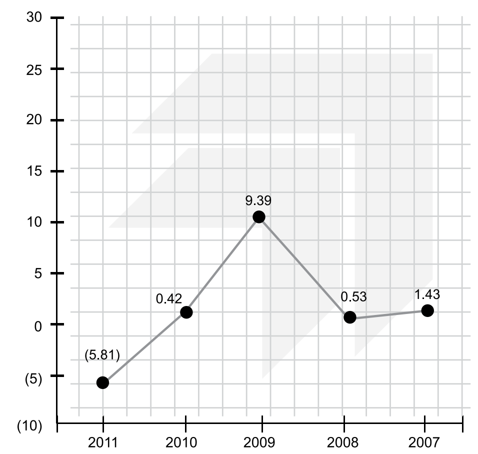
He has no family relationship with any director and/or major shareholder of the Company. He has never been in a position of conflict of interest with the Company. He has no conviction of any offences whatsoever in his entire life.

He has attended two (2) out of four (4) Board of Directors' meetings held during his tenure in office for the financial year ended 31 January 2011.

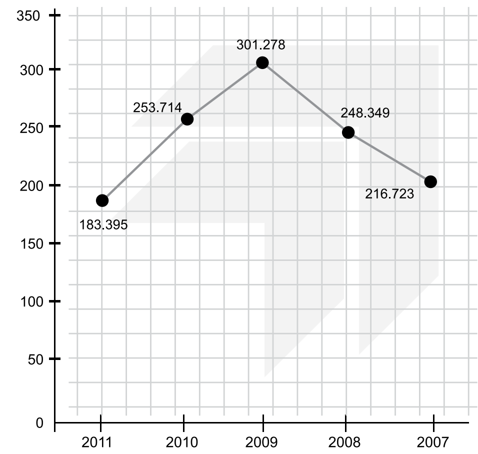
FINANCIAL HIGHLIGHTS

	2011	2010	2009	2008	Restated 2007
GROUP					
Total Assets (RM'000)	2,801,587	3,249,930	3,037,443	3,106,497	3,260,395
Equity attributable to equity holders of the company (RM'000)	615,935	608,581	390,937	344,460	346,516
Revenue (RM'000)	183,395	253,714	301,278	248,349	216,723
Profit/(Loss) before tax (RM'000)	(153,753)	17,245	60,563	5,821	(6,936)
Earnings/(Loss) per share (sen)	(5.81)	0.42	9.39	0.53	1.43
COMPANY					
Total Assets (RM'000)	1,111,436	1,236,660	480,586	497,810	458,911
Equity attributable to equity holders of the company (RM'000)	588,489	553,371	325,037	320,195	343,081
Revenue (RM'000)	30,000	–	–	3,496	1,646
Profit/(Loss) before tax (RM'000)	(125,101)	24,119	4,287	(23,142)	5,744

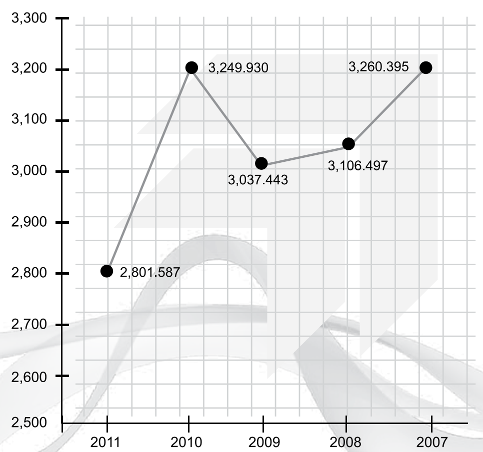
Earning/(Loss) Per Share (sen)



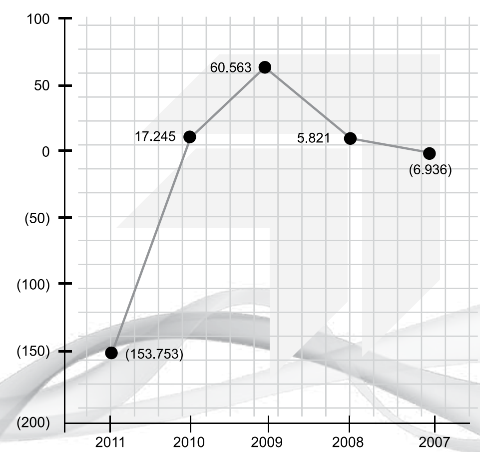
Revenue (RM Million)



Total Assets (RM Million)



Profit /(Loss) before Tax (RM Million)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Talam, I present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 January 2011.

The financial year under review has seen many global financial markets and economies climbed out of recession, mainly an after effect of pump-priming to ensure positive GDP growth. For Malaysia, economic recovery which started in mid-2009, will continue in 2011. The economic growth is projected to moderate to 5.2% y-o-y before rising to 5.5% in 2012, with inflation forecast of 3.2% y-o-y in 2011. Domestic demand is likely to be reasonably strong due to supportive government policy (MIER-MEO 1Q 2011).

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. Despite its current limitations, the management 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.

During the financial year, the Group was pre-occupied with finishing the last few long-delayed projects, the completion of which were affected by the financial position of the Group. Only with their completion could the Group apply to the relevant authority for advertising permits to launch future housing schemes. In the interim, the Group has resorted to disposing of certain excess development lands, sometimes even at a loss, to generate the necessary cashflow.

At the same time, the Group has been trying its best to settle some long outstanding debts due to creditors and financial institutions. On 30 March 2011, the shareholders of the Company have approved the proposed settlement of debts owing by the Group to Menteri Besar Selangor (Incorporated) ("MBI") by way of disposal of properties and cash payment ("MBI Settlement"). Pursuant to the principal and supplementary agreements entered with MBI on 12 March 2010 and 12 April 2010 respectively, the Group will 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 gearing level of the Group. Todate, the Group has partially completed the settlement with payments received from MBI. The final settlement is expected to be completed by the end of the financial year ending 31 January 2012.

CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2011, the Group achieved revenue of RM183.40 million, a 27.7% drop, as compared to revenue of RM253.71 million of the previous financial year. The Group recorded a loss-after-tax-after-minority-interest of RM167.09 million (preceding year profit-after-tax-after-minority-interest of RM8.31 million). The Group's performance was affected by lower progress billings from development projects as most are coming to the tail-end. The lower gross profit achieved of RM1.24 million (preceding year RM108.46 million), is mainly due to losses suffered on completion of several development projects and on disposal of two parcels of development properties. The Group recorded a pre-tax loss of RM153.75 million (preceding year pre-tax profit of RM17.25 million) which was mainly due to expenses/charges arising from additional provisions for liquidated and ascertained damages, impairment losses on development properties, loss on disposal of investment properties, and higher finance cost and administration expenses.

Despite of the loss suffered for the financial year, the Group has emerged stronger, financially. The equity attributable to shareholders as at 31 January 2011 is now RM615.94 million, an increase of 1.21% against RM608.58 million from a year ago, due to increase in paid-up share capital to RM682.10 million from RM477.26 million during the financial year. At the same time, the Group's net current liabilities has reduced to RM122.09 million from RM433.00 million of a year ago.

PROSPECT

With the country's forecast reasonable economic growth in 2011/2012, the local housing market should remain relatively active, especially for housing properties in good location. Ample liquidity in the banking system, the low interest environment and the government's continuing pump-priming measures will also further ensure a reasonably healthy growth for the housing sector.

However, the year ahead will undoubtedly be challenging for the Group. The Group has delivered several thousand houses to purchasers in the last two (2) years and expects to deliver all of the sold units to the purchasers by the second half of the financial year ending 31 January 2012. Only then will the Group launch new development projects once approvals are obtained from the relevant authorities. Meanwhile, the Group has ventured into joint venture projects with reputable corporations, but this inevitably reduces its level of profits.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would also like to take this opportunity to thank Mr Winston Mah Yat Kong who has resigned from the Board on 25 February 2011 for his invaluable contributions to the Group and the Board during his tenure.

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.

REVIEW OF OPERATIONS

PROPERTY INVESTMENT AND DEVELOPMENT

Property investment and development remain the core business of Talam Group and has contributed 89.29% of its turnover for the financial year ended 31 January 2011. Talam Group currently has a total balance land bank of approximately 4,776 acres (before MBI Settlement), mainly located in Selangor, comprising a mixed portfolio of commercial, residential and industrial development 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 acres 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 is estimated to be about RM1.74 billion with an expected development period of twelve (12) years. The project was first launched in June 2001 and as at 31 January 2011, the project has recorded sales of 7,375 units valued at RM1.57 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 to 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 2011, a total of 6,189 units of properties valued at RM854.47 million were sold.

c. 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 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 2011, Kinrara Section 3 has achieved sales of RM 418.82 million representing 3,245 units sold.

d. Jalil Heights

Jalil Heights is located on a 31.4 acres leasehold land in Mukim of Petaling, Petaling District within the 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 has an estimated Gross Development Value of RM102.79 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 2011.

e. 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 2011, the project has recorded sales of 4,204 units valued at RM607.14 million.

f. 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 apartment, cluster bungalows and shop/apartments with an estimated Gross Development Value of RM450.00 million. Launched in August 1998, Danau Putra has achieved sales of 3,879 units valued at RM361.08 million as at 31 January 2011.

g. 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 2011, the project has recorded sales of 7,967 units valued at RM833.20 million.

h. Saujana Putra

Saujana Putra is a project measuring about 200 acres in size undertaken by Galian Juta Sdn Bhd, a wholly-owned subsidiary of Talam. It is located opposite Putra Heights in Mukim Tanjung Duabelas, Kuala Langat District. With a proposed development comprising commercial low to medium cost apartments and medium cost terrace house, 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 RM74.60 million as at 31 January 2011.

i. 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 is 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 shop.

With an estimated Gross Development Value of RM132.07 million, Lestari Permai was launched in March 2003 and has achieved sales of 568 units valued at RM86.68 million as at 31 January 2011.

j. 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 house, apartments and shoplots. Launched in September 1999, the project has generated total sales of RM713.36 million as at 31 January 2011.

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 RM1.30 billion. Launched in March 1997, Bukit Sentosa III has achieved a total sales of RM577.80 million (or 7,191 units sold) as at 31 January 2011.

k. 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 nine (9) 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 2011.

(2) Future Project

Shah Alam 2 (Berjuntai Bistari Land)

The proposed Shah Alam 2 originally involved 3,000 acres of land but will be left with a balance of 598.47 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.

Berjuntai Bistari is to be developed over 10 years commencing 2016 and will comprise approximately 1,200 units of water front villas and retirement apartments with an estimated Gross Development Value of RM985.00 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 2011, a total of 141 units of sales value of RM 57.40 million were achieved.

REVIEW OF OPERATIONS (cont'd)

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 Serenia Garden is estimated to be RM615 million and is expected to be implemented over a period of seven (7) years. Launched in October 2007, the project has achieved sales of 305 units valued at RM 110.51 million as at 31 January 2011.

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 RM963.90 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 Company. 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 RMB738.00 million.

OTHER BUSINESSES

The Talam Group's other businesses in hotel and recreation contributed approximately 10.71% of its turnover in financial year 2011.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Talam Corporation Berhad ("Talam" or "the Company") recognizes the importance of good corporate governance to ensure the sustainability and success of the Company's business and is committed to instilling high 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 Malaysia Code on Corporate Governance ("the Code") and the extent of its compliance with the best practices of the Code.

(A) DIRECTORS

(i) Board's Responsibilities

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 2011, five (5) Board Meetings were held and the attendance of each Director is set out below:-

Directors	Number of Board meetings attended
Tsen Keng Yam (Chairman)	5 out of 5
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	5 out of 5
Dato' Kamaruddin Bin Mat Desa	4 out of 5
Chua Kim Lan	5 out of 5
Loy Boon Chen	5 out of 5
Datuk Ng Bee Ken (Appointed on 21 May 2010)	2 out of 4
Winston Mah Yat Kong (Resigned on 25 February 2011)	2 out of 5
Lee Swee Seng (Resigned on 21 May 2010)	1 out of 1

(ii) Board Composition

The Board of Talam currently has six (6) members comprising two (2) Executive Directors, three (3) 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.

The four (4) 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 judgment. 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 are set out on pages 5 to 7 of this Annual Report.

(iii) Supply 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 when 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 development 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 operate 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 the 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
Loy Boon Chen (Chairman)	Executive Director
Chua Kim Lan	Executive Director
Chew Kok Hing	Consultant
Tan Bak Hai	Senior Vice President I
Ng Lai Tin	Senior Vice President I

The main 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, three (3) 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 Datuk Ng Bee Ken.

The terms of reference and activities of the Audit Committee during the financial year are set out under the Audit Committee Report on pages 27 to 30 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 (Chairman)	Independent Non-Executive Director
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	Non-Independent Non-Executive Director
Datuk 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 directorships as and when deemed necessary;

(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 the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer on 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)	Independent Non-Executive Director
Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director
Datuk 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 executive directors and perform an on-going review of the 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 two (2) meetings 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 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 are provided with the opportunity, and are encouraged to attend training to keep themselves updated on relevant new legislation, financial reporting requirements, best practice and changing commercial and other risks.

The Directors have attended at least one training session each on topics 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 provide that one-third (1/3) of the Directors shall retire from office at least once in three (3) 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.

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

(B) DIRECTORS' REMUNERATION

The details of the remuneration of Directors during the financial year ended 31 January 2011 are as follows:-

Category	Fees (RM'000)	Salaries (RM'000)	Defined Contribution (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive Directors	50	316	58	90	514
Non-Executive Directors					
Present	125	–	–	433	558
Former	25	–	–	141	166
Total	200	316	58	664	1,238

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

Remuneration	Number of Directors Executive	Number of Directors Non-Executive
RM250,001 – RM300,000	1	–
RM200,001 – RM250,000	–	–
RM150,001 – RM200,000	1	1
RM100,001 – RM150,000	–	–
RM50,000 - RM100,000	–	3
Below RM50,000	–	2
	2	6

(C) RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognises 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 and 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, 1965 ("the Act") and the applicable approved accounting standards in Malaysia.

The quarterly financial results and audited financial statements were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. The details of the Company and the Group's financial statements for the financial year ended 31 January 2011 can be found from pages 31 to 127 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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

The Board is required by the Act to prepare 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 comply with the provisions of the Act.

In preparing the financial statements for the financial year ended 31 January 2011, 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 effectiveness 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 25 to 26 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 in pages 27 to 30 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 efforts towards the preservation of environment, the Group would ensure there are sufficient measures at all construction sites and work places to prevent any adverse impact on the environment.

This Statement is made in accordance with a resolution of the Board of Directors dated 16 June 2011.

ADDITIONAL COMPLIANCE INFORMATION
as at 31 January 2011

1. UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposal during the financial year ended 31 January 2011.

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 except that the Company had committed the following breaches pursuant to Bursa Malaysia Securities Berhad ("Bursa Securities")'s letter dated 17 June 2011:-

(i) Paragraph 9.16(1)(a) of the Main Market Listing Requirement ("Main Market LR") in respect of the Company's announcement dated 25 March 2010 on the fourth quarterly report for the financial period ended 31 January 2010 which failed to take into account the adjustments as stated in the Company's letter dated 8 November 2010;

(ii) Paragraph 9.19(35) of the Main Market LR for failing to make an immediate announcement on the deviation of 10% or more between the audited and unaudited profit after tax and minority interest for the financial year ended 31 January 2010 ("Deviation"); and

(iii) Paragraph 9.16(16)(a) of the Main Market LR in respect of the Company's announcement dated 30 June 2010 that the Deviation was mainly due to tax effect (credit) on convertible securities. However, the Company had represented in its letter dated 8 November 2010 to Bursa Securities that the Deviation was also due to, among others, overstatement of cost of sales, allowance for doubtful debt and under accrual of interest on convertible securities.

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 2011 and the unaudited results for the quarter ended 31 January 2011 of the Group.

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 other 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 OR CONVERTIBLE SECURITIES

During the financial year, the following securities were converted into Ordinary Shares of RM0.20 each:-

(i) 436,663,330 Irredeemable Convertible Preference Shares of RM0.20 each (RCPS).
(ii) 8,700 Redeemable Convertible Secured Loan Stocks-B of RM0.20 each (RCSLS-B).
(iii) 9,900 Redeemable Convertible Secured Loan Stocks-C of RM0.20 each (RCSLS-C).
(iv) 585,008,700 Redeemable Convertible Secured Loan Stocks-D of RM0.20 each (RCSLS-D).

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

as at 31 January 2011

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 2011 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 29 July 2010 are as follows:-

Nature of transactions undertaken by Talam Corporation Berhad ("TALAM") and/or its subsidiaries	Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(A) Construction Contract Costs charged by KEB Builders Sdn Bhd ("KEBB")			
Expand Factor Sdn Bhd	KEBB	267	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Europlus Construction Sdn Bhd	KEBB	1,326	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Galian Juta Sdn Bhd	KEBB	5,026	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
(B) Construction Contract Costs charged by IJM Construction Sdn Bhd ("IJMC")			
Europlus Corporation Sdn Bhd	IJMC	332	KEURO & IJM (Notes 3 and 5)
Kenshine Corporation Sdn Bhd	IJMC	5,148	KEURO & IJM (Notes 3 and 5)
Maxisegar Sdn Bhd	IJMC	67	KEURO & IJM (Notes 3 and 5)
Sentosa Restu (M) Sdn Bhd	IJMC	7,950	KEURO & IJM (Notes 3 and 5)
Ukay Land Sdn Bhd	IJMC	9,206	KEURO & IJM (Notes 3 and 5)
(C) Rental of Office Premises at Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur by Abra Development Sdn Bhd ("Abra")			
Abra	Agrocon (M) Sdn Bhd	26	TSDCAC & PSDTNC (Notes 1 and 2)
Abra	KEBB	1,388	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Abra	West Coast Expressway Sdn Bhd (formerly known as Konsortium LPB Sdn Bhd)	792	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)

Nature of transactions undertaken by Talam Corporation Berhad ("TALAM") and/or its subsidiaries	Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(D) Interest charged by Kumpulan Europlus Berhad ("KEURO")			
Europlus Berhad	KEURO	904	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Galian Juta Sdn Bhd	KEURO	118	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Inti Johan Sdn Bhd	KEURO	17	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Kenshine Corporation Sdn Bhd	KEURO	51	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
L.C.B. Management Sdn Bhd	KEURO	29	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Maxisegar Sdn Bhd	KEURO	511	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
TCB Resources Sdn Bhd	KEURO	1,335	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Terang Tanah Sdn Bhd	KEURO	40	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
Ukay Land Sdn Bhd	KEURO	3,242	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
(E) Interest charged by Pengurusan Projek Bersistem Sdn Bhd ("PPBSB")			
Ukay Land Sdn Bhd	PPBSB	295	TSDCAC & PSDTNC (Notes 1 and 6)
(F) Interest charged by Keuro Leasing Sdn Bhd ("KLSB")			
Talam	KLSB	3,795	TSDCAC, PSDTNC & KEURO (Notes 1 and 3)
(G) Interest charged by Cekap Tropikal Sdn Bhd ("CTSB")			
Mutual Prosperous Sdn Bhd	CTSB	140	TSDCAC, PSDTNC, KEURO & IJM (Notes 1, 3 and 5)

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

as at 31 January 2011

Nature of transactions undertaken by Talam Corporation Berhad ("TALAM") and/or its subsidiaries	Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(H) Interest charged by Good Debut Sdn Bhd ("GDSB")			
G.L. Development Sdn Bhd	GDSB	8	TSDCAC, PSDTNC, KEURO & IJM (Notes 1, 3 and 5)
(I) Interest charged by Sierra Ukay Sdn Bhd ("SUSB")			
Terang Tanah Sdn Bhd	SUSB	478	TSDCAC, PSDTNC, KEURO & IJM (Notes 1, 3 and 5)

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 Major Shareholders of Talam. As at 31 January 2011, TSDCAC and PSDTNC have direct and deemed equity interest of 24.47% in TALAM. TSDCAC and PSDTNC 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 22.4% equity interest in TALAM as at 31 January 2011.

4. Chee Heng Tong is a Director of KEURO and Major Shareholder of Cekap Mesra Development Sdn Bhd.

5. IJM Corporation Berhad holds 22.72% equity interest in KEURO.

6. PSDTNC is a Director of Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"). TSDCAC and PSDTNC have direct and deemed interest in PPBSB.

STATEMENT ON INTERNAL CONTROL

The Board of Directors is pleased to provide the following statement on internal control pursuant to Paragraph 15.26 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements which outlines the key elements of the internal control system within the Group for the financial year ended 31 January 2011.

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 regular 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 to the Board each quarter, provides financial information, including key performance indicators and information of significant changes in accounting standards and reporting.

STATEMENT ON INTERNAL CONTROL (cont'd)

- regular 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 16 June 2011.

COMPOSITION

Members of the Committee	Designation
1. Tsen Keng Yam (Chairman)	Independent Non-Executive Director (Member of the Malaysian Institute of Accountants)
2. Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director
3. Datuk Ng Bee Ken (Appointed on 25 February 2011)	Independent Non-Executive Director
4. Winston Mah Yat Kong (Resigned on 25 February 2011)	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 for 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.

AUDIT COMMITTEE REPORT

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 make 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 2011, there were five (5) 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	5 out of 5
2.	Dato' Kamaruddin Bin Mat Desa	4 out of 5
3.	Winston Mah Yat Kong	2 out of 5
4.	Datuk Ng Bee Ken	2 out of 4

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 2011, the Audit Committee carried out its duties, amongst others, in accordance with its terms of reference, as follows:-

(a) Reviewed the quarterly financial results prior to recommending them 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 annual audit;

(c) Reviewed and discussed with external auditors' findings during the course of their 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 the system continues to operate satisfactorily and effectively.

However, in recent years, 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 2011 was RM49,228.

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. Two routine audits 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) Monitoring on Audit issues of subsidiary Pandan Lake Club & Complex Division; and

(iv) Reviewed 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

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of Talam Corporation Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 January 2011.

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 38 to the financial statements.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year	(167,731)	(125,101)
Attributable to:-		
Owners of the Company	(167,088)	(125,101)
Non-controlling interests	(643)	–
	(167,731)	(125,101)

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 2011.

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing 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

In the opinion of the directors, other than certain significant items charged or credited to the profit or loss as disclosed in Note 31 to the financial statements, the results of the operations of the Group and of the Company for the financial year were not, 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 at 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

There were no issues of shares or debentures during the financial year under review other than as stated below:-

(i) 436,663,330 redeemable convertible preference shares ("RCPS") of RM0.20 each were converted into 436,663,330 new ordinary shares of RM0.20 each; and

(ii) 585,027,300 redeemable convertible secured loan stocks ("RCSLS") of RM0.20 each were converted into 585,027,300 new ordinary shares of RM0.20 each.

The issued and paid-up ordinary share capital of the Company was increased from RM477,756,308 to RM682,094,434.

The new ordinary shares issued during the financial year, arising from the conversion of RCPS and RCSLS, 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.

The details of the RCSLS and RCPS are disclosed in Note 22 to the financial statements.

On 19 April 2011, the Company redeemed and cancelled nominal value of RM9,500,000 RCSLS-C out of the aggregate nominal value of RM171,002,000 RCSLS-C from the proceeds received on sale of properties.

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 2011, the Company held as treasury shares a total of 2,464,240 of its 3,410,472,170 issued and paid-up 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
Ng Bee Ken
Winston Mah Yat Kong (Resigned on 25.02.2011)

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 2011 are as follows:-

	Number of ordinary shares of RM0.20 each			
	At 1.2.2010	Acquired	Disposed	At 31.1.2011
The Company				
Direct interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	130,769,592	–	(90,039,000)	40,730,592
Chua Kim Lan	90,039	–	–	90,039
Loy Boon Chen	462,900	–	–	462,900
Indirect interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	711,682,743	878,827,530	(797,789,628)	792,720,645 #
Chua Kim Lan	28,125	–	–	28,125 ^

\# 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 or any of its related corporation 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 SUBSEQUENT EVENTS

Significant events during the financial year and subsequent events are disclosed in Note 39 and Note 40 to the financial statements.

DIRECTORS' REPORT (cont'd)

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 2011

STATEMENTS OF FINANCIAL POSITION

as at 31 January 2011

		GROUP			COMPANY		
			As at 31.1.2010	As at 1.2.2009		As at 31.1.2010	As at 1.2.2009
		2011	(restated)	(restated)	2011	(restated)	(restated)
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets							
Property, plant and equipment	5	123,969	133,436	138,625	790	1,255	1,477
Land held for property development	6(a)	866,511	1,457,815	1,374,421	113,743	113,743	113,743
Investment properties	7	161,815	193,403	198,275	–	–	–
Prepaid lease payments	8	–	–	–	–	–	–
Goodwill	9	26,822	26,822	28,408	–	–	-
Investment in subsidiaries	10	–	–	–	254,897	344,801	344,801
Investment in associates	11	–	–	–	–	–	–
Interest in jointly controlled entities	12	12,510	10,962	9,218	–	–	–
Amount owing by subsidiaries	10(a)	–	–	–	–	750,194	–
Amount owing by associates	1 (b)	–	26,124	26,186	–	3	84
Amount owing by jointly controlled entities	12	–	187	183	–	187	183
Sinking funds held by trustees	13	22	4,198	8,723	–	–	–
Long term receivables		–	10,060	–	–	–	–
Total non-current assets		1,191,649	1,863,007	1,784,039	369,430	1,210,183	460,288
Current assets							
Property development costs	6(b)	778,117	903,116	948,942	–	–	–
Inventories	14	112,185	66,539	68,766	5,687	5,687	5,687
Amount owing by subsidiaries	10(a)	–	–	–	688,954	–	–
Amount owing by associates	11(b)	25,811	–	–	6	–	–
Amount owing by jointly controlled entities	12(b)	4,750	–	–	–	–	–
Trade receivables	15	127,958	215,861	92,883	–	–	–
Other receivables, deposits and prepaid expenses	16	194,197	188,960	124,982	31,869	20,578	14,574
Tax recoverable		316	314	314	–	–	–
Cash and bank balances	17	26,425	12,133	17,517	15,490	212	37
Assets held for sale	6(c)	340,179	–	–	–	–	–
Total current assets		1,609,938	1,386,923	1,253,404	742,006	26,477	20,298
TOTAL ASSETS		2,801,587	3,249,930	3,037,443	1,111,436	1,236,660	480,586

STATEMENTS OF FINANCIAL POSITION (cont'd)
as at 31 January 2011

	Note	GROUP 2011 RM'000	GROUP As at 31.1.2010 (restated) RM'000	GROUP As at 1.2.2009 (restated) RM'000	COMPANY 2011 RM'000	COMPANY As at 31.1.2010 (restated) RM'000	COMPANY As at 1.2.2009 (restated) RM'000
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	18	682,094	477,757	386,148	682,094	477,757	386,148
Treasury shares	19	(493)	(493)	(493)	(493)	(493)	(493)
Reserves	20	(65,666)	131,317	5,282	(93,112)	76,107	(60,618)
Equity attributable to owners of the Company		615,935	608,581	390,937	588,489	553,371	325,037
Non-controlling interests		3,592	4,235	3,526	–	–	–
Total equity		619,527	612,816	394,463	588,489	553,371	325,037
Non-current liabilities							
Borrowings	21(a)	134,213	218,866	85,858	134,213	134,213	–
Convertible securities	22	256,330	390,186	–	256,330	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(c)	–	48,756	46,178	–	–	–
Deferred tax liabilities	24	18,260	37,765	4,205	18,260	32,966	–
Provision for liabilities	25	41,225	43,614	43,614	–	–	–
Total non-current liabilities		450,028	817,196	259,480	408,803	557,365	1,759
Current liabilities							
Trade payables	26	345,056	518,728	336,555	2,590	2,590	2,590
Other payables and accrued expenses	27	824,208	784,287	754,377	83,283	84,172	74,656
Provision for liabilities	25	9,196	11,301	52,698	–	–	–
Borrowings	21(b)	336,072	312,869	666,573	27,937	38,828	76,210
Amount owing to jointly controlled entities	12(c)	43,430	–	–	–	–	–
Deferred progress billings		–	–	391,613	–	–	–
Current tax liabilities		174,070	192,733	181,684	334	334	334
Total current liabilities		1,732,032	1,819,918	2,383,500	114,144	125,924	153,790
Total liabilities		2,182,060	2,637,114	2,642,980	522,947	683,289	155,549
TOTAL EQUITY AND LIABILITIES		2,801,587	3,249,930	3,037,443	1,111,436	1,236,660	480,586

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

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 January 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	28	183,395	253,714	30,000	–
Cost of sales	29	(182,156)	(145,257)	(30,000)	–
Gross profit		1,239	108,457	–	–
Other income		58,233	46,816	108	52,734
Administrative and other expenses		(145,034)	(83,744)	(102,586)	(3,222)
Finance costs	30	(69,499)	(56,028)	(22,623)	(25,393)
Share of results of jointly controlled entities		1,308	1,744	–	–
(Loss)/profit before tax	31	(153,753)	17,245	(125,101)	24,119
Income tax (expense)/credit	34	(13,978)	(8,223)	–	3,427
(Loss)/profit for the financial year		(167,731)	9,022	(125,101)	27,546
Other comprehensive income					
Exchange differences on translation of foreign entity		14,223	8,543	–	–
Total comprehensive (loss)/income for the financial year		(153,508)	17,565	(125,101)	27,546
(Loss)/profit for the financial year attributable to:-					
Owners of the Company		(167,088)	8,313	(125,101)	27,546
Non-controlling interests		(643)	709	–	–
		(167,731)	9,022	(125,101)	27,546
Total comprehensive (loss)/income for the financial year attributable to:-					
Owners of the Company		(152,865)	16,856	(125,101)	27,546
Non-controlling interests		(643)	709	–	–
		(153,508)	17,565	(125,101)	27,546
(Loss)/earnings per share attributable to owners of the Company:-					
Basic (sen)	35	(5.81)	0.42		
Diluted (sen)	35	(5.81)	0.41		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 January 2011

	← Attributable to owners of the Company →							
	← Non distributable →							
GROUP	Share Capital RM'000	Treasury Shares RM'000	Convertible Securities RM'000	Capital Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 February 2009	386,148	(493)	–	24,354	(19,072)	390,937	3,526	394,463
Issued during the financial year	–	–	200,788	–	–	200,788	–	200,788
Converted during the financial year	91,609	–	(91,609)	–	–	–	–	–
Total comprehensive income for the financial year	–	–	–	8,543	8,313	16,856	709	17,565
At 31 January 2010	477,757	(493)	109,179	32,897	(10,759)	608,581	4,235	612,816
Converted during the financial year	204,337	–	(44,118)	–	–	160,219	–	160,219
Total comprehensive loss for the financial year	–	–	–	14,223	(167,088)	(152,865)	(643)	(153,508)
At 31 January 2011	682,094	(493)	65,061	47,120	(177,847)	615,935	3,592	619,527

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 January 2011

	← Non distributable →				
Company	Share Capital RM'000	Treasury Shares RM'000	Convertible Securities RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 February 2009	386,148	(493)	–	(60,618)	325,037
Issued during the financial year	–	–	200,788	–	200,788
Converted during the financial year	91,609	–	(91,609)	–	–
Total comprehensive income for the financial year	–	–	–	27,546	27,546
At 31 January 2010	477,757	(493)	109,179	(33,072)	553,371
Converted during the financial year	204,337	–	(44,118)	–	160,219
Total comprehensive loss for the financial year	–	–	–	(125,101)	(125,101)
At 31 January 2011	682,094	(493)	65,061	(158,173)	588,489

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

STATEMENTS OF CASH FLOWS
for the financial year ended 31 January 2011

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(153,753)	17,245	(125,101)	24,119
Adjustments for:-				
Interest expenses:-				
- borrowings	57,840	36,790	10,964	11,685
- convertible securities	11,659	13,708	11,659	13,708
Impairment loss on receivables	25,492	22,676	8,800	–
Depreciation/amortisation:-				
- property, plant and equipment	5,650	7,595	220	222
- investment properties	3,091	2,577	–	–
Allowance for inventories write down	–	2,337	–	–
Allowance for inventories write down no longer required	(1,141)	(925)	–	–
Bad debts written off	1,103	320	4	–
Foreseeable losses no longer required	(23,727)	–	–	–
(Gain)/Loss on disposal of:-				
- property, plant and equipment	(4,680)	(307)	–	–
- investment properties	2,662	–	–	–
- subsidiaries	14,469	(774)	–	–
Impairment loss on goodwill	–	1,586	–	–
Impairment loss on land held for property development	9,459	–	–	–
Assets held for sale write down to fair value less costs to sell	41,974	–	–	–
Impairment loss on investment in subsidiaries	–	–	90,404	–
Investment properties written off	–	2,295	-	–
Impairment loss on receivables no longer required	(9,248)	(13)	(104)	–
Addition/(Write back) of provision for liquidated and ascertain damages	10,000	(2,305)	–	–
Property, plant and equipment written off	279	–	245	–
Currency realignment	(897)	–	–	–
Sub total carried forward	(9,768)	102,805	(2,909)	49,734

STATEMENTS OF CASH FLOWS (cont'd)
for the financial year ended 31 January 2011

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)				
Sub total brought forward	(9,768)	102,805	(2,909)	49,734
Waiver of debts:-				
- subsidiaries	–	–	–	(52,537)
- third parties	(42,073)	(12,000)	–	–
Interest income	(879)	(2,034)	–	–
Share of results of jointly controlled entities	(1,308)	(1,744)	–	–
Operating (loss)/profit before working capital changes	(54,028)	87,027	(2,909)	(2,803)
Changes in working capital				
Property development costs				
- Land held for property development	153,308	–	–	–
- property development costs	2,618	(26,325)	–	–
Subsidiaries balances	–	–	61,240	7,170
Inventories	(45,465)	3,193	–	–
Receivables	59,041	(175,357)	(19,804)	(6,004)
Payables	(49,184)	119,609	(889)	10,187
Cash generated from operations	66,290	8,147	37,638	8,550
Interest received	563	2,034	–	–
Income taxes paid	(1,106)	(39)	–	–
Interest paid	(9,506)	(433)	(5,807)	(126)
Payment for liquidated and ascertained damages	(502)	(767)	–	–
Net cash generated from Operating Activities	55,739	8,942	31,831	8,424

STATEMENTS OF CASH FLOWS (cont'd)
for the financial year ended 31 January 2011

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Net change in associates balances	313	62	(3)	81
Net proceeds from disposal of:-				
- property, plant and equipment	13,649	605	–	–
- investment properties	25,835	–	–	–
Net change in jointly controlled entities balances	(10,076)	2,574	–	(4)
Amount paid to land vendors	–	(1,616)	–	–
Purchase of property, plant and equipment	(3,233)	(2,704)	-	–
Net cash outflow arising from disposal of subsidiaries (Note 10)	(444)	(23)	–	–
Addition to investment in subsidiaries	–	–	(500)	–
Addition to investment in jointly controlled entities	(250)	–	–	–
Net Cash Generated From/(Used In) Investing Activities	25,794	(1,102)	(503)	77
CASH FLOWS FROM FINANCING ACTIVITIES				
Net repayment of borrowings	(69,882)	(17,304)	(16,186)	(5,457)
Net withdrawal of sinking funds held by trustees	4,176	4,525	–	–
Housing development accounts pledged as security values	7,390	2,613	–	–
Interest received	316	–	–	–
Bank balances released as security values	–	1,896	–	–
Deposits with licensed banks pledged as security values	–	167	–	–
Net Cash Used In Financing Activities	(58,000)	(8,103)	(16,186)	(5,457)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23,533	(263)	15,142	3,044
EFFECTS OF EXCHANGE DIFFERENCES	(26)	(8)	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	(1,442)	(1,171)	(1,392)	(4,436)
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR (Note 17)	22,065	(1,442)	13,750	(1,392)

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 38. There have been no significant changes in the nature of these 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 2011.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial period beginning on or after 1 January 2010 as described fully in Note 2.1(a).

The preparation of financial statements in conformity with FRSs 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 FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs, IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT

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

On 1 February 2010, the Group and the Company adopted the following new and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that are mandatory for annual financial period beginning on or after 1 January 2010.

<u>New FRSs</u>

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement

2.1 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs, IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (CONT'D)

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

Revised FRSs

FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs

Amendments/Improvements to FRSs

FRS 1	First time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment - Vesting Conditions and Cancellations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 128	Investment in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

IC Int

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

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives

2.1 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs, IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (CONT'D)

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

The initial application of the above new and revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int do not have any significant impact on the financial statements of the Group and the Company other than as explained below:-

(i) FRS 7 Financial Instruments: Disclosures

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

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 January 2011.

(ii) FRS 8 Operating Segments

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

(iii) FRS 101 Presentation of Financial Statements (Revised)

This Standard introduces the title "statement of financial position" and statement of cash flows to replace the current titles "balance sheet" and cash flow statement respectively. A new statement known as the 'statement of comprehensive income " is also introduced in this Standard whereby all non owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (ie. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Group and the Company have elected to present all non-owner changes in equity as one single statement.

The gains and losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for the preceding year corresponding period is presented separately and allocation is made to show the amounts attributable to equity holders of the Company and to non-controlling interest.

2.1 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs, IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (CONT'D)

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

(iii) FRS 101 Presentation of Financial Statements (Revised) (Cont'd)

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

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

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

(iv) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 February 2010 in accordance with the transitional provisions. The detail of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:-

Impairment of trade and other receivables

Prior to 1 February 2010, an allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 February 2010, the Group and the Company have re-measured the allowance for impairment losses at that date in accordance with FRS 139 and the amount of allowance for impairment loss to be recognised as at 1 February 2010 is equal to the allowance for doubtful debts recognised prior to 1 February 2010. Thus, no adjustments to the opening balance of accumulated losses as at that date.

(v) Amendments to FRS 117 leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments.

The amendments to FRS 117 Leases clarify that lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets based on the risks and rewards of the lease itself. The reassessment of the land elements of the unexpired leases shall be made retrospectively in accordance with FRS 108. The Group has reassessed and determined that all leasehold land of the Group are in substance finance lease and has reclassified the leasehold land from prepaid lease payments to property, plant and equipment.

2.1 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs, IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (CONT'D)

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

(v) Amendments to FRS 117 leases (Cont'd)

The reclassification has been made retrospectively and the comparative figures have been restated as follows:-

	As previously stated RM'000	Effect of adopting Amendments to FRS 117 RM'000	As restated RM'000
As at 31 January 2010			
Property, plant and equipment	123,701	9,735	133,436
Prepaid lease payment	9,735	(9,735)	–
As at 1 February 2009			
Property, plant and equipment	128,194	10,431	138,625
Prepaid lease payment	10,431	(10,431)	–

(b) Revised FRSs, Amendments/Improvements to FRSs, IC Int and Amendment to 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 revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
Revised FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2011
FRS 2	Share-Based Payment	1 July 2010 and 1 January 2011
FRS 3	Business Combinations	1 January 2011
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 7	Financial Instruments: Disclosures	1 January 2011
FRS 101	Presentation of Financial Statements	1 January 2011
FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2011

2.1 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs, IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (CONT'D)

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

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

The directors do not anticipate that the application of the above revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int, when they are effective, will have a material impact on the results and the financial position of the Group and of the Company, except for those discussed below:-

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual period beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amendments to FRS 127 require all losses attributable to minority interest to be absorbed by minority interest. Any excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are accounted for in accordance with the accounting policies as described in Note 3.1(ii). The Group does not intend to early adopt the above revised FRS and amendments to FRS.

2.1 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs, IC INTERPRETATIONS ("IC INT") AND AMENDMENTS TO IC INT (CONT'D)

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

IC Interpretation 15 Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

IC Interpretation 15 establishes the developer will have to evaluate whether control, and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised.

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.

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, investment in subsidiaries is 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 amounts are included in the profit or loss.

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 SUBSIDIARIES AND BASIS OF CONSOLIDATION (CONT'D)

(ii) Basis of Consolidation (Cont'd)

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

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.

Non-controlling 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 non-controlling interest 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 non-controlling interest exceed the non-controlling interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, are charged against the Group's interest except to the extent that the non-controlling interest 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 non-controlling interest 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.

Investment in associates is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 ASSOCIATES (CONT'D)

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on 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 included 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 profit or loss.

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 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 profit or loss 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% - 4%
Plant and machinery, tools and equipment, crockery and kitchenware	10% - 35%
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 reporting date. The effects of any revisions of the residual values and useful lives are included in the profit or loss 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 profit or loss 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 statement of financial position. The difference between the net disposal proceeds and its carrying amount is charged or credited to the profit or loss 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 land and 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 profit or loss 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 reporting 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 profit or loss.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 GOODWILL (CONT'D)

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 profit or loss.

3.8 INVESTMENTS

Investments in subsidiaries, associates and jointly controlled entities 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 profit or loss.

3.9 IMPAIRMENT OF ASSETS

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries, associates and jointly controlled entities) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flow of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 IMPAIRMENT OF ASSETS (CONT'D)

(i) Impairment of Financial Assets (Cont'd)

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Impairment of Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill that has an indefinite useful life and are not available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

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.

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 profit or loss 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 profit or loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 INVENTORIES

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 ASSETS HELD FOR SALE

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

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with FRS 5 that is at the lower of carrying amount and fair value less cost to sell. Any differences are included in the profit or loss.

3.12 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK ("RCSLS")

RCSLS is 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 or maturity of the instrument. The remainder of the proceeds is allocated to the conversation option which is recognised and included in shareholders' equity; the value of the conversation 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 as 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 difference between this amount and the interest paid is added to the carrying amount of the RCSLS.

3.13 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 reporting 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)

3.14 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.

3.15 TAXATION

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

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date 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 reporting 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 reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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.

3.16 EQUITY INSTRUMENT

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 EQUITY INSTRUMENT (CONT'D)

(i) Ordinary Shares (Cont'd)

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

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 profit or loss. 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 profit or loss 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 profit or loss.

3.17 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.

(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 profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 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 profit or loss.

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 profit or loss, any corresponding exchange gain or loss is recognised in the profit or loss.

(iii) Foreign Operations

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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income 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 other comprehensive income.

3.19 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 profit or loss 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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 BORROWING COSTS (CONT'D)

(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 those borrowing facilities.

All other borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

3.20 FINANCIAL INSTRUMENTS

A financial instrument is any contract that give rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction cost that are directly attributable to the acquisition or issuance of the financial instrument.

The Group and the Company categorise the financial instruments as follows:-

(a) Financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading or designated upon initial recognition. Financial assets held for trading are derivatives or financial assets acquired principally for the purpose of resale in the near term.

Subsequent to the initial recognition, financial assets classified as fair value through profit or loss is measured at fair value. Any gains or losses arising from the changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss excluded foreign exchange gains or losses, interest and dividend income. Such income is recognised separately in the profit or loss as part of other income or other expense.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets (Cont'd)

Held-to-maturity investments

Financial assets classified as held-to-maturity comprise quoted non-derivative financial assets with fixed or determined payments and fixed maturity that the Group has positive intention and ability to hold to maturity.

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

Loans and receivables

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

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Interest calculated using the effective interest method is recognised in profit or loss. Gains or losses on the financial assets classified as loan and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

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

Available-for-sale

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

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's and the Company's right to receive payment is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date. A financial asset is derecognised when the contractual right to receive cash flows from financial assets has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial assets in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income shall be recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains or losses, interest and dividend expenses. Such income and expenses are recognised separately in profit or loss as components of other income or other expense.

Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

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

(c) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequently to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to the financial guarantee contract when it is due and the Group, as the issuer is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.21 OPERATING SEGMENTS

In the previous financial year, segment reporting was presented based on business segments and geographical segments of the Group. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 OPERATING SEGMENTS (CONT'D)

Following the adoption of FRS 8 Operating Segments during the current financial year, operating segment are defined as components of the Group that:-

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating result are regularly reviewed by the Group's chief operating decision maker in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:-

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of :

    (i) the combined reported profit of all operating segments that did not report a loss; and

    (ii) the combined reported loss of all operating segments that reported a loss.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue.

3.22 CASH AND CASH EQUIVALENTS

For the purpose of statements of cash flows, 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.

3.23 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 REVENUE RECOGNITION (CONT'D)

(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.

(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) Management fee

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

(v) Interest income and rental income

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

(vi) Deferred membership income

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future. The 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) 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) <u>Contingent liabilities</u>

As described in Note 3.14, 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) <u>Capitalisation of borrowing costs</u>

As described in Note 3.19, 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 profit or loss in the period in which they are incurred.

(iii) <u>Classification between investment properties and property, plant and equipment</u>

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) <u>Classification of equity and liability component on convertible securities</u>

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.

(v) <u>Leases</u>

The Group reassessed and judged that the leasehold land of the Group which are in substance is finance lease and has reclassified the leasehold land to property, plant and equipment.

(vi) <u>Classification as assets held for sale</u>

The Company entered into a settlement agreement with Menteri Besar Selangor (Incorporated) ("MBI") to dispose of properties of the Group and therefore the Group had reclassified these properties as assets held for sale. The Group is expected to complete the disposals within one year from the date of classification.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty

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

(i) <u>Impairment of goodwill</u>

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) <u>Useful lives of property, plant and equipment and investment properties</u>

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) <u>Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries</u>

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 investment 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 impairment to be made to the amount owing by these subsidiaries.

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) <u>Impairment of non-financial assets</u>

The Group reviews the carrying amount of its non-financial assets, which include property, plant and equipment, land held for property development 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 non-financial assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at 31 January 2011, the Group is of the view that there is no indication of impairment to these non-financial assets and therefore no independent professional valuation was procured by the Group during the current financial year to determine the carrying amount of these non-financial assets.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(v) Property development

The Group recognises property development revenue and expenses in the profit or loss 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 or 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.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused 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) Impairment of loans and receivables

The Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(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.

(xi) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:-

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; or/and

(b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices.

(xii) Investment properties

The Group carries its investment properties at cost. The disclosure of fair value of investment properties are determined by the directors with reference to the market evidence of transaction prices from similar properties or using discounted cash flow method based on cash flow projections, whichever is more appropriate.

The discounted cash flow method requires judgement and assumptions to be made in the calculations to determine fair values. Key assumptions used in the discounted cash flow model is the discount factor which is based on the Group's immediate opportunity cost of fund and an evaluation period of the useful lives of the properties to reflect the foreseeable economic benefit to be derived from the investment properties.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Land and Buildings RM'000 (Note a)	Plant and Machinery, Tools and Equipment, Crockery and Kitchenware RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Total RM'000
Cost					
At 1 February 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 offs	–	–	(54)	–	(54)
At 31 January 2010					
As previously stated	142,550	29,662	17,400	5,578	195,190
- Effect of adopting Amendments FRS 117	16,458	–	–	–	16,458
As restated	159,008	29,662	17,400	5,578	211,648
Additions	–	2,953	280	–	3,233
Disposals	(10,094)	(2,380)	(214)	(27)	(12,715)
Write offs	–	(4,388)	(1,987)	–	(6,375)
Exchange difference	571	1,966	18	2	2,557
At 31 January 2011	149,485	27,813	15,497	5,553	198,348
Accumulated Depreciation					
At 1 February 2009	19,125	25,384	15,528	8,200	68,237
Charge for the financial year	3,580	2,619	671	29	6,899
Disposals	–	(727)	(66)	(2,800)	(3,593)
Write offs	–	–	(54)	–	(54)
At 31 January 2010					
As previously stated	22,705	27,276	16,079	5,429	71,489
- Effect of adopting Amendments FRS 117	6,723	–	–	–	6,723
As restated	29,428	27,276	16,079	5,429	78,212
Charge for the financial year	3,465	1,633	511	41	5,650
Disposals	(1,308)	(2,364)	(47)	(27)	(3,746)
Write offs	–	(4,186)	(1,910)	–	(6,096)
Exchange difference	80	276	3	–	359
At 31 January 2011	31,665	22,635	14,636	5,443	74,379
Net Book Value					
At 31 January 2010	129,580	2,386	1,321	149	133,436
At 31 January 2011	117,820	5,178	861	110	123,969

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold Land and Buildings RM'000	Office Equipment, Furniture and Fittings RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 February 2009 and 1 February 2010	1,107	411	4,854	6,372
Write offs	–	(411)	(4,121)	(4,532)
At 31 January 2011	1,107	–	733	1,840
Accumulated Depreciation				
At 1 February 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
Charge for the financial year	28	–	192	220
Write offs	–	(411)	(3,876)	(4,287)
At 31 January 2011	529	–	521	1,050
Net Book Value				
At 31 January 2010	606	–	649	1,255
At 31 January 2011	578	–	212	790

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Leasehold land and buildings consist of the following:-

Group	Short Leasehold Land and Buildings RM'000	Renovation RM'000	Total RM'000
Cost			
At 1 February 2009	130,442	9,968	140,410
Additions	–	2,140	2,140
At 31 January 2010			
As previously stated	130,442	12,108	142,550
Effect of adopting amendments FRS 117	16,458	–	16,458
As restated	146,900	12,108	159,008
Disposal	(10,094)	–	(10,094)
Exchange difference	571	–	571
At 31 January 2011	137,377	12,108	149,485
Accumulated Depreciation			
At 1 February 2009	13,806	5,319	19,125
Charge for the financial year	2,862	718	3,580
At 31 January 2010			
As previously stated	16,668	6,037	22,705
Effect of adopting amendments FRS 117	6,723	–	6,723
As restated	23,391	6,037	29,428
Charge for the financial year	2,640	825	3,465
Disposal	(1,308)	–	(1,308)
Exchange difference	80	–	80
At 31 January 2011	24,803	6,862	31,665
Net Book Value			
At 31 January 2010	123,509	6,071	129,580
At 31 January 2011	112,574	5,246	117,820

Leasehold land has remaining tenure of 13 to 82 years.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Leasehold land and buildings	117,820	123,252	578	606

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)
At cost:-				
Freehold land	229,507	212,824	104,563	104,563
Leasehold land	267,829	308,529	–	–
Development costs	984,167	997,283	9,180	9,180
	1,481,503	1,518,636	113,743	113,743
Accumulated impairment losses	(78,156)	(68,697)	–	–
Disposal of subsidiaries	(105,597)	–	–	-
Transfer (to)/from property development costs	(108,299)	7,876	–	–
Transfer to assets held for sale (Note c)	(322,940)	–	–	–
	866,511	1,457,815	113,743	113,743

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property Development Costs

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)
At cost:				
Freehold land	135,632	121,062	–	–
Leasehold land	424,849	470,103	–	–
Development costs	3,063,953	4,230,522	–	–
	3,624,434	4,821,687	–	–
Accumulated cost recognised in profit or loss	(2,783,612)	(3,868,391)	–	–
Accumulated foreseeable loss recognised in profit or loss	(16,109)	(39,836)	–	–
Transfer to inventories	(55,132)	(2,468)	–	–
Transfer from/(to) land held for property devevlopment	108,299	(7,876)	–	–
Disposal of subsidiaries	(40,551)	–	–	–
Transfer to asset held for sale (Note c)	(59,212)	–	–	–
	778,117	903,116	–	–

(c) Assets Held for Sale

On 12 March 2010, the Company entered into a settlement agreement with Menteri Besar Selangor (incorporated) ("MBI") to dispose of properties of the Group for a total consideration of RM330,461,378 and cash payment of RM12,669,690 to settle a sum of RM241,367,318 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 of the Group for a total consideration of RM345,632,918 to settle a sum of RM150,619,159 owing to MBI, RM164,500,000 due to financial institution to secured creditors (collectively known as MBI settlement) and RM30,513,759 to set off the costs and expenses under the settlement arrangement.

On 30 March 2011, the shareholders of the Company approved the proposed MBI settlement. The Company agrees to conclude this MBI settlement arrangement within 6 months from the date of the Company's shareholders' approval or redemption of liabilities by MBI whichever is earlier.

(i) Certain land held for property development, property development costs and assets held for sale of RM1.985 million (2010: RM2.355 million) are charged as securities for banking facilities and convertible securities of the Group as disclosed in Note 21 and 22.

(ii) 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.

(iii) Certain land held for property development and assets held for sale of three subsidiaries are charged as securities for banking facilities granted to a corporate shareholder, Kumpulan Europlus Berhad.

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(c) Assets Held for Sale (Cont'd)

(iv) Included in the development costs is interest expense capitalised during the financial year for the Group amounting to approximately RM0.519 million (2010: RM13.711 million).

(v) The leasehold land of the Group has unexpired lease term of 82 to 83 years.

(vi) Included in property development cost of the Group is an amount of RM4 million represents the cost incurred for the right to develop a land pursuant to a joint venture agreement ("JVA") entered into by a subsidiary, Seaview Plantation Sdn Bhd ("Seaview") with the joint venture partner. Pursuant to the JVA, the joint venture partner is entitled to a minimum guaranteed amount of RM30 million of which RM4 million has been paid upon execution the JVA. The remaining balance of RM26 million is payable subject to extention of time to be mutually agreed between the parties involved.

(vii) Included in property development cost of the Group is a development project known as "Sierra Selayang", which will be undertaken via conditional development agreements entered into by two subsidiaries, Zhinmun Sdn Bhd and Untung Utama Sdn Bhd with the joint venture partner. Pursuant to the conditional development agreements, the joint venture partner shall assume/redeem and/or discharge all obligations and liabilities in relation to the loan and project land which was charged up to a total sum of RM 72 million, being the charger redemption sum. This charger redemption sum shall be the development entitlement of the subsidiaries. The execution of the conditional development agreements is pending fulfilment of certain conditions as stipulated in the said agreements.

7. INVESTMENT PROPERTIES

Group	Freehold Land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 February 2009	4,900	228,908	233,808
Write off	–	(2,295)	(2,295)
At 31 January 2010	4,900	226,613	231,513
Disposal	(4,900)	(25,283)	(30,183)
At 31 January 2011	–	201,330	201,330
Accumulated Depreciation			
At 1 February 2009	–	15,086	15,086
Charge for the financial year	–	6,024	6,024
At 31 January 2010	–	21,110	21,110
Charge for the financial year	–	3,091	3,091
Disposal	–	(1,686)	(1,686)
At 31 January 2011	–	22,515	22,515

7. INVESTMENT PROPERTIES (CONT'D)

Group	Freehold Land RM'000	Buildings RM'000	Total RM'000
Accumulated Impairment Losses			
At 1 February 2009/31 January 2010/ 31 January 2011	–	17,000	17,000
Net Book Value			
At 31 January 2010	4,900	188,503	193,403
At 31 January 2011	–	161,815	161,815
Fair Value	–	176,000	176,000

The investment properties consist of commercial properties which generated rental income and incurred direct operating expense as disclosed in Note 28 and Note 29 respectively.

Investment properties are charged as securities for credit facilities granted to subsidiaries as disclosed in Note 21.

The fair value of the investment properties was estimated by the directors based on market value of similar properties in the same vicinity that have been transacted in the open market.

8. PREPAID LEASE PAYMENTS

	GROUP 2011 RM'000	GROUP 2010 RM'000
Cost		
At 1 February	–	16,458
Effects of adopting the amendments to FRS 117	–	(16,458)
At 31 January (restated)	–	–
Accumulated Amortisation		
At 1 February	–	(6,027)
Charge for the financial year	–	(696)
Effects of adopting the amendments to FRS 117	–	6,723
At 31 January (restated)	–	–
Net Book Value	–	–

9. GOODWILL

	GROUP	
	2011 RM'000	2010 RM'000
Cost		
At 1 February and 31 January	28,408	28,408
Less: Accumulated amortisation and impairment		
At 31 January and 31 January	(1,586)	(1,586)
	26,822	26,822

Goodwill on consolidation arose from the investment in subsidiaries has been allocated to Group's cash generating unit ("CGU") identified according to property investment and development segment.

The recoverable amount of the investment is determined based on the value-in-use calculation using cash flow projections based on financial budget approved by the management covering a five-year-period which show positive net cash inflow. The cash flow projections are discounted using the rate of return of 8.5%.

(i) Budgeted gross margin

The budgeted gross profit margin is assumed to be consistent.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the industry.

10. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2011 RM'000	2010 RM'000
Unquoted shares at cost	502,511	502,011
Accumulated impairment losses	(247,614)	(157,210)
	254,897	344,801

Details of subsidiaries are disclosed in Note 38.

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) **Amount owing by/(to) subsidiaries**

	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Amount owing by subsidiaries	1,247,178	1,317,956
Less: Allowance for impairment		
At 1 February and 31 January	(272,977)	(272,977)
	974,201	1,044,979
Amount owing to subsidiaries	(285,247)	(294,785)
Amount owing by subsidiaries - Net	688,954	750,194
Non-current	–	750,194
Current	688,954	–

Amount owing by/(to) subsidiaries, which arose from non-trade transactions, are unsecured, interest free and are repayable on demand.

(b) During the financial year, the Group disposed its entire equity interests in United Axis Sdn. Bhd. and Lestari Puchong Sdn. Bhd. for cash consideration of RM2 and RM1,000 respectively. As a results, Bukit Beruntung Nurseries Sdn. Bhd., the subsidiary of Lestari Puchong Sdn. Bhd. has also ceased to be the subsidiary of the Group. In addition, on 3 January 2011, the Group was notified by Companies Commission of Malaysia of the striking off of Izin Saga Sdn. Bhd. from the register under Section 308(1) of the Companies Act, 1965. The effects of the disposal and striking off on the financial results of the Group were as follows:-

	2011 Group Up to the date of disposals RM'000
Revenue	7,316
Cost of sales	(9,635)
Gross loss	(2,319)
Other income	692
Administrative and other expenses	(4,815)
Increase in loss of the Group	(6,442)

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The effects of disposals of subsidiaries on the financial position of the Group as at 31 January 2011 were as follows (Cont'd):-

	2011 Group RM'000
Current assets	104,510
Non-current assests	105,597
Current liabilities	(195,637)
Net liabilities disposed	14,470
Loss on disposal of subsidiaries	(14,469)
Proceeds from disposals	1
Less: cash and cash equivalents	(445)
Net cash outflow arising from disposal of subsidiaries	(444)

(c) In the previous 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 Group Up to the date of disposals RM'000
Revenue	–
Other income	–
Administrative and other expenses	(10)
Increase in loss of the Group	(10)

10. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) The effects of disposal of subsidiaries on the financial position of the Group as at 31 January 2010 are as follows (cont'd):-

	2010 Group RM'000
Current assets	1,798
Current liabilities	(1,912)
Non-current liabilities	(658)
Net liabilities disposed	(772)
Gain on disposal of subsidiaries	774
Proceeds from disposals	2
Less: cash and cash equivalents	(25)
Net cash outflow arising from disposal of subsidiaries	(23)

11. INVESTMENT IN ASSOCIATES

	GROUP 2011 RM'000	GROUP 2010 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 2011 %	Effective Equity Interest 2010 %	Principal Activities
Incorporated in Malaysia				
Beruntung Transport City Sdn. Bhd.	31 January	30.60	30.60	Dormant
Incorporated in Hong Kong				
Larut Leisure Enterprise (Hong Kong) Limited * #	31 January	50.00	50.00	Investment holding

11. INVESTMENT IN ASSOCIATES (CONT'D)

(a) Details of associates are as follows (cont'd):-

Name of Company	Financial Year End	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Incorporated in The People's Republic of China				
Jilin Dingtai Enterprise Development Co. Limited *^	31 December	50.00	50.00	Property development
Incorporated in Cambodia				
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 reports 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.

^ The financial year end of this associate is not conterminous with the Group. As such, for the purpose of applying the equity method of accounting, the financial statements of this associate for the financial year ended 31 December 2010 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 January 2011 to 31 January 2011.

(b) Amount owing by associates, which arose from non-trade transactions, are unsecured, interest free and are repayable on demand.

11. INVESTMENT IN ASSOCIATES (CONT'D)

(c) The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:-

	GROUP 2011 RM'000	GROUP 2010 RM'000
Assets and liabilities		
Non-current assets	84,368	87,552
Current assets	7,821	3,748
Total assets	92,189	91,300
Non-current liabilities	121,261	107,910
Current liabilities	6,784	7,149
Total liabilities	128,045	115,059
Results		
Expenses, including finance costs	(5,668)	(4,684)

12. INTEREST IN JOINTLY CONTROLLED ENTITIES

	GROUP 2011 RM'000	GROUP 2010 RM'000
Unquoted shares, at cost	10,750	10,510
Share of post-acquisition reserves	1,760	452
	12,510	10,962

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

Name of Company	Financial Year End	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Astaka Tegas Sdn. Bhd. *#	31 March	50	50	Dormant
Sierra Ukay Sdn. Bhd. *#	31 March	50	50	Property development
Good Debut Sdn. Bhd. *#	31 March	50	50	Property development
Cekap Tropikal Sdn. Bhd. *#	31 March	50	50	Property development
Crest Envy Sdn Bhd *^	30 June	50	–	Dormant

12. INTEREST IN JOINTLY CONTROLLED ENTITIES (CONT'D)

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

The financial statements and auditors' report of these jointly controlled entities are not available. The financial year ends of these jointly controlled entities are not conterminous with the Group. As such, for the purpose of applying the equity method of accounting, the financial statements of these jointly controlled entities for the financial year ended 31 March 2010 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 April 2010 to 31 January 2011.

^ The financial statements and auditors' report of this jointly controlled entity is not available. This jointly controlled entity is currently dormant.

(b) Amount owing by jointly controlled entity, which arose from non-trade transactions, is unsecured, and repayable on demand and non interest bearing.

(c) Amount owing to jointly controlled entities, which arose from non trade transactions, is unsecured, and repayable on demand and bears interest at rates ranging from 6.55% to 8.30% (2010: 7.5% to 8.5%) per annum.

(d) A subsidiary, Terang Tanah Sdn. Bhd. has entered into a memorandum of deposit and charge over securities with a joint venture partner, IJM Construction Sdn. Bhd., all the shares held in Sierra Ukay Sdn. Bhd. (both ordinary and preference shares) as a continuing security to the joint venture partner for due repayment of indebtedness on completion of development projects undertaken by the joint venture partner pursuant to a Deferred Payment Agreement signed.

(e) During the financial year, a wholly owned subsidiary of the Company, G.L. Development Sdn. Bhd. ("GL Development"), acquired one ordinary share in Crest Envy Sdn. Bhd. ("Crest Envy"), representing 50% equity interest in Crest Envy for RM1.00. Subsequently, on 23 June 2010, GL Development further subscribed 249,999 ordinary shares of RM1 each in Crest Envy, representing 50% equity interest, for a total consideration of RM249,999.

(f) 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	
	2011	**2010**
	RM'000	**RM'000**
Assets and liabilities		
Non-current assets	10,657	10,489
Current assets	109,398	101,431
Total assets	120,055	111,920
Non-current liabilities	25,076	41,303
Current liabilities	89,385	65,275
Total liabilities	114,461	106,578
Results		
Income, including finance costs	1,308	1,744

13. SINKING FUNDS HELD BY TRUSTEES

The sinking funds are held by trustees for the redemption and/or servicing of credit facilities granted.

14. INVENTORIES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At cost:				
Completed properties held for sale	95,512	54,900	5,831	5,831
Properties under construction held for sale	36,288	36,288	–	–
Consumables and others	1,080	1,168	–	–
	132,880	92,356	5,831	5,831
Less:				
Allowance for inventories writedown				
At 1 February	(25,817)	(24,405)	(144)	(144)
Disposal of subsidiaries	3,981	–	–	–
Addition	–	(2,337)	–	–
Reversal during the year	1,141	925	–	–
At 31 January	(20,695)	(25,817)	(144)	(144)
	112,185	66,539	5,687	5,687

Included in the inventories of the Group are properties with net carrying value of RM3,264,027 (2010:RM3,264,027) and RM3,963,761 (2010:RM3,963,761) which are charged for RCSLS A issued by the Company and payment due by the Company to a contractor pursuant to Construction Resuscitation Agreement entered into respectively.

15. TRADE RECEIVABLES

	GROUP	
	2011 RM'000	2010 RM'000 (restated)
Trade receivables	86,661	98,772
Less: Allowance for impairment		
At 1 February	(15,712)	(7,391)
Reclasification to other receivables	5,346	–
Current year addition	(3,902)	(8,334)
Impairment reversed	5,301	13
At 31 January	(8,967)	(15,712)
	77,694	83,060
Accrued billings	50,264	132,801
	127,958	215,861

15. TRADE RECEIVABLES (CONT'D)

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

	Gross RM'000	Impairment RM'000	Nett RM'000
Not past due	16,585	–	16,585
1 to 30 days past due	10,589	–	10,589
31 to 60 days past due	10,610	–	10,610
61 to 90 days past due	412	–	412
91 to 120 days past due	428	–	428
More than 121 days past due	48,037	(8,967)	39,070
	86,661	(8,967)	77,694

(a) Included in trade receivables are amounts due from related parties (Note 41) as follows:-

	GROUP	
	2011 RM'000	2010 RM'000
Radiant Pillar Sdn. Bhd.	9,000	9,000
Kumpulan Europlus Berhad and its subsidiaries ("KEB Group")	6,913	5,529

Amount due from related parties are unsecured, non-interest bearing and are repayable upon demand.

(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) Based on the Group's historical experience and the Group's assessment of the collectability of trade receivables, the directors believe that no impairment is necessary in respect of trade receivables that are past due but not impaired.

(e) Included in the amount neither past due nor impaired is an amount of RM11,000,000 due from a buyer in relation to the disposal of property.

(f) Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000
Other receivables	263,809	243,753	50,536	30,736
Less: Impairment loss				
At 1 February	(70,428)	(85,396)	(10,208)	(10,208)
Reclassification from trade receivables	(5,346)	–	–	–
Current year addition	(21,403)	(1,972)	(8,613)	–
Reversal	3,947	16,940	104	–
Disposal of subsidiaries	1,484	–	–	–
Write offs	9,959	–	–	–
At 31 January	(81,787)	(70,428)	(18,717)	(10,208)
	182,022	173,325	31,819	20,528
Less: Amount receivable after the next 12 months classified as long term receivables	–	(10,060)	–	–
	182,022	163,265	31,819	20,528
Refundable deposits	11,638	25,510	50	50
Prepaid expenses	537	185	–	–
	194,197	188,960	31,869	20,578

(a) Included in other receivables of the Group is amount owing by a third party of RM23.59 million (2010: RM23.38 million) pursuant to the issuance of Sukuk Al-Ijarah ("Sukuk") which is secured by the said third party's property.

(b) Included in other receivables of the Group are miscellaneous charges receivable from house purchasers of RM9.23 million (2010: RM12.53 million).

(c) Included in other receivables of the Group and the Company is an amount of RM20,000,000 (2010:Nil) represents balance of amount receivable in relation to the disposal of a piece of development land during the financial year. Included in other receivables of the Group and of the Company are amounts due from related parties as follows:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
KEB Group	8,624	92	822	–
Radiant Pillar Sdn. Bhd.	17	17	–	–
Pengurusan Projek Bersistem Sdn. Bhd.	227	–	–	–
	8,868	109	822	–

16. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

(d) The nature of the relationship with the above related parties is disclosed in Note 41.

The amounts due from related parties are interest free, unsecured and are payable on demand.

(e) Included in other receivables of the Group is an amount of RM14.4 million paid by a subsidiary, Envy Vista Sdn. Bhd. for the acquisition of 100% equity interest in Bintang Dian Sdn. Bhd. The total consideration for this acquisition is RM17.2 million. As at the date of this report, this acquisition has not been completed and is currently pending for the fulfillment of the precedent conditions as stipulated in the agreement.

(f) Included in other receivables of the Group is amount due from certain contractors of the Group totaling RM17,434,931 (net of impairment loss of RM14,214,887). The directors are of the opinion that these receivables were fully recoverable.

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Housing development accounts ("HDA")	3,247	7,497	–	–
Cash in hand and bank balances	22,744	4,229	15,490	212
Deposits with licensed banks	434	407	–	–
Cash and bank balances	26,425	12,133	15,490	212
Less:				
Bank overdrafts (Note 21(b))	(4,253)	(6,078)	(1,740)	(1,604)
Balances pledged as security to licensed banks				
- HDA	(107)	(7,497)	–	–
Cash and cash equivalents	22,065	(1,442)	13,750	(1,392)

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	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised				
Ordinary shares				
At 1 February, shares of RM0.20 (2010:RM0.60) each	8,000,000	939,000	1,600,000	563,400
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 each	8,000,000	8,000,000	1,600,000	1,600,000
Redeemable convertible preference shares of RM0.20 each ("RCPS")				
At 1 February	1,500,000	–	300,000	–
Created during the financial year	–	1,500,000	–	300,000
At 31 January	1,500,000	1,500,000	300,000	300,000
Irredeemable convertible preference shares ("ICPS") of RM0.10 each				
At 1 February	1,000,000	600,000	100,000	60,000
Created during the financial year	–	400,000	–	40,000
At 31 January	1,000,000	1,000,000	100,000	100,000
Redeemable convertible preference shares of RM0.01 each ("RCPS")				
At 1 February	–	100,000	–	1,000
Cancelled during the financial year	–	(100,000)	–	(1,000)
At 31 January	–	–	–	–
Total	10,500,000	10,500,000	2,000,000	2,000,000

18. SHARE CAPITAL (CONT'D)

	GROUP AND COMPANY			
	Number of Shares		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Issued and paid-up				
Ordinary shares				
At 1 February , shares of RM0.20 (2010: RM0.60) each	2,388,782	643,580	477,757	386,148
Share split to three (3) shares of RM0.20 each	–	1,287,159	–	–
Conversion of RCSLS	585,027	–	117,005	–
Conversion of RCPS	436,663	458,043	87,332	91,609
At 31 January, shares of RM0.20	3,410,472	2,388,782	682,094	477,757
RCPS of RM0.20 each				
At 1 February	828,967	–	41,648	–
Allotted during the financial year	–	1,287,010	–	257,402
Converted during the financial year	(436,663)	(458,043)	(21,938)	(91,609)
Less: Liability component	–	–	–	(124,145)
At 31 January	392,304	828,967	19,710	41,648
Less: Equity component of RCPS classified to reserve	–	–	(19,710)	(41,648)
Total	3,802,776	3,217,749	682,094	477,757

(a) During the financial year, 436,663,330 redeemable convertible preference shares ("RCPS") of RM0.20 each were converted into 436,663,330 new ordinary shares of RM0.20 each and 585,027,300 redeemable convertible secured loan stocks ("RCSLS") were converted into 585,027,300 new ordinary shares of RM0.20 each. The issued and paid-up ordinary share capital of the Company was increased from RM477,756,308 to RM682,094,434.

The new ordinary shares issued during the financial year arising from the conversion of the RCPS and RCSLS 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.

(b) 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	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Ordinary shares				
At 31 January, shares of RM0.20	2,464	2,464	(493)	(493)

20. RESERVES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 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	35,919	21,696	–	–
Total capital reserves	47,120	32,897	–	–
Convertible securities	65,061	109,179	65,061	109,179
Accumulated losses	(177,847)	(10,759)	(158,173)	(33,072)
	(65,666)	131,317	(93,112)	76,107

21. BORROWINGS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) Long term borrowings				
Secured:-				
BaIDS (Note (i))	134,213	134,213	134,213	134,213
Sukuk Al-Ijarah (Note (ii))	–	85,184	–	–
Term and bridging loans (Note (iii))	161,249	129,479	–	–
	295,462	348,876	134,213	134,213

21. BORROWINGS (CONT'D)

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
(a) Long term borrowings (Cont'd)				
Less: Amount payable within the next 12 months (Note 21(b))				
Sukuk Al-Ijarah	–	(1,207)	–	–
Term and bridging loans	(161,249)	(128,803)	–	–
	(161,249)	(130,010)	–	–
Amount payable after the next 12 months				
BaIDS	134,213	134,213	134,213	134,213
Sukuk Al-Ijarah	–	83,977	–	–
Term and bridging loans	–	676	–	–
	134,213	218,866	134,213	134,213
(b) Short term borrowings				
Secured:-				
Revolving credits				
- Related party	19,318	2,669	–	–
- Financial institutions	45,250	70,239	4,512	14,004
Sukuk Al-Ijarah	84,316	–	–	–
MuNIF	–	80,653	–	–
	148,884	153,561	4,512	14,004
	148,884	153,561	4,512	14,004
Unsecured:-				
Bank overdrafts (Note 17)	4,253	6,078	1,740	1,604
Revolving credits				
- Related party	21,686	23,220	21,685	23,220
	25,939	29,298	23,425	24,824
Long term borrowings payable within the next12 months (Note 21a)				
Sukuk Al-Ijarah	–	1,207	–	–
Term and bridging loans	161,249	128,803	–	–
	161,249	130,010	–	–
	336,072	312,869	27,937	38,828
Total Borrowings	470,285	531,735	162,150	173,041

21. BORROWINGS (CONT'D)

The currency exposure profiles of the Group's and of the Company's borrowings are as follows:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	425,035	487,859	162,150	173,041
Chinese Renminbi	45,250	43,876	–	–
	470,285	531,735	162,150	173,041

(i) Al-Bai Bithaman Ajil Islamic Debt Securities ("BaIDs")

In the previous financial year, the Company had issued RM134,213,337 nominal value of 10-year BaIDS at 100% of its nominal value.

The BaIDs bears the following profit rates per annum:-

Period	Profit rate (per annum)
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 bear 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.

(ii) 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.

21. BORROWINGS (CONT'D)

The Sukuk shall be payable upon maturity as follows:-

	GROUP	
	2011 RM'000	2010 RM'000
Year ending/ended 31 January		
2011	–	1,207
2012	84,316	83,977
	84,316	85,184

(iii) 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 Note 5, Note 6 and Note 7;

(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.

(iv) The Company has provided corporate guarantees for unsecured bank overdrafts of its subsidiaries.

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 Note 5, Note 6 and Note 7.

(v) Murabahah Notes Issuance Facility ("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.

In the previous financial year, the outstanding balance of the MuNIF and all outstanding profits and other changes accrued have been settled by way of issuance of the RCSLS as disclosed in Note 22.

21. BORROWINGS (CONT'D)

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

	GROUP		COMPANY	
	2011	2010	2011	2010
	%	%	%	%
Revolving credits	8.00 - 9.75	9.00 - 9.75	9.00 - 9.75	9.00 - 9.75
Bank overdrafts	7.00 - 9.00	7.00 - 9.00	7.00 - 9.00	7.00 - 9.00
Term and bridging loans	6.60 - 16.00	7.75 - 16.00	–	–
Sukuk Al-Ijarah	5.20 - 9.30	5.20 - 9.30	–	–

22. CONVERTIBLE SECURITIES

	GROUP AND COMPANY	
	2011	2010
Liability components	RM'000	RM'000
Secured:		
- RCSLS A (Note a)	41,280	38,950
- RCSLS B (Note b)	14,712	13,883
- RCSLS C (Note c)	140,369	132,445
- RCSLS D (Note d)	2,740	90,622
RCPS (Note e)	57,229	114,286
	256,330	390,186

In the previous financial year, 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 BaIDs 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 holders holding 100 units of RCSLS of RM0.20 each. The RM50,328,000 nominal value of RCSLS-A will not be listed.

22. CONVERTIBLE SECURITIES (CONT'D)

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	
	2011	**2010**
	RM'000	**RM'000**
Note (a)		
Redeemable convertible secured loan stock A of RM0.20 each ("RCSLS-A")		
At 1 February	38,950	–
Issued during the financial year	–	37,608
Add:		
Interest recognised	2,330	1,342
At 31 January	41,280	38,950
Note (b)		
Redeemable convertible secured loan stock B of RM0.20 each ("RCSLS-B")		
At 1 February	13,883	–
Issued during the financial year	–	13,394
Add: Interest recognised	830	489
Less: Converted during the financial year	(1)	–
At 31 January	14,712	13,883
Note (c)		
Redeemable convertible secured loan stock C of RM0.20 each ("RCSLS-C")		
At 1 February	132,445	–
Issued during the financial year	–	127,783
Add: Interest recognised	7,925	4,662
Less: Converted during the financial year	(1)	–
At 31 January	140,369	132,445

22. CONVERTIBLE SECURITIES (CONT'D)

	GROUP AND COMPANY	
	2011	**2010**
	RM'000	**RM'000**
Note (d)		
Redeemable convertible secured loan stock D of RM0.20 each ("RCSLS-D")		
At 1 February	90,622	–
Issued during the financial year	–	87,431
Add: Interest recognised	2,380	3,191
Less: Converted during the financial year	(90,262)	–
At 31 January	2,740	90,622

	GROUP AND COMPANY	
	2011	**2010**
	RM'000	**RM'000**
Note (e)		
Redeemable convertible preference share of RM0.20 each ("RCPS")		
At 1 February	114,286	–
Liability component	–	124,145
Add: Interest recognised	10,607	(9,859)
Less: Converted during the financial year	(67,664)	–
At 31 January	57,229	114,286

(a) Redeemable Convertible Secured Loan Stock A (Unquoted)

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.

22. CONVERTIBLE SECURITIES (CONT'D)

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

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 (Quoted)

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.

Subsequent to the financial year, the Company redeemed and cancelled nominal value of RM9,500,000 RCSLS-C out of the aggregate nominal value of RM171,002,000 RCSLS-C from the proceeds received on sale of properties.

(d) Redeemable Convertible Secured Loan Stock D (Quoted)

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.

Subsequent to the financial year, RCSLS-D has been fully converted to 585,010,000 ordinary shares of RM0.20 each.

22. CONVERTIBLE SECURITIES (CONT'D)

(e) Redeemable Convertible Preference Shares (Quoted)

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 a new ordinary share 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 following:-

(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.

During the financial year, 436,663,330 redeemable convertible preference shares ("RCPS") of RM0.20 each were converted into 436,663,330 new ordinary shares of RM0.20 each and 585,027,300 redeemable convertible secured loan stocks ("RCSLS") were converted into 585,027,300 new ordinary shares of RM0.20 each.

23. LONG TERM PAYABLES

	GROUP	
	2011 RM'000	2010 RM'000
Amount payable for the acquisition of land (Note a)	–	52,352
Loan from a minority shareholder of a subsidiary (Note b)	–	11,184
Amount payable for acquisition of building	–	14,398
Preference shareholders of a subsidiary	–	75
	–	78,009

(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. During the financial year, this amount has been reclassified to current liabilities in relation to the MBI Settlement arrangement as disclosed in Note 39(a) and Note 40.

(b) Loan from a minority shareholder of a subsidiary is interest free, unsecured and has no fixed term of repayment.

24. DEFERRED TAX LIABILITIES

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
At 1 February	37,765	4,205	32,966	–
Recognised in the profit or loss (Note 34)				
- current year	–	(3,427)	–	(3,427)
- prior years	(4,799)	594	–	–
Convertible securities	(14,706)	36,393	(14,706)	36,393
At 31 January	18,260	37,765	18,260	32,966

The deferred tax liabilities are in respect of the following:-

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Deferred tax liabilities				
Tax effects on:-				
Temporary differences arising from:-				
Property, plant and equipment	–	5,898	–	–
Others	–	11,128	–	–
Convertible securities	18,260	32,966	18,260	32,966
	18,260	49,992	18,260	32,966
Deferred tax assets				
Tax effects on:-				
Temporary differences arising from:-				
Unused tax losses	–	(7,551)	–	–
Unabsorbed capital allowances	–	(4,676)	–	–
	–	(12,227)	–	–
At 31 January	18,260	37,765	18,260	32,966

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

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Unused tax losses	147,526	119,639	929	426
Deductible temporary differences	2,888	6,188	17	12
	150,414	125,827	946	438

25. PROVISION FOR LIABILITIES

	GROUP 2011 RM'000	GROUP 2010 RM'000
Provision for liquidated and ascertained damages		
At 1 February	54,915	96,312
Provision during the financial year	10,000	–
Charged to income statements	–	(2,305)
Disposal of subsidiaries	(13,992)	–
Utilisation of provision during the financial year	(502)	(39,092)
	50,421	54,915
Less: Amount payable after the next 12 months	(41,225)	(43,614)
At 31 January	9,196	11,301

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.

26. TRADE PAYABLES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables	229,460	390,592	2,590	2,590
Progress billings in respect of property development costs	88,340	94,739	–	–
Retention sum	27,256	33,397	–	–
	345,056	518,728	2,590	2,590

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

	GROUP 2011 RM'000	GROUP 2010 RM'000
Trade Payables		
KEB Group	9,429	5,710
IJM Group	137,370	151,882
	146,799	157,592
Retention Sums		
KEB Group	833	1,291
IJM Group	441	–
	1,274	1,291
Total	148,073	158,883

The nature of the relationship with the above related parties is disclosed in Note 41.

(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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables	614,048	622,980	78,623	78,222
Accrued expenses	210,160	161,307	4,660	5,950
	824,208	784,287	83,283	84,172

(a) Included in the other payables and accrued expense of the Group is amount of RM190.160 million (2010:RM163.014 million)payable to land vendors for properties acquired in prior years, which constitute part of the MBI Settlement arrangement as disclosed in Note 39(a) and Note 40. In previous financial year, there is RM52.352 million was classified as long term payables as disclosed in Note 23.

(b) Included in other payables and accrued expenses of the Group and of the Company are the following:-

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accrued interest expenses	125,003	123,893	3,208	4,482
Advances from minority shareholder of subsidiary (c)	30,893	282	–	–
Amount owing to KEB Group (d)	112,591	120,447	33,994	–
Amount payable to authorities in relation to development project	35,401	58,225	–	–
Amount payable to IJM Group (e)	8,093	17,035	6,423	7,503
Deposit received from a joint venture partner	21,300	21,300	–	–
Deposit received for sale of properties	3,662	–	–	–
Refundable deposit received from purchasers of properties and tenants of complexes	20,926	9,100	–	–

(c) The advance from minority shareholder of subsidiaries is unsecured, payable on demand and interest free.

(d) Amount owing to a corporate shareholder, Kumpulan Europlus Berhad and its subsidiaries are arising from payment made on behalf, bearing interest at the rate of 8% (2010 : 8%) per annum and are payable on demand.

(e) The amount payable to the IJM Group, a related party, is unsecured, interest free and are payable on demand. The nature of the relationship with this related party is disclosed in Note 41.

28. REVENUE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property development revenue	77,516	130,319	–	–
Rental income	9,928	15,456	–	–
Revenue from hotel operations	19,647	17,531	–	–
Management fees and charges from third parties	267	3,423	–	–
Sale of development land	69,100	80,466	30,000	–
Sales of inventories	4,384	4,151	–	–
Others	2,553	2,368	–	–
	183,395	253,714	30,000	–

29. COST OF SALES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property development costs	49,244	83,453	–	–
Cost of rental	5,131	11,114	–	–
Cost of for hotel operations	6,285	8,005	–	–
Cost of development land	113,456	38,410	30,000	–
Cost of inventories sold	5,585	4,225	–	–
Others	2,455	50	–	–
	182,156	145,257	30,000	–

30. FINANCE COSTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
- term and bridging loans	34,864	21,213	6,544	5,771
- other borrowings	17,207	15,144	4,284	5,788
- convertible securities	11,659	13,708	11,659	13,708
- bank overdrafts	311	433	136	126
	64,041	50,498	22,623	25,393
Profit on Islamic debt securities	5,458	5,530	–	–
	69,499	56,028	22,623	25,393

30. FINANCE COSTS

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Pengurusan Projek Bersistem Sdn. Bhd.	295	635	–	–
KEB Group	10,042	8,064	3,795	3,258

The nature of the relationship with the above related parties is disclosed in Note 41.

31. (LOSS)/PROFIT BEFORE TAX

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)
(Loss)/Profit before tax is stated after charging/(crediting):-				
Impairment loss on receivables				
- third parties (non trade)	21,403	1,972	8,613	–
- jointly controlled entities	187	–	187	–
- third parties (trade)	3,902	20,704	–	–
Allowance for inventories write down	–	2,337	–	–
Auditors' remuneration				
- current year	420	377	130	80
- under/(over) accrual in prior years	65	(17)	60	–
- other services	4	1	–	–
Bad debts written off - third parties	1,103	320	4	–
Property, Plant and equipment written off	279	–	245	–
Equipment rental	–	(31)	–	–
Foreseeable losses no longer required	(23,727)	–	–	–
Depreciation/amortisation:				
- property, plant and equipment	5,650	7,595	220	222
- investment properties	3,091	2,577	–	–
(Gain)/Loss on disposal of:				
- property, plant and equipment	(4,680)	(307)	–	–
- investment properties	2,662	–	–	–
- Subsidiaries (Note 10 (b))	14,469	(774)	–	–
Impairment loss on goodwill	–	1,586	–	–
Impairment loss on land held for property development	9,459	–	–	–
Investment properties written off	–	2,295	–	–
Interest income	(879)	(2,034)	–	–
Assets held for sale write down to fair value less costs to sell	41,974	–	–	–
Impairment loss on investment in subsidiaries	–	–	90,404	–
Rental income	(1,432)	(1,658)	–	–

31. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000 (restated)	2011 RM'000	2010 RM'000 (restated)
(Loss)/Profit before tax is stated after charging/(crediting) (Cont'd):-				
Rental of office / complex	21	–	–	–
Addition/(write back) of provision for liquidated and ascertained damages	10,000	(2,305)	–	–
Impairment loss on receivables no longer required				
- third parties (non trade)	(3,947)	–	(104)	–
- third parties (trade)	(5,301)	(13)	–	–
Allowance for inventories write down no longer required	(1,141)	(925)	–	–
Waiver of debts				
- third parties	(42,073)	(12,000)	–	–
- subsidiary	–	–	–	(52,536)

32. STAFF COSTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	7,998	8,953	–	–
Social security	378	89	–	–
Defined contribution	636	1,234	–	–
Other staff related expenses	1,578	416	–	–
	10,590	10,692	–	–
Included in the staff costs:				
Key Management Personnel other than Directors:				
Salaries and other remuneration	276	325	–	–
Defined contribution	43	55	–	–
Other staff related expenses	15	10	–	–
	334	390	–	–
Directors' remuneration (Note 33)	1,261	542	1,238	690

33. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Company:-				
Executive directors:-				
- Fees	50	–	50	–
- Salaries	316	342	316	342
- Defined contribution	58	64	58	64
- Other emoluments	90	22	90	22
	514	428	514	428
Non-executive directors:-				
Present Directors:				
- Fees	125	–	125	–
- Salaries	–	–	–	–
- Other emoluments	433	–	433	262
Former Directors:				
- Fees	25	–	25	–
- Other emoluments	141	–	141	–
	724	–	724	262
	1,238	428	1,238	690
Subsidiaries:-				
Salaries	8	94	–	–
Defined contribution	1	13	–	–
Other emoluments	14	7	–	–
	23	114	–	–
	1,261	542	1,238	690
Benefit-in-kinds	6	6	6	6

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

	2011 RM'000	2010 RM'000
Executive directors:-		
RM250,001 - RM300,000	1	1
RM200,001 - RM250,000	–	–
RM150,001 - RM200,000	1	1
Non-Executive directors:-		
RM150,001 - RM200,000	1	–
RM100,001 - RM150,000	–	–
RM50,000 - RM100,000	3	1
Below RM50,000	2	5
	8	8

34. INCOME TAX EXPENSE/(CREDIT)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax				
- current financial year	4	10,922	–	–
- prior financial years	18,773	134	–	–
Deferred tax				
- current financial year	–	(3,427)	–	(3,427)
- prior financial years	(4,799)	594	–	–
	13,978	8,223	–	(3,427)

Income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to (loss)/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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(Loss)/profit before tax	(153,753)	17,245	(125,101)	24,119
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	(38,438)	4,311	(31,275)	6,030
Income not subject to tax	(36,659)	(7,865)	(26)	(13,109)
Expenses not deductible for tax purposes	50,514	14,680	30,793	3,282
Origination/(Reversal) of deferred tax assets not recognised in the financial statements	24,587	(3,631)	508	370
(Over)/Under provision of deferred tax in prior financial years	(4,799)	594	–	–
Under accrual of income tax expense in prior financial years	18,773	134	–	–
Tax expense/(credit) for the financial year	13,978	8,223	–	(3,427)

35. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the financial year attributable to the owners of the company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	GROUP 2011	2010
(Loss)/profit for the financial year (RM'000)	(167,088)	8,313
Weighted average number of shares ('000)	2,877,983	1,975,071
Basic (loss)/earnings per share (sen)	(5.81)	0.42

(b) Diluted

For the current financial year, no adjustment has been made to the weighted average number of ordinary shares in calculation of diluted loss per share as the effect of dilutive potential ordinary shares from the conversion of RCPS and RCSLS have anti-dilutive effect.

In previous financial year, for the purpose of calculating diluted earnings per share, the profit for the financial year attributable to the owners of the Company and the weighted number of ordinary shares in issue in the previous the financial 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 attributable to the owners of the Company is adjusted by the tax effect of interest expense recognised in the previous 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 in the previous 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 be converted into ordinary shares at the date of issue.

	GROUP 2011	2010
Adjusted (loss)/profit for the financial year (RM'000)	(167,088)	18,594
Weighted average number of ordinary shares in issue ('000)	2,877,983	1,975,071
Adjustment for assumed conversion of RCPS and RCSLS ('000)	–	2,610,245
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,877,983	4,585,316
Diluted (loss)/earnings per share (sen)	(5.81)	0.41

36. CONTINGENT LIABILITIES / LOSSES

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unsecured:				
Corporate guarantees given to financial institution for:-				
- credit facilities granted to subsidiaries	–	–	243,469	220,513
- credit facilites granted to jointly controlled entities	17,869	21,650	17,869	21,650
Corporate guarantees given to non-financial institutions for:-				
- purchase of land by subsidiaries	–	–	150,266	201,634
- purchase of land by a former subsidiary	15,514	–	15,514	–
	33,383	21,650	427,118	443,797
Secured:				
Assets pledged to financial institution for credit facilities granted to KEB group	10,978	136,600	–	–
	44,361	158,250	427,118	443,797

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.

37. COMMITMENTS

Company

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.

38. SUBSIDIARIES

Details of subsidiaries are as follows:-

Name of Company	Equity Interest 2011 %	2010 %	Principal Activities
Incorporated in Malaysia			
Abra Development Sdn. Bhd. ^	100	100	Property development and investment holding
Alam Johan Sdn. Bhd. ^	100	100	Property development
Ample Zone Berhad * ^	100	100	Special purpose vehicle to implement and facilitate an Ijarah Asset Sale and Leaseback Agreement with the issuance of a Private debt security, Sukuk Al-Ijarah
Beautiful Peninsular Sdn. Bhd. ^	70	70	Property development
Biltradex Sdn. Bhd. ^	100	100	Property development and investment holding
Bukit Beruntung Nurseries Sdn. Bhd.	–	100	Dormant
Bukit Khazanah Sdn. Bhd.* ^	99.65	99.65	Property development and investment
Capital Advance Corporation Sdn. Bhd. ^	100	100	Investment holding
Cekap Mesra Development Sdn. Bhd. ^	50.01	50.01	Property development
Classic Fortune Sdn. Bhd. ^	100	100	Property development
Daya Kreatif Sdn. Bhd. ^	100	100	Property development
Envy Vista Sdn. Bhd. ^	100	100	Dormant
Era-Casa Sdn. Bhd. ^	100	100	Investment holding
Europlus Berhad ^	100	100	Investment holding and property development
Europlus Construction Sdn. Bhd. ^	100	100	Property development
Europlus Corporation Sdn. Bhd. ^	100	100	Property development, and investment holding
Expand Factor Sdn. Bhd. ^	100	100	Property development and investment holding

38. SUBSIDIARIES (CONT'D)

Name of Company	Equity Interest 2011 %	Equity Interest 2010 %	Principal Activities
Incorporated in Malaysia			
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. **	–	100	Dormant
Juara Tiasa Sdn. Bhd. ^	100	100	Property investment
Kenshine Corporation Sdn. Bhd. ^	100	100	Property development
Kolej Aman Bhd. ^	58.46	58.46	Ceased operation
Lambang Wira Sdn. Bhd. ^	100	100	Investment holding
Larut Leisure Enterprise Sdn. Bhd. ^	100	100	Investment holding
Larut Management Services Sdn. Bhd. ^	100	100	Investment holding
Larut Overseas Ventures Sdn. Bhd. ^	100	100	Investment holding
L.C.B. Management Sdn. Bhd. ^	100	100	Provision of management services
Layatama Sdn. Bhd. ^	100	100	Investment holding
Lestari Puchong Sdn. Bhd.	–	100	Property development
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. *^	100	100	Investment holding

38. SUBSIDIARIES (CONT'D)

Name of Company	Equity Interest 2011 %	2010 %	Principal Activities
Incorporated in Malaysia			
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
Perwira Indra Sakti Management Services Sdn. Bhd. *¥	100	100	Dormant
P.I.S. Properties Management Sdn. Bhd. *¥	100	100	Dormant
Regobase Sdn. Bhd. ^	100	100	Investment holding
Seaview Plantations Sdn. Bhd. ^	100	100	Property development and investment holding
Saujana Ukay Sdn. Bhd. *	50.82	50.82	Property development
Sentosa Restu (M) Sdn. Bhd. ^	100	100	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
Talam Medical Centre Sdn. Bhd. ^	100	100	Dormant
Talam Plantations Sdn. Bhd. ^	100	100	Investment holding
Talam Properties Sdn. Bhd. ^	100	100	Property development

38. SUBSIDIARIES (CONT'D)

Name of Company	Equity Interest 2011 %	Equity Interest 2010 %	Principal Activities
Incorporated in Malaysia			
Talam Refrigeration Sdn. Bhd. ^	99.77	99.77	Investment holding
Talam Premium Development Sdn. Bhd. ^	100	100	Investment holding
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. ^	100	100	Property development
Trans Liberty Sdn. Bhd. ^	100	100	Property development
Ukay Land Sdn. Bhd. ^	100	100	Property development
Ulu Yam Golf And Country Club Sdn. Bhd. ^	60	60	Dormant
United Axis Sdn. Bhd.	–	100	Property development
Untung Utama Sdn. Bhd. * ^	100	100	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. * ^	100	100	Property development
Zillion Development Sdn. Bhd. ^	100	100	Property investment and development
Incorporated in Hong Kong			
Agriresources International (HK) Limited *¥	65	65	Dormant
Larut Consolidated (HK) Limited #* ¥	100	100	Investment holding
Larut Talam International Management Services Limited * ¥	99.88	99.88	Dormant
Malim Enterprise (HK) Limited * ¥	100	100	Investment holding

38. SUBSIDIARIES (CONT'D)

Name of Company	Equity Interest 2011 %	2010 %	Principal Activities
Incorporated in Hong Kong			
Noble House Investments Limited *¥	100	100	Investment holding
Parkgrove Limited * ¥	100	100	Investment holding
PPB Investment (HK) Limited *Δ¥	100	100	Dormant
Talam Corporation (HK) Limited * ¥	100	100	Investment holding
Talam Resources (HK) Limited * ¥	100	100	Investment holding
Incorporated in Singapore			
Crystal Ace Pte. Ltd. *¥	100	100	Dormant
Incorporated in The People's Republic of China			
Jilin Province Maxcourt Hotel Limited *^	85	85	Operating and managing a hotel

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

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

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

δ The auditors' reports of these subsidiaries are not available. Audit procedures on consolidation have been applied by the auditors on the financial statements of these subsidiaries.

** Struck-off during the financial year.

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.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 12 March 2010, the Company entered into a settlement agreement with Menteri Besar Selangor (incorporated) ("MBI") to dispose of properties of the Group for a total consideration of RM330,461,378 and cash payment of RM12,669,690 to settle a sum of RM241,367,318 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 of the Group for a total consideration of RM345,632,918 to settle a sum of RM150,619,159 owing to MBI, RM164,500,000 due to financial institution to secured creditors (collectively known as MBI settlement) and RM30,513,759 to set off the costs and expenses under the settlement arrangement.

On 30 March 2011, the shareholders of the Company approved the proposed MBI settlement. The Company agrees to conclude this MBI settlement arrangement within 6 months from the date of the Company's shareholders' approval or redemption of liabilities by MBI whichever is earlier.

(b) On 30 April 2010, the Company applied to Bursa Malaysia Securities Berhad ('Bursa") for the approval to uplift the Company from the PN17/2005 status. On 10 June 2010, Bursa approved the Company's application to uplift itself from PN17/2005 status.

(c) During the financial year, a wholly owned subsidiary of the Company, G.L. Development Sdn. Bhd. ("GL Development"), acquired one ordinary share in Crest Envy Sdn. Bhd. ("Crest Envy"), representing 50% equity interest in Crest Envy for RM1.00. Subsequently, on 23 June 2010, GL Development further subscribed 249,999 ordinary shares of RM1 each in Crest Envy, representing 50% equity interest, for a total consideration of RM249,999.

(d) On 20 July 2010, a wholly owned subsidiary of the Company, Maxisegar Sdn. Bhd., entered into a Sale and Purchase Agreement with Firma Millenium Sdn. Bhd. to dispose a piece of leasehold vacant land held under HS(D) 201979, PT 61372, Mukim Petaling, Daerah Petaling, Negeri Selangor for a total consideration of RM15,000,000.

(e) On 29 July 2010, a wholly owned subsidiary of the Company, Maxisegar Sdn. Bhd., entered into a Sale and Purchase Agreement with Tebrau Properties Sdn Bhd to dispose a piece of leasehold vacant land held under HS(D) 478321, PT 148117, Mukim Plentong, Daerah Johor Bahru, Negeri Johor for a total consideration of RM15,000,000.

(f) On 1 October 2010, a wholly owned subsidiary of the Company, Juara Tiasa Sdn. Bhd., entered into a Sale and Purchase Agreement with Pesuruhjaya Tanah Persekutuan to dispose the land held under title no. Geran 44761, Lot 9012, Bandar Serendah, Daerah Ulu Selangor, together with the building thereon for a total consideration of RM28,500,000.

(g) On 3 January 2011, the Group was notified by Companies Commission of Malaysia of the striking off of Izin Saga Sdn. Bhd., a wholly-owned subsidiary of the Company from the register under Section 308(1) of the Companies Act 1965.

(h) 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.

(i) On 3 December 2010, Europlus Corporation Sdn. Bhd., a subsidiary, disposed of two (2) shares of RM1 each, representing 100% equity interest in United Axis Sdn. Bhd. for cash consideration of RM2.

(j) On 28 January 2011, Expand Factor Sdn. Bhd., a subsidiary, disposed of 2,600,000 shares of RM1 each, representing 100% equity interest in Lestari Puchong Sdn. Bhd. for a total consideration of RM1,000.

40. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

Subsequent to the reporting date,

(a) An Extraordinary General Meeting was held on 30 March 2011 to approve the proposed settlement of debts amounting to RM391,986,473 by Group to Menteri Besar Selangor (Incorporated) by way of disposal of properties and cash payment.

(b) 227,500,490 redeemable convertible preference shares ("RCPS") of RM0.20 each were converted into 227,500,490 new ordinary shares of RM0.20 each.

(c) 9,652,700 redeemable convertible secured loan stock ("RCSLS") of RM0.20 each were converted into 9,652,700 new ordinary share of RM0.20 each.

(d) On 19 April 2011, the Company redeemed and cancelled nominal value of RM9,500,000 RCSLS-C out of the aggregate nominal value of RM171,002,000 RCSLS-C from the proceeds received on sale of properties.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Construction costs paid/payable:-				
- KEB Group	6,619	8,461	–	–
- IJM Group	22,703	70,846	–	–
- Agrocon	340	–	–	–
Rental income received/receivable:				
- Agrocon (M) Sdn. Bhd.	(26)	(26)	–	–
- KEB Group	(2,180)	(1,610)	–	–
Management fee received/ receivable:				
- Radiant Pillar Sdn. Bhd.	–	(3,000)	–	–
Interest expense paid/payable:				
- Pengurusan Projek Bersistem Sdn. Bhd.	295	635	–	–
- KEB Group	10,042	8,064	3,795	3,258
- Sierra Ukay Sdn. Bhd.	478	484	–	–
- Cekap Tropikal Sdn. Bhd.	140	708	–	–
- Good Debut Sdn. Bhd.	8	253	–	–

41. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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. 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. 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 22.72% 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.

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintain a healthy capital ratio in order to support its business and maximise shareholder value as well as to enable the Group to continue as going concern. To achieve this, the Group ensures optimal capital structure is maintained. The Group periodically reviews and manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The directors monitor and determine the optimal debt to equity ratio that complies with the debts covenants. No changes were made in the objectives, policies or process during the financial year ended 31 January 2011 and 31 January 2010.

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and borrowings	470,285	531,735	162,150	173,041
Less : cash and bank balances	(26,425)	(12,133)	(15,490)	(212)
Net Debts	443,860	519,602	146,660	172,829
Equity attributable to owners of the Company	615,935	608,581	588,489	553,371
Gearing ratio (times)	0.72	0.85	0.25	0.31

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

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business and to create value for the shareholders. The operations of the Group and of the Company are exposed to a variety of financial risks, including interest rate risk, operational risk, credit risk, foreign currency risk, liquidity risk, cash flow risk and market risk. The Group assesses the unpredicatability of financial market and seeks to minimise the potential adverse effects on the financial performance of the Group. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

Financial risk management is carried out through risks review, internal controls systems, insurance programme and adherence to the Group's financial risk management policies.

Certain comparative figures have not been presented by virtue of the exemption given in paragraph 44AA of FRS 7.

The Group's financial risk management policies are as follows:-

(i) Interest Rate Risk

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

The Group borrows in the currency in which its business units operate in. This is a natural hedge against any foreign currency fluctuation. 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.

Sensitivity analysis for interest rate risk

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in 50 basis points against interest rate, with all other variables held constant.

	(Loss)/Profit for the financial year *Increase/(Decrease)*	
	Group 2011 RM'000	Company 2011 RM'000
50 basis points higher		
- Borrowings	(1,260)	(105)
50 basis points lower		
- Borrowings	1,260	105

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observeable market environment.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Interest Rate Risk (Cont'd)

The following summarised the carrying amount as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk.

GROUP	Note	Within 1 year RM'000	1-2year RM'000	2-5 year RM'000
2011				
Fixed interest rate				
BaIDs	21	–	–	134,213
Sukuk Al-Ijarah	21	84,316	–	–
Convertible securities	22	–	–	256,330
Floating interest rate				
Bank overdrafts	21	4,253	–	–
Revolving credits	21	86,254	–	–
Term and bridging loans	21	161,249	–	–
2010				
Fixed interest rate				
BaIDs	21	–	–	134,213
Sukuk Al-Ijarah	21	1,207	83,977	–
Convertible securities	22	–	–	390,186
Floating interest rate				
Bank overdrafts	21	6,078	–	–
Revolving credits	21	96,128	–	–
Term and bridging loans	21	209,456	676	–
COMPANY				
2011				
Fixed interest rate				
BaIDs	21	–	–	134,213
Convertible securities	22	–	–	256,330
Floating interest rate				
Bank overdrafts	21	1,740	–	–
Revolving credits	21	26,197	–	–
2010				
Fixed interest rate:				
BaIDs	21	–	–	134,213
Convertible securities	22	–	–	390,186
Floating interest rate				
Bank overdrafts	21	1,604	–	–
Revolving credits	21	37,224	–	–

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Operational Risk

The operational risk arises from the daily activities of the Group as a property developer which includes legal, credit, reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approvals limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the Board of Directors recognises that effective risk management is an integral part of good business practice.

The Board of Directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly review and enhancing risk mitigating strategies with its appointed and key management personnel.

(iii) Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its third party receivables.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an going basis via company's management reporting procedures and action will be taken for long outstanding debt. Majority of the receivables are from property development segment. The credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default.

Impairment losses

Impairment losses as at year end mainly related to purchasers that defaulted in payments. The Group has taken the necessary steps to recover the outstanding balance through legal prosecutions.

Based on the historical trend, the Group is confident that the allowance for impairment losses as at reporting date are sufficiently covers the risk of default.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

(iv) Foreign Currency Risk

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

A subsidiary operating in The People's Republic of China has assets and liabilities together with expected cash flows from anticipated transactions denominated in its functional currency that reduce its exposure to foreign exchange.

The Group maintain a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investment.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Foreign Currency Risk (Cont'd)

Where the Group's operations are overseas, the funding is sourced from that local currency in which the operations are carried out to hedge against any foreign currency fluctuation.

No sensitivity analysis for foreign currency risk is prepared at the end of reporting period as the Group does not have significant exposure to foreign currency risk.

(v) Liquidity and cash flow Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met on timely basis.

The following summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date on contractual undiscounted repayment obligations:-

Group	**On demand/ within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
2011				
Trade and other payables	959,104	–	–	959,104
Borrowings	336,072	–	134,213	470,285
Amount owing to jointly controlled entities	43,430	–	–	43,430
Total undiscounted financial liabilities	1,338,606	–	134,213	1,472,819

Company	**On demand/ within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
2011				
Trade and other payables	81,213	–	–	81,213
Borrowings	27,937	–	134,213	162,150
Total undiscounted financial liabilities	109,150	–	134,213	243,363

Despite the uncertainty in the property development market, the Group will endeavor to undertake all necessary measures to mitigate the adverse effects on the liquidity position of the Group.

The Group expects to complete the remaining development projects undertaken by the second quarter of the financial year ending 31 January 2012. After which the Group will launch new development projects once approvals are obtained from the relevant authorities.

The Group will also dispose of its excess land, if the need arises, to generate cash and to meet its obligations.

Besides current development projects, cash will be generated by joint venture projects undertaken with other reputable corporations.

The Group will refinance certain loans and borrowings that will fall due in the next twelve months to cushion the repayments of these obligations.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) Market Risk

The market risk arises from changes in the state of domestic property prices, the cost of building materials, availability of labour and other related cost in property development.

The Group concentrates on development projects in careful selected locations and this has resulted in resilience against downswing of the property sector.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximating of fair value:-

	Note to financial statements
Amount owing by associates	Note 11
Trade and other receivables (current)	Note 15 and Note 16
Trade and other payables (current)	Note 26 and Note 27
Borrowings	Note 21
Amount owing by/(to) jointly controlled entities	Note 12
Convertible securities	Note 22

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair vales of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing at the reporting date.

45. SEGMENTAL INFORMATION

(i) Reporting Format

Segment information is presented in respect of the Group's business segments and geographical segments.

(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.

45. SEGMENTAL INFORMATION (CONT'D)

(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.

(a) Analysis by business segments

	Property investment and development RM'000	Hotel and Recreation RM'000	Elimination RM'000	Total RM'000
At 31 January 2011				
Revenue	203,416	19,647	(39,668)	183,395
Result				
Segment results	(153,236)	(1,825)	–	(155,061)
Share of results of jointly controlled entities	1,308	–	–	1,308
Loss before tax				(153,753)
Income tax expense				(13,978)
Loss for the financial year				(167,731)

	Property investment and development RM'000	Hotel and Recreation RM'000	Elimination RM'000	Total RM'000
At 31 January 2010				
Revenue	305,694	17,531	(69,511)	253,714
Result				
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)
Profit for the financial year				9,022

45. SEGMENTAL INFORMATION (CONT'D)

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

	Property investment and development RM'000	Hotel and Recreation RM'000	Total Before Elimination RM'000	Elimination RM'000	Consolidated RM'000
At 31 January 2011					
Other Information					
Segment assets	2,672,037	116,724	2,788,761	–	2,788,761
Interest in jointly controlled entities	12,510	–	12,510	–	12,510
Unallocated assets					316
Total assets					2,801,587
Segment liabilities	1,900,156	89,574	1,989,730	–	1,989,730
Unallocated liabilities					192,330
Total liabilities					2,182,060
Capital expenditure	6	3,227	3,233	–	3,233
Depreciation of property, plant and equipment	554	5,096	5,650	–	5,650
Depreciation of investment properties	3,091	–	3,091	–	3,091
Non-cash expenses other than depreciation and amortisation	105,418	20	105,438	–	105,438

45. SEGMENTAL INFORMATION (CONT'D)

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

	Property investment and development RM'000	Hotel and Recreation RM'000	Total Before Elimination RM'000	Elimination RM'000	Consolidated RM'000
At 31 January 2010					
Other Information					
Segment assets	3,099,150	139,504	3,238,654	–	3,238,654
Interest in jointly controlled entities	10,962	–	10,962	–	10,962
Unallocated assets					314
Total assets					3,249,930
Segment liabilities	2,303,602	103,014	2,406,616	–	2,406,616
Unallocated liabilities					230,498
Total liabilities					2,637,114
Capital expenditure	–	2,704	2,704	–	2,704
Depreciation of property, plant and equipment	773	6,822	7,595	–	7,595
Depreciation of investment properties	2,577	–	2,577	–	2,577
Non-cash expenses other than depreciation and amortisation	29,026	188	29,214	–	29,214

45. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by geographical segments

	Malaysia RM'000	The People's Republic of China RM'000	Elimination RM'000	Total RM'000
At 31 January 2011				
Revenue	203,416	19,647	(39,668)	183,395
Carrying amount of segment assets	2,672,037	116,724	–	2,788,761
Capital expenditure	6	3,227	–	3,233
At 31 January 2010				
Revenue	305,694	17,531	(69,511)	253,714
Carrying amount of segment assets	3,099,150	139,504	–	3,238,654
Capital expenditure	–	2,704	–	2,704

46. MATERIAL LITIGATION

Save as disclosed below, neither Talam and its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or financial position of the Group and the Company, and the Board of Directors has no knowledge of any proceedings pending or threatened against the Group and the Company or of any fact likely to give rise to any proceedings which might materially and adversely affect the business or financial position of Talam Group:-

(i) Ukay Land Sdn. Bhd.

A Writ of Summons dated 28 April 2005 was filed under Kuala Lumpur High Court Suit No. S1-21-130-2005 by Kerajaan Malaysia against Ukay Land Sdn. Bhd. for RM23,800,567.01, interest at the rate of 8% per annum and costs.

Judgment in default of appearance was granted by the High Court in favour of Kerajaan Malaysia and the hearing of the application by Ukay Land Sdn. Bhd. to reinstate and its application to set aside the judgment in default has been dismissed. Ukay Land Sdn. Bhd. will appeal against the dismissal.

The management is concurrently negotiating with Kerajaan Malaysia for an amicable settlement.

(ii) Expand Factor Sdn. Bhd.

A Writ of Summons dated 13 April 2006 was filed under Kuala Lumpur High Court Suit No. S1-21-75-2006 by Kerajaan Malaysia against Expand Factor Sdn. Bhd. for RM10,186,178.16, interest at the rate of 8% per annum and costs.

Kerajaan Malaysia has obtained judgment for its summary Judgment application on 20 January 2009. Expand Factor Sdn. Bhd. will appeal against the decision.

The management is concurrently negotiating with Kerajaan Malaysia for an amicable settlement.

46. MATERIAL LITIGATION (CONT'D)

(iii) Europlus Berhad

Judgment was obtained by Van Oord Acz Malaysia Sdn. Bhd. ("the Plaintiff") on 7 January 2009 for RM5,429,579 against Europlus Berhad ("EB").

However, the management is negotiating with the Plaintiff for an amicable settlement and is confident of a successful outcome.

(iv) Talam Corporation Berhad

Talam Corporation Berhad has initiated legal proceedings against Bangkok Bank Berhad ("BBB") for disposing a piece of property that is pledged to BBB for credit facilities granted a related party, Keuro Leasing Sdn. Bhd., a wholly owned subsidiary of Kumpulan Europlus Berhad. The property, valued at RM48,697,902, is part and parcel of the properties being disposed to Menteri Besar Selangor (Incorporated) ("MBI") under a settlement agreement entered into on 12 March 2010 between the Company and MBI which was made known to BBB. Despite its awareness of this settlement agreement, BBB, had on 7 September 2010, proceeded to auction the property to a purchaser for RM15 million which is well below the transacted value with MBI of RM48,697,902.

Based on legal counsel's advice, the Board of Directors of the Company believes that the Company has a reasonably good and valid claim in the legal action being taken. If necessary, the Company will identify a piece of land to replace the abovementioned land to MBI. The disposal of this property will not have any significant impact on the MBI Settlement arrangement.

47. COMPARATIVE FIGURES

Certain figures for the financial year ended 31 January 2010 have been restated due to following:-

(a) Effects arising from adoption of amendments to FRS 117

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Group			
Property, plant and equipment	123,701	9,735	133,436
Prepaid lease payments	9,735	(9,735)	–

47. COMPARATIVE FIGURES (CONT'D)

(b) The following comparative figures have been reclassified to conform with the current year presentation of the financial statements.

Group	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Land held for property development	1,214,598	243,217	1,457,815
Property development costs	1,146,333	(243,217)	903,116
Trade receivables	217,308	(1,447)	215,861
Other receivables	165,323	23,637	188,960
Trade payables	(457,262)	(61,466)	(518,728)
Other payables and accrued expenses	(823,562)	39,275	(784,287)
Company			
Land held for property development	18,126	95,617	113,743
Property development costs	95,617	(95,617)	–

SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

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

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earning of the Group and of the Company as at 31 January 2011, into realised and unrealised profits, pursuant to the directive, is as follow :-

	Group 2011 RM'000	Company 2011 RM'000
Total accumulated losses of the Group and its subsidiaries:-		
- Realised	(121,841)	(158,173)
- Unrealised	(46,994)	–
Jointly controlled entities		
- Realised	1,760	–
Associate companies		
- Realised	(10,772)	–
	(177,847)	(158,173)

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

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

STATEMENT BY DIRECTORS

We, **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 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 2011 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

In the opinion of the directors, the supplementary information set out in page 128 has been compiled in accordance with the Guidance of Special Matter No.1. Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

…………………………………………...
CHUA KIM LAN
Director

…………………………………….......
LOY BOON CHEN
Director

Kuala Lumpur

Date: 31 May 2011

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 and the supplementary information set out in page 128 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 2011

Before me,

ARSHAD ABDULLAH (W550)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TALAM CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **TALAM CORPORATION BERHAD**, which comprise the statements of financial position as at 31 January 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 127.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the 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 2011 and of their financial performance and cash flows for the financial year then ended.

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 Act.

(b) Other than those subsidiaries without the financial statements and auditors' reports as disclosed in Note 38 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 38 to the financial statements.

(c) Other than those subsidiaries without the audited financial statements as disclosed in Note 38 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.

(d) Other than those subsidiaries with modifications in the auditors' reports and those subsidiaries without the auditors' reports as disclosed in Note 38 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries were not subject to any material qualification in relation to the consolidated financial statements, or any adverse comments made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in page 128 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Baker Tilly Monteiro Heng	**Heng Ji Keng**
No. AF 0117	No. 578/05/12 (J/PH)
Chartered Accountants	Partner

Kuala Lumpur

Date: 31 May 2011

LIST OF PROPERTIES
as at 31 January 2011

No.	@ Joint Venture + Registered # Beneficial Owner		Original Land/ Built up area	Remaining acreage	Description/ Proposed development	Date of Acquisition/ Joint Venture/ Completion	Tenure	Expiry	Approximate age of the building (Years)	Net book value/Net carrying value as at 31 January 2011 (RM'000)
1	Europlus Corporation Sdn Bhd	+	2,566.93 acres	2,046.52 *698.14	Town ship Development Bukit Beruntung	18/12/1991	Freehold	N/A	N/A	534,359
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	205,268
3	Europlus Berhad	+	249.25 acres	35.00	Town ship Development Prima Beruntung	14/05/1996	Freehold	N/A	N/A	226,784
		+	717 acres	503.36	Residential, Industrial and Bukit Beruntung III	18/12/1991	Freehold	N/A	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	212,407
5	Maxisegar Sdn Bhd	+	3,000 acres	1,284.10 * 736.47	Batang Berjuntai	17/01/2001	99 years Leasehold	21/01/2101	N/A	148,518
6	Maxisegar Sdn Bhd	+	801 acres	55.65	Taman Puncak Jalil	17/01/2001	99 years Leasehold	02/07/2100	N/A	118,089
7	Jilin Province Maxcourt Hotel Limited	+	5,995 sq m 41,584 sq m	N/A	A 4 star 24 storey hotel building	24/12/1999	30 years Leasehold	29/12/2023	12	101,887
8	Galian Juta Sdn Bhd	# & @	200 acres	59.42	Proposed development of residential and commercial buildings - Saujana Putra	09/01/2001	99 years Leasehold	05/02/2094	N/A	86,030
9	Abra Development Sdn Bhd	+	3,900 sq m / 33,778.15 sq m	N/A	Menara Maxisegar 24-storey commercial complex	22/06/1995	99 years Leasehold	03/04/2094	16	55,065
10	Inti Johan Sdn Bhd	+	40,531 sq m/ 17,739.65 sq m	N/A	Pandan Kapital Shopping Mall	09/03/2005	99 years Leasehold	24/3/2101	15	50,279

* After completion of Selangor State Settlement

STATEMENT ON DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATIONS
as at 8 June 2011

ORDINARY SHARES
(Based on Register of Directors' shareholdings as at 8 June 2011)

		No. of Ordinary Shares of RM0.20 each			
		Direct Interest	**%*3**	**Deemed Interest**	**%*3**
The Company					
1.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	40,730,592	1.12	834,984,963 *1	22.97
2.	Chua Kim Lan	90,039	0.002	28,125 *2	0.001
3.	Loy Boon Chen	462,900	0.01	–	–

Notes:

*1 *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").*

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

*3 *% shareholding based on voting share capital as at 8 June 2011 of 3,635,589,559.*

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 8 June 2011.

ANALYSIS OF SHAREHOLDINGS
as at 8 June 2011

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	:	RM760,585,666.40 divided into 3,638,225,359 ordinary shares of RM0.20 each capital and 164,702,973 redeemable convertible preference 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 8 June 2011)

Size of Holdings	No. of Ordinary Shareholders	% of Ordinary Shareholders*3	No. of Ordinary Shares Held	% of Ordinary Shares Held*3
1 - 99	1,139	4.44	48,203	0.00
100 - 1,000	2,021	7.88	1,288,504	0.04
1,001 - 10,000	8,309	32.39	39,323,600	1.08
10,001 - 100,000	10,410	40.58	505,534,652	13.91
100,001 - 181,779,476 (*1)	3,776	14.72	2,363,576,280	65.01
181,779,477 and above (*2)	1	0.00	725,818,320	19.96
TOTAL	25,656	100.00	3,635,589,559	100.00

NOTES:

*1 *Less than 5% of the voting share capital*
*2 *5% and above of the voting share capital*
*3 *Exclusive of Shares Buy Back*

THIRTY LARGEST ORDINARY SHAREHOLDERS
(Based on Record of Depositors as at 8 June 2011)

Name	No. of Ordinary Shares Held	%
(1) EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD KUMPULAN EUROPLUS BERHAD	725,818,320	19.96
(2) EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PROMINENT XTREME SDN. BHD	64,030,102	1.76
(3) TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR KUMPULAN EUROPLUS BERHAD	60,000,000	1.65

THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D)

(Based on Record of Depositors as at 8 June 2011)

Name		No. of Ordinary Shares Held	%
(4)	TASEC NOMINEES (TEMPATAN) SDN BHD PROMINENT XTREME SDN.BHD.	56,250,000	1.55
(5)	M.I.T NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES FOR PROMINENT XTREME SDN. BHD. (MG0238-166)	49,410,000	1.36
(6)	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD EXPAND GAIN SDN. BHD.	36,590,072	1.01
(7)	NG KIT HENG	36,363,636	1.00
(8)	HDM NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR MICHAEL KOH KOW TEE	30,000,000	0.83
(9)	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD TAN CHENG TEIK	25,000,000	0.69
(10)	M & A NOMINEE (TEMPATAN) SDN BHD INSAS CREDIT & LEASING SDN BHD FOR CHAN AH CHYE @ CHAN CHONG YOON	22,094,463	0.61
(11)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR PENGURUSAN PROJEK BERSISTEM SDN BHD	20,400,000	0.56
(12)	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	20,375,000	0.56
(13)	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	20,000,000	0.55
(14)	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	17,833,050	0.49
(15)	ONG YENG TIAN @ ONG WENG TIAN	16,227,000	0.45
(16)	LEE AH LIK	14,500,000	0.40
(17)	CARTABAN NOMINEES (TEMPATAN) SDN BHD DBS VICKERS (HONG KONG) LIMITED FOR CHAI YET LEE	14,030,000	0.39
(18)	RESON SDN.BHD.	13,811,000	0.38
(19)	GENERAL TECHNOLOGY SDN BHD	13,197,431	0.36
(20)	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD CHAN AH CHYE @ CHAN CHONG YOON	13,018,086	0.36

ANALYSIS OF SHAREHOLDINGS (cont'd)
as at 8 June 2011

THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D)
(Based on Record of Depositors as at 8 June 2011)

Name		No. of Ordinary Shares Held	%
(21)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR KUMPULAN EUROPLUS BHD (A/C NO 2)	12,874,167	0.35
(22)	POS MALAYSIA BERHAD	11,637,000	0.32
(23)	RHB NOMINEES (ASING) SDN BHD UOB KAY HIAN PRIVATE LIMITED FOR TAN POH GEOK	11,000,000	0.30
(24)	NG CHAI GO	10,000,000	0.28
(25)	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOR AH KEE (CEB)	9,700,000	0.27
(26)	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR KAS BANK EFFECTENBEWAARBEDRIJF N.V.	9,601,000	0.26
(27)	TAN SUAN HUAT	9,078,300	0.25
(28)	HARBANS SINGH A/L S. GANDARA SINGH	9,000,000	0.25
(29)	LEE KIM POH	9,000,000	0.25
(30)	MINISTER OF FINANCE AKAUN JAMINAN PINJAMAN KERAJAAN PERSEKUTUAN	8,600,000	0.24
		1,369,438,627	37.67

SUBSTANTIAL SHAREHOLDERS
(Based on Register of Substantial Shareholders as at 8 June 2011)

		No. of Ordinary Shares of RM0.20 each			
	Name of substantial shareholder	Direct Interest	%*5	Deemed Interest	%*5
1.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon ("TSDCAC")	40,730,592	1.12	834,984,963 *1	22.97
2.	Puan Sri Datin Thong Nyok Choo ("PSDTNC")	600,145	0.02	875,115,410 *2	24.07
3.	Kumpulan Europlus Berhad ("KEURO")	805,489,287	22.16	–	–
4.	IJM Corporation Berhad ("IJM")	–	–	805,489,287 *3	22.16
5.	Employees Provident Fund Board ("EPF")	–	–	805,489,287 *4	22.16

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

as at 8 June 2011

NOTES:

*1 *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").*

*2 *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.*

*3 *Deemed interested by virtue of IJM holding 22.72% in KEURO.*

*4 *Deemed interested by virtue of EPF's direct substantial shareholding in IJM, which in turn is holding 22.72% in* KEURO.

*5 *% shareholding based on voting share capital as at 8 June 2011 of 3,635,589,559.*

REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

No. of RCPS Issued	:	1,287,010,000
No. of RCPS Outstanding	:	164,702,973
Conversion Period	:	24 June 2009 to 23 June 2014
Conversion Rights	:	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 Talam at the conversion price of RM0.20 each

DISTRIBUTION OF RCPS HOLDINGS

(Based on Record of Depositors as at 8 June 2011)

Size of Holdings	No. of RCPS Holders	% of RCPS Holders	No. of RCPS Held	% of RCPS Held
1 - 99	4	2.45	203	0.00
100 - 1,000	8	4.91	2,018	0.00
1,001 - 10,000	16	9.82	119,900	0.07
10,001 - 100,000	85	52.15	5,055,063	3.07
100,001 - 8,235,147 (*1)	46	28.22	23,782,271	14.44
8,235,148 and above (*2)	4	2.45	135,743,518	82.42
TOTAL	**163**	**100.00**	**164,702,973**	**100.00**

NOTES:

*1 *Less than 5% of the RCPS Outstanding*
*2 *5% and above of the RCPS Outstanding*

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (cont'd)

as at 8 June 2011

THIRTY LARGEST RCPS HOLDERS

(Based on Record of Depositors as at 8 June 2011)

Name		No. of RCPS Held	%
(1)	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD BANK ISLAM MALAYSIA BERHAD	103,373,494	62.76
(2)	TAKAFUL IKHLAS SDN BHD	12,921,687	7.85
(3)	BANK KERJASAMA RAKYAT MALAYSIA BERHAD	10,000,000	6.07
(4)	MIDF AMANAH INVESTMENT BANK BERHAD IVT FOR MIDF AMANAH INVESTMENT BANK BERHAD (ACCOUNT 4)	9,448,337	5.74
(5)	ALLIANCEGROUP NOMINEES (ASING) SDN BHD ALLIANCE INVESTMENT MANAGEMENT BERHAD FOR ALTIMA, INC.	3,778,301	2.29
(6)	ALLIANCEGROUP NOMINEES (ASING) SDN BHD ALLIANCE INVESTMENT MANAGEMENT BERHAD FOR LAGMUIR HOLDINGS LTD	3,778,301	2.29
(7)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE INVESTMENT MANAGEMENT BERHAD FOR ONG SAW PENG	2,835,018	1.72
(8)	AIBB NOMINEES (ASING) SDN. BHD. ALLIANCE INVESTMENT MANAGEMENT BERHAD FOR WELBERTON INVEST &TRADE CORP	1,889,151	1.15
(9)	TEE SEE KIM	1,300,000	0.79
(10)	THEY HENG CHONG @ TEH CHONG FAY	787,000	0.48
(11)	WONG AH KAU	587,700	0.36
(12)	CHAN CHEE HONG	470,000	0.29
(13)	MAYBAN NOMINEES (TEMPATAN) SDN BHD LING KAU KING	460,000	0.28
(14)	BHLB TRUSTEE BERHAD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	415,000	0.25
(15)	YEE TECK CHOON	400,300	0.24
(16)	LIM GEOK ENG MARY	400,000	0.24
(17)	LEONG YIP SAU	363,000	0.22
(18)	LIM CHEE SING	300,000	0.18
(19)	LIM GEOK ENG MARY	300,000	0.18

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (cont'd)

as at 8 June 2011

THIRTY LARGEST RCPS HOLDERS (CONT'D)

(Based on Record of Depositors as at 8 June 2011)

Name		No. of RCPS Held	%
(20)	HONG ENG KWEE @ HONG ENG HWE	280,000	0.17
(21)	HLG NOMINEE (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR YAP SOON WAH	255,500	0.16
(22)	HOO MAN HIONG	250,000	0.15
(23)	KOH AH KUAN	250,000	0.15
(24)	TEOH HANG SWE @ JOHN TEOH HANG SOON	250,000	0.15
(25)	LIM SAY BENG	236,000	0.14
(26)	FOONG LEK LEK @ FOONG DAW KWONG	230,000	0.14
(27)	WONG TIAN PAK	210,000	0.13
(28)	YAP SIEW MING	210,000	0.13
(29)	TAN PECK LUAN	201,500	0.12
(30)	LEONG YORK FOON	201,000	0.12
		156,381,289	94.95

REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS - A ("RCSLS-A")

No. of RCSLS-A Issued	:	251,640,000
No. of RCSLS-A Outstanding	:	251,640,000
Conversion Period	:	29 June 2009 to 27 June 2014
Conversion Rights	:	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 Talam at the conversion price of RM0.20 each.

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (cont'd)

as at 8 June 2011

DISTRIBUTION OF RCSLS-A HOLDINGS

(Based on Register of RCSLS-A as at 8 June 2011)

Size of Holdings	No. of RCSLS-A Holders	% of RCSLS-A Holders	No. of RCSLS-A Held	% of RCSLS-A Held
1 - 99	0	0.00	0	0.00
100 - 1,000	0	0.00	0	0.00
1,001 - 10,000	0	0.00	0	0.00
10,001 -100,000	0	0.00	0	0.00
100,001 - 12,581,999 (*1)	0	0.00	0	0.00
12,582,000 and above (*2)	1	100.00	251,640,000	100.00
TOTAL	**1**	**100.00**	**251,640,000**	**100.00**

NOTES:

*1 *Less than 5% of the RCSLS-A Outstanding*
*2 *5% and above of the RCSLS-A Outstanding*

LIST OF RCSLS-A HOLDERS

(Based on Register of RCSLS-A as at 8 June 2011)

Name	No. of RCSLS-A Held	%
(1) RHB INVESTMENT BANK BERHAD	251,640,000	100.00
	251,640,000	100.00

REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS - B ("RCSLS-B")

No. of RCSLS-B Issued	:	89,622,905
No. of RCSLS-B Outstanding	:	89,612,905
Conversion Period	:	24 June 2009 to 23 June 2014
Conversion Rights	:	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 Talam at the conversion price of RM0.20 each.

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (cont'd)
as at 8 June 2011

DISTRIBUTION OF RCSLS-B HOLDINGS
(Based on Record of Depositors as at 8 June 2011)

Size of Holdings	No. of RCSLS-B Holders	% of RCSLS-B Holders	No. of RCSLS-B Held	% of RCSLS-B Held
1 - 99	0	0.00	0	0.00
100 - 1,000	0	0.00	0	0.00
1,001 - 10,000	0	0.00	0	0.00
10,001 -100,000	0	0.00	0	0.00
100,001 - 4,480,644 (*1)	0	0.00	0	0.00
4,480,645 and above (*2)	1	100.00	89,612,905	100.00
TOTAL	**1**	**100.00**	**89,612,905**	**100.00**

NOTES:

*1 *Less than 5% of the RCSLS-B Outstanding*
*2 *5% and above of the RCSLS-B Outstanding*

LIST OF RCSLS-B HOLDERS
(Based on Record of Depositors as at 8 June 2011)

Name	No. of RCSLS-B Held	%
(1) EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD EON BANK BERHAD	89,612,905	100.00
	89,612,905	100.00

REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS - C ("RCSLS-C")

No. of RCSLS-C Issued	:	855,010,000
No. of RCSLS-C Outstanding	:	467,350,000
Conversion Period	:	24 June 2009 to 23 June 2014
Conversion Rights	:	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 Talam at the conversion price of RM0.20 each.

ANALYSIS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES AND REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (cont'd)

as at 8 June 2011

DISTRIBUTION OF RCSLS-C HOLDINGS

(Based on Record of Depositors as at 8 June 2011)

Size of Holdings	No. of RCSLS-C Holders	% of RCSLS-C Holders	No. of RCSLS-C Held	% of RCSLS-C Held
1 - 99	0	0.00	0	0.00
100 - 1,000	1	7.69	270	0.00
1,001 - 10,000	1	7.69	5,500	0.00
10,001 -100,000	5	38.46	266,300	0.06
100,001 - 23,367,499 (*1)	4	30.77	11,569,500	2.48
23,367,500 and above (*2)	2	15.38	455,508,430	97.47
TOTAL	13	100.00	467,350,000	100.00

NOTES:

*1 *Less than 5% of the RCSLS-C Outstanding*
*2 *5% and above of the RCSLS-C Outstanding*

LIST OF RCSLS-C HOLDERS

(Based on Record of Depositors as at 8 June 2011)

Name		No. of RCSLS-C Held	%
(1)	CIMSEC NOMINEES (TEMPATAN) SDN BHD ABRAR DISCOUNTS BERHAD	417,351,230	89.30
(2)	MIDF AMANAH INVESTMENT BANK BERHAD IVT FOR MIDF AMANAH INVESTMENT BANK BERHAD (ACCOUNT 4)	38,157,200	8.16
(3)	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN INVESTMENT MANAGEMENT SDN BHD FOR MALAYAN BANKING BERHAD (GRM-230592)	11,161,300	2.39
(4)	POH SIEW KUAN	173,100	0.04
(5)	MA PIN LING	125,700	0.03
(6)	CHONG KEE WUI	109,400	0.02
(7)	CHONG KEE KONG	93,000	0.02
(8)	WONG KWOK CHOY	80,500	0.02
(9)	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA ENG KIAT (CCTS)	38,200	0.01
(10)	CHONG YAN SEE	27,300	0.01
(11)	HEW KIM FAH	27,300	0.01
(12)	TEH BOON PING	5,500	0.00
(13)	LIM POH FONG	270	0.00
		467,350,000	100.00

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 86th 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 Wednesday, 27 July 2011 at 11.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 January 2011 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 2011. ***(Resolution 2)***

3. To re-elect the following Director, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon, who is retiring in accordance with Article 97 of the Articles of Association of the Company. ***(Resolution 3)***

4. To re-elect the Director, Chua Kim Lan who is retiring in accordance with Article 97 of the Articles of Association of the Company. ***(Resolution 4)***

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

AS SPECIAL BUSINESSES

6. To consider and, if thought fit, to pass the following Ordinary Resolutions:-

6.1 **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** ***(Resolution 6)***

"**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."

6.2 **Authority pursuant to Section 132E of the Companies Act, 1965** ***(Resolution 7)***

"**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 or 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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

6.3 **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 8)***

"**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 2.4.1(1) of the Circular to Shareholders dated 5 July 2011 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 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."

6.4 **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 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 2.4.1(2) to (14) of the Circular to Shareholders dated 5 July 2011 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 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."

7. To consider and, if thought fit, to pass the following Special Resolutions:-

7.1 **Proposed change of Company's name from "Talam Corporation Berhad" to "Trinity Corporation Berhad" ("Proposed Change of Company Name")** ***(Resolution 10)***

"**THAT** the name of the Company be changed from "Talam Corporation Berhad" to "Trinity Corporation Berhad" with effect from the date of Certificate of Incorporation on Change of Name of the Company to be issued by the Companies Commission of Malaysia, AND THAT all references in the Memorandum and Articles of Association of the Company to the name of "Talam Corporation Berhad", wherever the name may appear, shall be deleted and substituted with "Trinity Corporation Berhad" AND THAT the Directors and/or the Company Secretary be and are hereby authorized to carry out all necessary formalities to effect the Proposed Change of Company Name."

7.2 **Proposed Amendments to the Company's Articles of Association** ***(Resolution 11)***

"**THAT** the Articles of Association of the Company be and is hereby amended by the deletion of the existing Articles 124 in its entirety and substituting it with the following new Article 124:-

Article 124 Dividends payable by cheque and Electronic dividend payment

(i) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the last registered address of the member or person entitled thereto. Every such cheque or warrant shall be payable to the order of the person to whom it is sent and payment of the cheque shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby; or

(ii) Any dividend, interest or other moneys payable in cash in respect of shares deposited with the Central Depository may be paid by direct transfer or any other electronic means to the bank account of the member as provided to the Central Depository from time to time. Every such payment shall be effected in accordance with the provisions of the Act, the Central Depositories Act and the Rules, the Listing Requirements and/or any other legislative or regulatory provisions. Every such payment shall be a good discharge to the Company and be effected at the risk of the person entitled to the money represented thereby."

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

BY ORDER OF THE BOARD

RAW KOON BENG
Secretary

Kuala Lumpur
5 July 2011

NOTES:

(A) APPOINTMENT OF PROXY

1. *A member of the Company entitled to attend and vote at the meeting may appoint one (1) proxy 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 Company's 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. *Resolution Pursuant to Section 132D of the Companies Act, 1965*

   The proposed Ordinary Resolution 6, if passed, will give authority to the Board Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 85th Annual General Meeting held on 29 July 2010 and which will lapse at the conclusion of the 86th Annual General Meeting.

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

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 . 7, 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 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 no. 8 and 9 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 5 July 2011 which is enclosed together with the Company's 2011 Annual Report.*

4. *The proposed Special Resolution no. 10: The new name signifies greater strength in unity towards achieving the Group's improved prospects and growth.*

   The Companies Commission of Malaysia ("CCM") has approved the Company's application for the use of the name "Trinity Corporation Berhad" on 3 June 2011. The proposed change of name, if approved, will take effect from the date of issuance of the Certificate of Incorporation on the Change of Name of the Company by the CCM.

5. *The proposed Special Resolution no. 11 is for the purpose of updating the Company's Articles of Association to include the payment of dividend, interest or other money payable in cash in respect of shares of the Company by way of direct transfer or any other electronic means pursuant to the recent implementation of electronic dividend payment or eDividend by Bursa Malaysia Securities Berhad.*

(C) STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Additional information pursuant to Paragraph 8.27 of the Listing Requirements of Bursa Malaysia Securities Berhad is set out in page 149 of the Company's 2011 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

DIRECTORS STANDING FOR RE-ELECTION AT THE 86th 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. Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon

2. Chua Kim Lan

The profile of each of the above Directors is set out in the section entitled "Profile of Board of Directors" on pages 5 to 7 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 in the Company and Related Corporations" on page 133 of this Annual Report.

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TALAM
CORPORATION BERHAD
(Company No: 1120-H)

NO. OF SHARES HELD

FORM OF PROXY

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 86th 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 Wednesday, 27 July 2011 at 11.00 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
	As Ordinary Businesses		
1	To receive and adopt the Audited Financial Statements of the Company for the year ended 31 January 2011 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 2011.		
3	To re-elect the Director, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon who is retiring in accordance with Article 97 of the Articles of Association of the Company.		
4	To re-elect the Director, Chua Kim Lan who is retiring in accordance with Article 97 of the Articles of Association of the Company.		
5	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration.		
	As Special Businesses		
6	Ordinary Resolution Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
7	Ordinary Resolution Authority pursuant to Section 132E of the Companies Act, 1965.		
8	Ordinary Resolution 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").		
9	Ordinary Resolution 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").		
10	Special Resolution Proposed change of Company's name from "Talam Corporation Berhad" to "Trinity Corporation Berhad".		
11	Special Resolution Proposed Amendments to the Company's Articles of Association.		

(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 ________________________2011.

____
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
Pandah Indah
55100 Kuala Lumpur

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TALAM
CORPORATION BERHAD
(Company No: 1120-H)

www.talam.com.my