Annual Report

2012

Menang Corporation (M) Berhad

Company No : 5383-K

Contents

Corporate Information

BOARD OF DIRECTORS

Group Executive Chairman
YBhg Dato' Abdul Mokhtar Ahmad

Group Managing Director/
Group Chief Executive Officer
YBhg Dato' Shun Leong Kwong

Non-Executive Group Deputy Chairman
YBhg Datin Mariam Eusoff

Non-Independent, Non-Executive Director
Dr. Christopher Shun Kong Leng, CFP®, RFP™

Independent Non-Executive Directors
Mr Chiam Tau Meng
Mr Too Kok Leng

SECRETARY

Mr Ng Ah Wah
(MIA No. 10366)

REGISTERED OFFICE

8th Storey South Block
Wisma Selangor Dredging
142-A Jalan Ampang
50450 Kuala Lumpur
Tel: (603) 2161 3366
Fax: (603) 2161 3393

REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2264 3883
Fax: (603) 2282 1886

AUDITORS

BDO
Chartered Accountants
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Cheah Teh & Su
L-3-1, No. 2
Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur

Rahman Too & Co
5, Jalan Wolff
70000 Seremban
Negeri Sembilan Darul Khusus

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty Eighth (48th) Annual General Meeting ("AGM") of the Company will be held at the Ballroom, Hotel Maya, 138 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 20th December 2012 at 11.00 a.m. for the transaction of the following businesses:

Ordinary Business

1. To receive and adopt the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial period ended 30 June 2012. *(Ordinary Resolution 1)*

2. To approve the payment of Directors' fees of RM45,000.00 for the financial period ended 30 June 2012. *(Ordinary Resolution 2)*

3. To re-elect the following Directors who retire by rotation in accordance with Article 112 of the Articles of Association of the Company and being eligible, offer themselves for re-election:

   (a) Datin Mariam Eusoff *(Ordinary Resolution 3)*
   (b) Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(Ordinary Resolution 4)*

4. To re-appoint the following Directors who retire pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next Annual General Meeting:

   (a) Dato' Abdul Mokhtar Ahmad *(Ordinary Resolution 5)*
   (b) Dato' Shun Leong Kwong *(Ordinary Resolution 6)*

5. To appoint auditors of the Company and to authorise the Directors to determine their remuneration. *(Ordinary Resolution 7)*

   Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is attached and marked "APPENDIX A" has been received by the Company for the nomination of Messrs Baker Tilly Monteiro Heng and of the intention to propose the following as an ordinary resolution:

   "THAT Messrs Baker Tilly Monteiro Heng be and is hereby appointed auditors of the Company in place of the retiring auditors, Messrs BDO, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors".

Special Business

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

6. **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965** *(Ordinary Resolution 8)*

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next AGM 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% of the issued share capital of the Company for the time being, AND THAT the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad."

Notice of Annual General Meeting (cont'd)

7. **Proposed Renewal of General Mandate for Substantial Property Transactions Involving Directors pursuant to Section 132E of the Companies Act, 1965** *(Ordinary Resolution 9)*

   "THAT pursuant to Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of Section 122A, Companies Act, 1965) whereby the Company or its related corporations may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to services, land, development properties, capital equipment and machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business, such authority will continue to be in force until conclusion of the next Annual General Meeting."

8. **Proposed Amendments to the Articles of Association of the Company** *(Special Resolution)*

   "THAT the Proposed Amendments to the Articles of Association of the Company as contained in the Appendix I attached to the Circular to Shareholders dated 28 November 2012 be and are hereby approved AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take steps as may be considered necessary to give full effect to the Proposed Amendments to the Articles of Association of the Company."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.

NOTICE IS ALSO HEREBY GIVEN THAT a Depositor shall be eligible to attend this meeting only in respect of:

(a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 13 December 2012 (in respect of shares which are exempted from mandatory deposit);

(b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 December 2012 (in respect of ordinary transfers);

(c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Ng Ah Wah (MIA No. 10366)
Company Secretary

Kuala Lumpur
28 November 2012

Notice of Annual General Meeting (cont'd)

NOTES:

1. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. The Proxy form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.

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

4. Any alteration to the instrument appointing a proxy must be initialed. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8th Storey, South Block, Wisma Selangor Dredging, 142-A Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time fixed for the meeting or any adjournment thereof.

5. Explanatory Notes on Special Business:

   (i) Ordinary Resolution 8 – Authority to Allot and Issue Shares

   The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company in a general meeting will expire at the next Annual General Meeting.

   The general mandate sought for issue of shares is a renewal to the general mandate sought in the preceding year. As at the date of Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 47th AGM held on 30 June 2011 and hence no proceeds were raised therefrom.

   The renewal of the general mandate is to provide flexibility to the Company to issue new shares for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions and to avoid any delays and further cost involved in convening such general meeting to approve such issue of shares.

   (ii) Ordinary Resolution 9 – Proposed Renewal of General Mandate for Substantial Property Transactions involving Directors 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 any non-cash assets of the "requisite value" without prior approval of the Company in general meeting. According to the Act, a non-cash asset is considered to be of the "requisite value" if, at the time of the arrangement or transaction for the acquisition or disposal of the asset, its value is greater than Ringgit Malaysia Two Hundred and Fifty Thousand (RM250,000.00) or ten per centum (10%) of the net assets of the Company, subject to minimum of Ringgit Malaysia Ten Thousand (RM10,000.00).

   The proposed Ordinary Resolution 9, if passed, will authorise the Company or its related corporations to acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to services, land, development properties, capital equipment and machineries and/or any other assets or products of the Company or its related corporations which may fall within the definition of "requisite value", provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business.

   (iii) Special Resolution - Proposed Amendments to the Articles of Association of the Company will bring the Articles of Association of the Company in line with the amendments to Bursa Malaysia Securities Berhad Listing Requirements.

Notice of Nomination of Auditors

APPENDIX A

LIEW SOOK PIN
11-3, Jalan 3/116D,
Kuchai Entrepreneurs' Park,
Jalan Kuchai Lama
58200 Kuala Lumpur

Date : 16 November 2012

The Board of Directors
Menang Corporation (M) Berhad
8th Storey South Block
Wisma Selangor Dredging
142-A Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a registered shareholder of your Company, hereby give notice of my nomination of Messrs Baker Tilly Monteiro Heng for appointment as auditors of the Company at the forthcoming Annual General Meeting.

I, therefore, propose the following resolution to be considered and passed:-

> "THAT Messrs Baker Tilly Monteiro Heng be and is hereby appointed auditors of the Company in place of the retiring auditors, Messrs BDO, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Thank you.

Yours faithfully

Liew Sook Pin
Shareholder

Statement Accompanying Notice of Annual General Meeting

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

1. The Directors who are standing for re-election pursuant to the Article 112 of the Articles of Association at the Forty Eighth Annual General Meeting of the Company are as follows:

   (a) Datin Mariam Eusoff; and
   (b) Dr. Christopher Shun Kong Leng, CFP®, RFP™

2. The Director who is standing for re-appointment pursuant to Section 129 (6) of the Companies Act, 1965 at the Forty Eighth Annual General Meeting of the Company are as follows:

   (a) Dato' Abdul Mokhtar Ahmad; and
   (b) Dato' Shun Leong Kwong.

   The details of the Directors standing for re-election and re-appointment at the forthcoming Forty Eighth Annual General Meeting are set out in the Directors' Profile on pages 8 to 10 of the Annual Report.

Directors' Profile

DATO' ABDUL MOKHTAR AHMAD
Group Executive Chairman

Dato' Abdul Mokhtar Ahmad, a Malaysian and a Bumiputra entrepreneur, aged 73, was appointed to the Board of Menang since 23 May 1989.

He has extensive experience in the building and construction industry. In fact, he has helmed a Bumiputra Class 'A' construction company that has successfully constructed several high-rise buildings in the heart of Kuala Lumpur in the 80's, such as the 34-storey Menara Bank Bumiputra (now known as Bank Muamalat), the 22-storey Bangunan Bank Rakyat, the 26-storey Bangunan Sri Mara, 24-storey Wisma Angkasa Raya and the Kota Raya Complex. In addition the said company has also acted as the local consultant/advisor to the South Korean main contractor for Malayan Banking Berhad's 58-storey Head Office building (known as Menara Maybank).

Dato' Ahmad Mokhtar has been the Group Executive Chairman of Menang Corporation (M) Berhad for the last 18 years. As a pioneer Bumiputra contractor with such illustrious track record and iconic developments under his belt, he has been an industry veteran and the driving force behind the Group's property construction and development projects todate. Responding to the changing landscape of property development in Malaysia, he has been a strong advocate of the Government's current push for Private Public Partnership (PPP) as the engine of growth. In this regard he has been actively involved in identifying and creating opportunities to utilise the Group's land bank for potential PPP projects. This has culminated in three Private Finance Initiatives (PFI) projects of which one project is already under construction phase (and is expected to be completed by the end of 2013) and the Group has also signed two concessionaire agreements for the other two projects of which construction is expected to commence before the end of 2012. It is expected that these imminent PFI projects under his leadership will set a benchmark for future PPP opportunities and also serve as the impetus to add values to the Group's strategic land banks, and enhance the Group's future revenues and profitability.

DATO' SHUN LEONG KWONG
Group Managing Director/Group Chief Executive Officer

Dato' Shun Leong Kwong, a Malaysian, aged 74, was appointed to the Board of Menang on 29 June 1989 after an outstanding career in senior positions in the banking industry.

He holds a B.A. Econs. (Hons) from the University of Malaya.

Dato' Shun is the Group Managing Director/Group Chief Executive Officer of Menang Group of Companies (Non-Independent Director) and is the father of Non-Executive Director, Dr. Christopher Shun Kong Leng, CFP®, RFP™.

DATIN MARIAM EUSOFF
Non-Executive Group Deputy Chairman

Datin Mariam Eusoff, a Malaysian, aged 67, started her career as a lecturer at the Institut Teknologi Mara in 1969 before she joined Citibank NA, Malaysia in 1973 where she was Manager in the Public Sector Lending Division. In 1977, she was recruited by Bank Bumiputra Malaysia Berhad to head the International Banking Department covering foreign currency lending, overseas branch operations as well as correspondent banking. She was appointed on 1 July 1989 as Managing Director of Maztri Padu Sdn Bhd, the privatised developer for Kelana Jaya Urban Centre. She holds a B.A. (Hons) from the University of Malaya and a Master degree in Communications from the University of Washington, U.S.A.

Datin Mariam was appointed to the Board of Menang on 25 February 1991 and was subsequently appointed as Group Executive Director of Menang on 1 January 1992 (Non-Independent Director) and later became the Non-Executive Group Deputy Chairman on 1 July 2005. She was the alternate chairperson of the Group Management Committee in the absence of the Group Executive Chairman. As Non-Executive Group Deputy Chairman, she supervises legal, corporate and public communications of the Group. One of her principal responsibilities is in strategic planning and implementation of new property projects besides providing general administration of Group operations.

She is also a member of the Audit Committee of the Company.

Directors' Profile (cont'd)

MR CHIAM TAU MENG
Independent Non-Executive Director

Mr Chiam Tau Meng, a Malaysian, aged 59, graduated with a Bachelor of Commerce Degree majoring in Accountancy from University of Otago, Dunedin, New Zealand in 1976. He was admitted as an Associate Chartered Accountant of the Institute of Chartered Accountants of New Zealand in 1980. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

He started his career in 1976 as a Finance Manager of Tolley Industries Ltd (New Zealand) and in 1979, he joined Malaysian Containers (1974) Berhad as a Finance Manager cum Company Secretary. In 1984, he joined Menang Corporation (M) Berhad as a General Manager of Corporate Services.

In 1989, he joined Bee Hin Holdings Sdn Bhd as General Manager-Corporate Finance in charge of the reconstruction scheme under Section 176 of the Companies Act, 1965 on Kuala Lumpur Industries Berhad.

In 1992, he joined the management consultancy practice of an international accounting organisation and in 1994, he set up his own consulting practice namely CTM Consulting.

He was appointed as an Independent Non-Executive Director of Menang on 21 October 2005. He is the Chairman of the Audit Committee and the Nominating Committee and a Member of the Remuneration Committee of Menang. He also sits on the Board of the following companies listed on the Bursa Malaysia Securities Berhad :-

Success Transformer Corporation Berhad
(Independent & Non-Executive)

KYM Holdings Berhad
(Independent & Non-Executive)

Seremban Engineering Berhad
(Independent & Non-Executive)

MR TOO KOK LENG
Independent Non-Executive Director

Mr Too Kok Leng, a Malaysian, aged 53, holds a B.A (Hons) in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practising under the name and style of Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialised in the corporate and banking fields rendering legal advice to several banks and public listed companies. He has since ventured into his own private business in property and other related activities.

Mr Too was appointed as an Independent Non-Executive Director of Menang on 1 August 1995. He is also the Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company.

He also sits on the Board of TH Heavy Engineering Berhad listed on the Bursa Malaysia Securities Berhad as an Independent Non-Executive Director.

DR. CHRISTOPHER SHUN KONG LENG, CFP®, RFP™
Non-Independent Non-Executive Director

Dr. Christopher Shun Kong Leng, CFP®, RFP™, a Malaysian, aged 47, graduated from Boston University with a Bachelor of Science in Business Administration with Summa Cum Laude and Bachelor of Arts in Economics with Magna Cum Laude in May 1987. He pursued a Merchant Banking career with Hill Samuel Bank, London from 1987 to 1989. In 1991, he obtained his Master of Science in Management from the MIT Sloan School of Management, U.S.A. He subsequently joined Bankers Trust London as a Merger and Acquisition Associate. He was awarded the Advanced Postgraduate Diploma in Management Consultancy (Adv.Dip.C) from Henley Management College, United Kingdom in April 2000. He secured the Certified Financial Planner (CFP®) qualification by examination in February 2003. He was awarded the designation Registered Financial Planner (RFP™) on 18 July 2006. He completed his Doctor of Business Administration (D.B.A) from Henley Management College, Reading University, United Kingdom in 2004.

Directors' Profile (cont'd)

Dr. Christopher Shun is currently the Senior Vice President, Economic Intelligence Division, Iskandar Regional Development Authority (IRDA) responsible for the Economic and Strategic Development of the Nine Sector Roadmap and Flagship Retransformation for ISKANDAR MALAYSIA. He was formerly the Risk Management Advisor to Perbadanan Putrajaya (PPJ) from 2008-2011.

Dr. Christopher Shun was appointed in 2007 onto the National Property Research Economic Council (NAPREC) think tank under the oversight of the Ministry of Finance (MOF). Together with other illustrious personalities, they advise the Government of Malaysia (GOM) on all matters pertaining to Real Estate policies and Macroeconomic impacts on the Malaysian economy.

Dr. Christopher Shun was appointed to the Board of Menang on 25 February 1991 and was made Executive Director on 1 April 1991 (Non-Independent Director). Subsequently, he was appointed as Group Executive Director on 1 January 1992 and he was promoted to Deputy Group Managing Director on 1 July 2005. On 31 December 2007, Dr. Christopher Shun was re-designated as Non-Executive Director. He is also a member of the Remuneration Committee of the Company.

Dr. Christopher Shun is the son of Dato' Shun Leong Kwong.

Notes:

1. **Family relationship with Director and/or major shareholder**

   Save as hereinabove disclosed, none of the Directors has any family relationship with the other directors and/or major shareholders of Menang Corporation (M) Berhad.

2. **Conflict of Interest**

   None of the Directors has any conflict of interest in the Company except for those transactions disclosed in Note 32 to the financial statements.

3. **Conviction for Offence**

   None of the Directors has been convicted of any offence within the past ten (10) years.

4. **Other Directorship of Public Companies**

   None of the Directors hold any directorship in any other public listed company, save as disclosed above.

5. **Securities Holdings in the Company**

   Details of the Directors' securities holdings in the Company, and its subsidiaries are set out on pages 124 to 126 of the Annual Report.

Chairman's Statement

On behalf of the Board, I have pleasure in presenting the Annual Report of Menang Corporation (M) Berhad and the Audited Financial Statements of the Company and the Group for the financial period ended 30 June 2012.

CHANGE OF FINANCIAL YEAR END

On 12 March 2012, the Company and the Group changed their financial year end from 31 December to 30 June. Their financial year will be on every 30 June thereafter. In view thereof, these Audited Financial Statements of the Company and of the Group would be for an 18-month period, from 1 January 2011 to 30 June 2012.

FINANCIAL REVIEW

The Group registered a profit before taxation of RM31.5 million for the 18-month financial period ended 30 June 2012, on a revenue of RM214.4 million. This represents a substantial improvement when compared to the loss before tax of RM0.832 million and a revenue of RM40.1 million for the 12-month financial year ended 31 December 2010.

The significant jump in revenue arises from the adoption of IC Interpretation 12 Service Concession Arrangements in compliance with Financial Reporting Standards in Malaysia. The Group recognizes the construction revenue and costs in accordance with FRS 111: Construction Contracts by reference to the stage of completion of the construction works of the ongoing UiTM Campus in Seremban 3 (within the Municipality of Seremban) under a Concession Agreement with the Government of Malaysia (the Ministry of Higher Education Malaysia) and Universiti Teknologi MARA on a Private Finance Initiative (PFI) basis.

During the financial period, the Group recognized the construction revenue and costs in relation to the aforesaid project amounting to RM202.132 million and RM151.540 million respectively.

The Group's assets and shareholders' fund stood at RM462.117 million (FYE 2010: RM263.900 million) and RM160.889 (FYE 2010: RM157.052 million) respectively as at 30 June 2012.

CORPORATE DEVELOPMENTS

The period under review had been challenging for the Group. The slow down in the property development sector especially in Seremban continued, in line with the difficult environment affecting the global economy. Negative impact of debt pressures of certain economies in the West and the Euro Zone fueled by market turbulence had to a certain degree adversely affected the economic climate in Malaysia. Fortunately, the Malaysian Government implemented various economic transformation programs, complemented by private sector efforts and helped cushion the decline of the domestic economy.

The Group's participation in our first Private Finance Initiatives (PFI) project, a RM300.0 million UiTM Campus at Seremban 3 Concession is expected to be completed in early 2014. The successful delivery of this Concession will provide a stable cashflow for the next 20 years from this Build, Lease, Transfer and Maintain project.

The Group had also successfully secured another two PFI projects totalling RM361 million during the period under review, the details of which are as follows:-

i) The proposed UiTM Campus at Puncak Alam, Selangor for RM260 million. This project is located within the existing 1,000 acres UiTM Puncak Alam campus precinct, Mukim Jeram, Selangor is only approximately 50 km from Kuala Lumpur. The Campus is designed to cater for 2 faculties: the Faculty of Architecture, Planning and Surveying and the Faculty of Art & Design with a total capacity of 3000 students.

ii) The proposed UiTM Training Institute at Nilai, Negeri Sembilan for RM101 million. This project is located in Bandar Baru Enstek, Negeri Sembilan, approximately 15 minutes from the Kuala Lumpur International Airport and half an hour drive from Putrajaya. The Training Institute is designed specifically for UiTM faculty and staff and for a capacity of 650 trainees.

Chairman's Statement (cont'd)

These 3 PFI projects are expected to be progressively completed within the next 3 to 4 years requiring substantial senior management's attention, supervision and efforts. A lot of hard work is ahead of us. On successful delivery, the Group can enjoy 2 steady income streams from the lease of the facility and maintenance charges from each project for the subsequent 20 years.

Nevertheless, with the current uncertainies of the world economy, we expect another challenging year ahead though we remain cautiously optimistic. Continuous efforts are in place to rationalise the operations of the Group and to enhance shareholders' value by unlocking the potential of the Group assets whenever opportune.

APPRECIATION

On behalf of the Board of Directors, I would like to convey my deep and sincere appreciation to our valued shareholders, business associates, consultants, bankers, customers, government agencies, local authorities for their continuing support.

I would also like to extend my sincere thanks and gratitude to my fellow members on the Board, management team and staff of the Group for their continuous dedication and contributions.

Dato' Abdul Mokhtar Ahmad
Executive Chairman

6 November 2012
Kuala Lumpur

Chairman's Statement (cont'd)

Pembangunan UiTM Kampus Seremban 3, Negeri Sembilan

UiTM Campus, Seremban 3, Progress Status At 10 May 2011

UiTM Campus, Seremban 3, Progress Status At 2 November 2011

Pembangunan UiTM Kampus Satelit C, Puncak Alam

Location Plan of Project Site

Project Layout Plan

Chairman's Statement (cont'd)

Pembanguan UiTM Kampus Satelit C, Puncak Alam

Architect's Perspective Bird's Eye View

Pembangunan Institut Latihan UiTM, Nilai

Aerial View of Project Site and its Vicinity

Project Layout Plan

Architect's Perspective Bird's Eye View

Audit Committee Report

CHAIRMAN	:	**Mr Chiam Tau Meng** *(Independent Non-Executive Director)*
MEMBERS	:	**Mr Too Kok Leng** *(Independent Non-Executive Director)*
		YBhg Datin Mariam Eusoff *(Non-Executive Group Deputy Chairman)*

TERMS OF REFERENCE

Constitution

The Audit Committee of the Company comprising all non-executive directors, a majority of who are independent, has been established since 22 March 1994.

Objective

The primary objectives of the Audit Committee are:

1. to assist in the fiduciary duties of the Board in matters pertaining to business ethics, policies, financial management, internal controls, accounting policies and financial reporting of the Company and its subsidiaries;

2. to maintain and enhance a line of communication and independence between the Group and the external auditors;

3. to ensure a system of internal controls which will mitigate the likelihood of fraud or error.

The appointment of a properly constituted Audit Committee is an important step to assist the Board of Directors in raising the standard of Corporate Governance and observance of good Corporate Governance practices.

Composition

1. The Audit Committee shall be appointed by the directors from amongst themselves and this fulfils the following requirements:

   (a) the Audit Committee shall comprise of no fewer than three (3) members;

   (b) all the Audit Committee must be non-executive directors, with a majority of them being independent directors;

   (c) the Chairman of the Audit Committee shall be an independent director; and

   (d) at least one (1) member of the Audit Committee:

      (i) must be a member of the Malaysian Institute of Accountants (“MIA”);

      or

      (ii) if he is not a member of the MIA, he must have at least three (3) years’ working experience and:

         (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

         (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

      or

      (iii) fulfils such other requirements as prescribed or approved by the Exchange.

Audit Committee Report (cont'd)

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

3. In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraph 15.09(1) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Company must fill the vacancy within three (3) months.

4. The Board of Directors of the Company must review the term of office and performance of an Audit Committee and each of its members at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

Secretary to the Audit Committee

The Company Secretary shall be the Secretary to the Audit Committee.

Meetings

1. The Audit Committee shall meet at least four (4) times a year or more frequently as circumstances require with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.

2. The majority of members present must be independent directors to form a quorum.

3. The Group Accountant or the Finance Director and representative of external auditors shall normally attend the meeting.

4. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.

5. The Company must ensure that other directors and employees attend any particular Audit Committee meeting only at the audit committee's invitation, specific to the relevant meeting.

6. The Committee shall meet with the external auditors without the executive Board at least twice a year.

7. The Committee actions shall be reported to the Board of Directors with such recommendations, as the Committee deemed appropriate.

Procedure of Audit Committee

The Audit Committee may regulate its own procedure, in particular:

(a) the calling of meetings;

(b) the notice to be given of such meetings;

(c) the voting and proceedings of such meetings;

(d) the keeping of minutes; and

(e) the custody, production and inspection of such minutes.

Authority

The Audit Committee was appointed under Chapter 15, Part C, paragraph 15.09 of the Bursa Securities Listing Requirements. The Committee is given the authority to investigate any matter of the Company and its subsidiaries within its terms of reference, the resources which are required to perform its duties, the authority to have full and unrestricted access to any information of the Company and the authority to have direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall obtain independent/ external professional advice and to be able to convene meetings with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Audit Committee Report (cont'd)

Functions and Duties

The functions of the Audit Committee are as follows:

1. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

2. To discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

3. To review:

    (a) with the external auditors, their audit plan;

    (b) with the external auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the internal control system;

    (c) with the external auditors, the audit report;

    (d) the assistance given by the employees of the Company to the external auditors;

    (e) the quarterly results and year end financial statements of the Company, prior to the approval by the board of directors, focusing particularly on :

        (i) any changes in or implementation of major accounting policies and practices;

        (ii) significant adjustments arising from the audit and unusual events;

        (iii) the going concern assumption;

        (iv) compliance with accounting standards, other statutory and legal requirements;

    (f) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of control that raises questions of management integrity;

    (g) the external and internal auditor's management letter and management's response; and

    (h) any letter of resignation from the external auditors of the Company.

4. To recommend the nomination of a person or persons as external auditors;

5. To discuss problems and reservations arising from the interim and final audits and any other matters the auditors may wish to discuss;

6. To do the following where an internal audit function exists:

    (a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry on its work;

    (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

    (c) to review any appraisal or assessments of the performance of members of the internal audit function;

Audit Committee Report (cont'd)

(d) to approve any appointments or terminations of senior staff members of the internal audit function;

(e) to inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resignation;

7. To consider the major findings of internal investigations and management's response;

8. To report promptly such matter to the Bursa Securities where the audit committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and

9. To consider other topics as defined by the Board.

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Seven (7) Audit Committee meetings were held on 22 February 2011, 22 April 2011, 11 May 2011, 9 August 2011, 3 November 2011, 21 February 2012, 28 May 2012 and 26 June 2012 during the financial period ended 30 June 2012. The attendance record of each member during the financial period is as follows:

Audit Committee Members	Date of Meetings Held/Attended								Total Meetings Attended
	22.02. 2011	22.04. 2011	11.05. 2011	9.08. 2011	3.11. 2011	21.02. 2012	28.05. 2012	26.06 2012	
Mr Chiam Tau Meng	√	√	√	√	√	√	√	√	8/8
Mr Too Kok Leng	√	√	√	√	√	√	√	√	8/8
Y Bhg Datin Mariam Eusoff	√	√	√	√	√	√	√	√	8/8

During the period, the external auditors have attended five (5) meetings, i.e. on 22 February 2011, 22 April 2011, 3 November 2011, 21 February 2012 and 26 June 2012.

ACTIVITIES

During the financial period under review, a summary of the activities undertaken by the Audit Committee in discharging their duties and responsibilities were as follows:

(i) Reviewed the external auditors' scope of work and their audit plan for the period;

(ii) Reviewed with the external auditors the results of their audit, the audit report, the management letter, including management's response and internal control recommendations in respect of control weaknesses noted in the course of their audit;

(iii) Reviewed the audited financial statements before recommending it for Board's approval;

(iv) Reviewed and recommended the audit fees payable to the external auditors for the Board's approval;

(v) Reviewed the Company's compliance with the Listing Requirements of the Bursa Securities, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements;

(vi) Reviewed the quarterly unaudited financial results, announcements and audited financial statements of the Company prior to submission for the Board's consideration and approval to ensure that the audited financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by the MASB;

Audit Committee Report (cont'd)

(vii) Reviewed the internal audit function and risk management needs, programme and plan for the financial period under review and annual assessment of the internal audit function and risk management performance;

(viii) Reviewed the audit reports presented by internal audit function and risk management on findings and recommendations with regard to system and controls weaknesses noted in the course of their audit and management's responses thereto and ensuring material findings are adequately addressed by management;

(ix) Reviewed the Company's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement pursuant to the requirement of paragraph 15.25 of the Bursa Malaysia Securities Berhad Revamped Listing Requirements before recommending them to the Board action plans and the prescribed corporate governance principles and best practices under the Code; and

(x) Reviewed and verified the allocation of Employees Share Option Scheme ("ESOS") made in the financial period ended 30 June 2012 and confirmed that the allocation complied with the allocation criteria determined by the ESOS Committee and in accordance with the ESOS Bye-Laws. The said ESOS had expired and lapsed on 23 January 2012.

(xi) Reviewed the Audit Committee Report, Corporate Governance Statement and Statement on Internal Control and its recommendation to the Board for inclusion in the Annual Report.

(xii) Reviewed related party transactions if any that may arise within the Group.

INTERNAL AUDIT FUNCTION

The Company had outsourced the internal audit function to CGRM Infocomm Sdn Bhd ("CGRM"). The principal role of CGRM is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continued to operate satisfactorily and effectively. It is the responsibility of CGRM to provide the Audit Committee with independent and objective reports on the extent of compliance of the various operating units within the Group's established policies and procedures as well as relevant statutory requirements.

The total costs incurred for internal audit function of the Group in respect of the financial period from 01 January 2011 to 30 June 2012 amounted to RM41,538.80.

Further details of the activities of Internal Audit Function are set out in the Statement on Internal Control on page 26 of the Annual Report.

STATEMENT BY THE AUDIT COMMITTEE IN RELATION TO ESOS ALLOCATION

The Audit Committee confirms that the criteria of allocation of ESOS have been made in accordance with the Company's ESOS Bye-Laws.

Statement on Corporate Governance

INTRODUCTION

The Board of Directors ("the Board") of Menang Corporation (M) Berhad ("Menang" or "the Company") fully subscribes to the principles and recommendations embodied in the Malaysian Code on Corporate Governance ("the Code") and appreciates the importance of adopting high standards of corporate governance within the Group. Hence, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to maintain a high standard of corporate governance by ensuring full application of all the principles and best practices set out in Parts 1 and 2 of the Code.

The Board is pleased to report that various affirmation steps and the outlines of how the Group has applied the principles laid down in the Code. Except of matters specifically identified, the Board has complied with the best practices set out in the Code throughout the financial period ended 30 June 2012.

A. DIRECTORS

A1. The Board

Board Responsibilities / Principle Duties

The Board takes full responsibility for the overall performance of the Company and the Menang Group by setting the vision and objectives, establishing goals for management and monitoring its achievement, directing the policies, strategic action plans and ultimately the enhancement of long term shareholders value. The Board focuses mainly on the following specific areas:

- The strategic action plans for the Group
- Evaluation of Company's business performance
- Identifying and management of principal risks
- Succession planning for senior management
- Developing and implementing an investor relations programme and shareholder communications policy
- Reviewing adequacy and integrity of Company's internal control systems and management information systems

Composition of the Board

The Board is made up of six (6) members, comprising the Group Executive Chairman, the Group Managing Director/Group Chief Executive Officer, Non-Executive Group Deputy Chairman, Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

Board Committee

The Board of Directors delegates certain responsibilities to the Board Committees in order to enhance business and operational efficiency. Currently, the Company has three (3) committees namely Audit, Nomination and Remuneration Committees to assist the Board in the execution of its duties. These three (3) committees consist of members from the Board**.** All the committees have their own written terms of reference and operating procedures. They report directly to the Board, the outcome of the Committee meetings as well as their recommendations.

Statement on Corporate Governance (cont'd)

Meeting

The Board meets at least four (4) times a year at quarterly intervals with additional meetings for particular matter convened as and when necessary. Seven (7) Board meetings were held during the financial period to deliberate upon and considered a variety of matters including Group's financial results, issues of strategy, performance and resources, strategic decisions, business plan and direction of the Group.

The attendance record of each Director is as follows:

	No. of Meetings Attended/Held
Executive Directors	
Dato' Abdul Mokhtar Ahmad	5/7
Dato' Shun Leong Kwong	7/7
Non-Executive Directors:	
Datin Mariam Eusoff	7/7
Dr. Christopher Shun Kong Leng, CFP®, RFP™	7/7
Mr Chiam Tau Meng	7/7
Mr Too Kok Leng	7/7

A2. Board Balance

The current Board composition of two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors complies with Para 15.02 of the Bursa Malaysia Securities Berhad Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors.

The Directors, with their different backgrounds and specializations, equipped with a wide range of knowledge and experience and with the support of the management team is responsible for implementing the policies and decisions of the Board, overseeing the operations and managing the Group's business and resources.

There is a balance in the Board membership with the presence of the Independent Non-Executive Directors who are credible individuals with vast and varied experience. Both the Independent Non-Executive Directors are independent of management and free of any relationship, which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.

The Independent Non-Executive Directors are actively involved in various Board committees. They bring to bear objective and independent assessment and opinion to the decision making of the Board and provide a capable check and balance to the executive directors. Together with the executive directors who have intimate knowledge of the business, they provide an effective blend of entrepreneurship, business and professional expertise in general management and areas of the industries the Group is involved in.

The role of the Group Executive Chairman and the Group Managing Director/Group Chief Executive Officer are separate and each has a clearly accepted division of responsibilities to ensure that there is a balance of power and authority. The Board has identified Mr. Chiam Tau Meng as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. The specific areas of responsibilities of each director is shown in the Directors' profile on pages 8 to 10 of the Annual Report.

Representatives of a significant shareholder are also members of the Board.

The Board is satisfied that the current composition fairly reflects the investment of minority shareholders in the Company through the representation of the two (2) Independent Non-Executive Directors.

Statement on Corporate Governance (cont'd)

A3. Supply of Information

All the Board members have full and timely access to all information within the Group. Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.

The Board papers which include the agenda and reports covering amongst others, areas of strategic, financial, operational, regulatory compliance matters that require the Board's approval.

Detailed periodic briefings on industry outlook, company performance and previews are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends and development.

The Board or the individual director has unfettered access to the advice and services of the Company Secretary who ensure effective functioning of the Board and compliance of applicable rules and regulations. In the event that the Company Secretary fails to fulfill his/her duties effectively, the terms of appointment permits his/her removal and appointment of a successor by the Board as a whole.

The Board of Directors, whether as a full board or in their individual capacities, is entitled to obtain independent professional advice or opinion where necessary and in appropriate circumstances, in furtherance of their duties at the Group's expense.

A4. Appointment to the Board

The Nomination Committee of the Company comprises exclusively of Independent Non-Executive Directors with the responsibility of recommending a suitable candidate with the necessary skills, experience and competences to be filled in the Board and Board Committees. Any new nomination received is put to the full Board for assessment and endorsement on an ongoing basis. The Company Secretary will ensure that all appointments are properly made and that all necessary information is obtained, as well as legal and regulatory obligations are met.

The Nomination Committee had a process to assess the performance and contribution of each Director and effectiveness of the Board as a whole and at the same time had reviewed the required mix of skills and experience of the Board. The Committee also keeps under review the Board structure, size and composition as well as considering the Board's succession planning.

There is a formal training programme for new directors as it is the Company's policy to appoint to the Board individuals of sufficient caliber and experience to carry out the necessary duties of a director. The Board is mindful of the code of best practice in this regard and will review the necessity for formal training from time to time.

All the Directors have successfully completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors will continue to undergo relevant courses and seminars accredited by Bursa Securities under the Continuing Education Programme for directors of public listed companies to keep abreast with industry, regulatory and compliance issues, trends and best practices.

Trainings and seminars attended by Directors in 2011/2012 comprised the following: -

- Corporate Governance Week at Bursa: Talk on (1) It is all about Balance and (2) The Pillar of Business Sustainability.
- Law Governing Directors In A Nutshell: Duties and Liabilities under Malaysia Companies Act 1965
- Is the Global Economy Still Slowing down? Implication on Malaysian Business

Statement on Corporate Governance (cont'd)

A5. Re-election

In accordance with the Company's Articles of Association, all the Directors who are appointed by the Board are subject to retirement and are eligible for re-election by the shareholders at the next Annual General Meeting ("AGM") held following their appointments. There was no new appointment made during the financial period.

The articles also provide that at least one-third (1/3) of the Directors shall retire from the office at each AGM and shall be eligible to offer themselves for re-election provided always that all Directors including the Managing Director shall retire from office and stand for re-election at least once every three(3) years.

B. DIRECTORS' REMUNERATION

The Remuneration Committee of the Company comprises the following Directors:

Mr Too Kok Leng - Independent Non-Executive Director *(Chairman)*

Mr Chiam Tau Meng - Independent Non-Executive Director

Dr. Christopher Shun Kong Leng, CFP®, RFP™ - Non Independent Non-Executive Director

The Remuneration Committee responsible for recommending the remuneration packages of the Executive Directors in accordance with the Company's policy and with reference to external benchmark reports to the full Board for consideration and approval. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them. The Board as a whole determines the remuneration of the Non-Executive Directors with the individual director affected abstaining from discussion and determination of his/her own remuneration package.

The remuneration package is necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The details of the remuneration for Directors received/receivable from the Company during the financial period from 1st January 2011 to 30th June 2012 are as follows:

(a) aggregate remuneration of Directors categorised into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits -in-Kind RM'000	Others RM'000	Total RM'000
Executive Directors	15.000	36.000	–	76.567	–	127.567
Non-Executive Directors	30.000	378.000	–	3.889	–	411.889

(b) The number of Directors whose total remuneration falls within the following bands:

Range of remuneration (RM)	Number of Directors Executive	Non-Executive
Not more than 50,000	1	–
50,001 to 100,000	1	4

Statement on Corporate Governance (cont'd)

C. SHAREHOLDERS

The Company recognizes the importance of accountability to its shareholders through an effective and constructive communication policy that enables both the board and management to communicate effectively with its shareholders, stakeholders and the public generally about performance, corporate governance and other matters affecting shareholders' interest. The Company reaches out to its shareholders through its distribution of the annual reports and other explanatory circulars. Each year, the Company strives to produce a comprehensive annual report, which is not only informative with facts and figures but also reader-friendly. Timely announcement are made to the public with regards to the Company's corporate proposal, financial results and other required announcements.

All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders' suggestions received during the Annual General Meetings are reviewed and considered for implementation wherever possible. The shareholders are given every opportunity to enquire, raise questions and seek clarification on the business and performance of the Group. These would give investors a better appreciation of the Company's objectives, its potential problems, the quality of its management, enhance better understanding of corporate strategies while also making the Company aware of the expectations and concerns of the shareholders. This process helps to create a more stable shareholders base.

D. ACCOUNTABILITY AND AUDIT

D1. Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial positions and prospects in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement and the Statement by Directors to enhance shareholders' understanding of the business operations of the Group.

The quarterly results announcements on these results also reflect the Board's commitment to give regular updated assessments on the Group's performances.

D2. Internal Control

The information on the Group's internal control is presented in the Statement on Internal Control on pages 25 to 27 of the Annual Report.

D3. Relationship with the Auditors

The Board through its Audit Committee maintains a formal and transparent arrangement with the Company's external auditors. A summary of activities of the Audit Committee during the financial period are included in the Audit Committee Report as detailed on pages 15 to 19 of the Annual Report.

Statement on Internal Control

1. INTRODUCTION

The Malaysian Code on Corporate Governance stipulated that listed companies should maintain a sound system of internal controls to safeguard shareholder's investments and the Group's assets. This Internal Control Statement ("Statement") is made in accordance with the Malaysian Code on Corporate Governance and paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") that requires the Board of Directors to include a statement about the state of internal control of the Group, as a whole, in its annual reports.

The Board of Directors of Menang Corporation (M) Berhad ("the Board") is taking appropriate initiatives to maintain and further strengthen the transparency, accountability and efficiency of the Group's operations. The Board believes the practice of good corporate governance is an important continuous process and not just a matter to be covered as compliance in its Annual Report. Hence, the Board endeavours to maintain an adequate system of internal control that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group.

2. RESPONSIBILITY FOR RISK AND INTERNAL CONTROLS

The Board is responsible for the system of internal control in the Group including its subsidiaries. The responsibility for day-to-day operations is delegated to the Management and staff.

The system of internal control is based upon what the Board considers to be appropriate to the Group's activities, to the materiality of the financial operational and other risks inherent in those activities and to the relative costs and benefits of implementing specific controls. It is designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives and, as such, provides reasonable, but not absolute, assurance against material misstatement or loss.

In accordance with Principal D II in Part 1 and Best Practice AA I in Part 2 of the Malaysian Code on Corporate Governance, the Board has reviewed the effectiveness of the system of internal control and ensures that an ongoing process of identifying, evaluating and managing the Group's risks has operated throughout the period covered in this Annual Report and up to the date of its approval.

However, joint venture and associated company had not been dealt with as part of the Group for purposes of applying the above guidance as it has its own systems of internal controls in place. Nevertheless, the Board convenes regular Board and operations meetings with the joint venture to monitor its investments.

3. RISK MANAGEMENT

The Group maintained its risk management policy and framework which is based on the Strategic and Operational Risk Management provided by BDO Governance Advisory.

The Board is also assisted by the Management in ensuring that there is an on-going and systematic risk management process undertaken by management to identify, assess and evaluate principal risks. The Management ensures that appropriate risk treatments are in place to mitigate those risks affecting the achievement of the Group's business objectives.

The Management has regularly reviewed this process. The Board also, throughout the current financial period, has identified, evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency and profitability at its Management Meetings.

Statement on Internal Control (cont'd)

4. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to CGRM Infocomm Sdn Bhd ("CGRM"). CGRM, an independent professional firm, was appointed to support the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group's system of internal control.

In particular, CGRM appraises and contributes towards improving the Group's risk assessment and control systems and reports to the Audit Committee on a periodic basis. In assessing the adequacy and effectiveness of the system of internal control and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by management to rectify those issues.

The internal audit work plan is risk-based and reflects the Group's major business activities identified by the Management through the risk assessment process. This plan is reviewed and approved by the Audit Committee. The scope of CGRM's function covered the audit and review of governance, risk assessment, compliance, operational and financial control of major business units and operations except those of the joint venture and associate companies.

In performing the internal audit reviews, CGRM refers to and is guided by The International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards) issued by The Institute of Internal Auditors.

5. INTERNAL CONTROL SYSTEM

A system of internal control that reflects the Group's control environment which encompasses its organisational structure was designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, risk assessment, control activities, information and communication as well as monitoring systems.

The organisational structure has clear defined lines of responsibility, delegation of authority and segregation of duties across its business units. There is adequate upper level managerial support wherein the management team is cohesive and complements each other in terms of skills and experience.

Pertinent information and reports are identified, captured and utilised at all levels of the Group. These are distributed in a form and time frame that supports the achievement of financial reporting objectives.

On-going processes embedded within the Group's overall business operations and addressed by the management, Audit Committee and Internal Auditors which monitor the effective application of the policies, processes and activities related to internal control and risk management.

6. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The following are other key elements of the Group's internal control systems:

- An effective Board which retains control over the Group with appropriate management reporting mechanisms which enable the Board to review the Group's progress.

- The Board has delegated specific responsibilities to various committees, which includes the Audit Committee, Remuneration Committee and Nomination Committee to implement and monitor the Board's policies and controls within its major business units.

- The Management, Audit Committee and the Board approved annual budgets prepared by each operating subsidiary and consolidated by the Group Finance function.

Statement on Internal Control (cont'd)

- The Board and Management have identified several key positions and senior position employees that have or were on the verge of passing the compulsory retirement age. A process to identify talent that could potentially fill and perform in the key roles is being developed to ensure business continuity in the interest of stakeholders throughout the Group.
- Standard operating procedures that provide guidelines on, and authority limits over various operating and financial matters.
- Employees made reference to the established employee handbook on employment terms and conditions.
- Management meetings are convened at Group and subsidiaries levels to discuss business development, financial and operational issues as well as performance monitoring.
- The Company Secretary continuously provides support and notifies the Board and Management on statutory requirements and compliance issues.
- Management constantly monitors the gaps and highlighted issues through the conduct of follow-up audits and had showed its commitment to improve on current processes and internal controls.

All these functions provide their respective degree of assurance to the operations and existence of the system of the internal control.

7. CONCLUSION

There were some internal control weaknesses and potential improvements were identified during the financial period ended 30 June 2012. The control weaknesses identified have been, or are being, addressed to ensure the integrity of internal controls. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's annual report.

The Management of the Group continues to take measures to strengthen the internal control environment. The development of the system of internal control is an ongoing process and the Board maintains an ongoing commitment to strengthen the Group's internal control environment and processes.

This Statement was made in accordance with a resolution of the Board dated 6 November 2012.

Additional Compliance Information

1. **UTILISATION OF PROCEEDS**

   There were no proceeds raised from any proposal during the financial period.

2. **SHARE BUY-BACKS**

   There were no Share Buy-Backs during the financial period.

3. **OPTIONS OR CONVERTIBLE SECURITIES**

   There were no Warrants or Employee Share Option Scheme exercised during the financial period.

4. **DEPOSITORY RECEIPT PROGRAMME**

   There were no depository receipt programmes sponsored by the Company during the financial period.

5. **SANCTIONS AND/OR PENALTIES**

   There were no sanctions or material penalties imposed by any of the regulatory bodies on the Company and its subsidiaries, directors or management.

6. **NON-AUDIT FEES**

   There were no non-audit fees paid to external auditors during the financial period.

7. **VARIATION IN RESULTS**

   There were no variance between the results of the financial period and the unaudited results previously announced.

8. **PROFIT GUARANTEE**

   There was no profit guarantee given by the Company during the financial period.

9. **MATERIAL CONTRACTS**

   There were no material contracts entered into by the Company and its subsidiaries which involved directors' and major shareholders' interest either still subsisting at the end of the financial period ended 30 June 2012 or entered into since the end of the previous financial year.

10. **REVALUATION POLICY ON LANDED PROPERTIES**

    The Company revalues its landed properties every five (5) years and shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

11. **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE**

    There were no recurrent related party transactions of a revenue nature during the financial period.

12. **CORPORATE SOCIAL RESPONSIBILITY ("CSR")**

    The Group did not undertake any corporate social responsibility activities during the financial period ended 30 June 2012.

Statement of Directors' Responsibilities

In Respect of the Audited Financial Statements

The Directors are required to ensure that financial statements for each financial year or period are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs and results of the Group and the Company for the financial year or period then ended.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and then apply them consistently;
- made judgments and estimates that are prudent and reasonable in the circumstances; and
- ensured all applicable accounting standards have been followed.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have a general responsibility for taking such reasonable steps as are reasonably open to them:-

(a) to safeguard the assets of the Group and the Company; and

(b) to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 6 November 2012.

Financial Statements

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2011 to 30 June 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, letting out of properties and the provision of management services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The Group and the Company changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and of the Company for the financial period ended 30 June 2012 cover an 18 months period compared to the 12 months period ended 31 December 2010.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial period	15,896	(3,169)
Profit/(Loss) attributable to:		
Owners of the parent	3,833	(3,169)
Non-controlling interest	12,063	–
	15,896	(3,169)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial period ended 30 June 2012.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than the capital reduction of RM133,554,000 as disclosed in the Statements of Changes in Equity.

ISSUE OF SHARES AND DEBENTURES

There were no issues of new shares or debentures during the financial period.

Directors' Report (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

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

Warrants 2006/2011

Pursuant to a deed poll dated 17 May 2001 ("Deed Poll"), the Company had renounceable rights of 40,070,400 warrants 2001/2006 issued on a renounceable basis to the Minority Shareholders of the Company upon the Completion of the Capital Reconstruction. The registered holders are entitled to subscribe for one (1) new ordinary share of RM1.00 each in the Company at a price of RM1.00 per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid Deed Poll and can be exercised at any time during the initial five-year subscription period which expired on 15 October 2006. On 30 June 2006, pursuant to the Extraordinary General Meeting and the Meeting of the Warrant holders in relation to the Warrants Extension, the Warrants have been extended by an additional five (5) years, from 16 October 2006 up to and including 15 October 2011. The other terms and conditions of the original deed poll dated 17 May 2001 shall remain unchanged. As at the date of the Report, none of the warrants has been exercised.

The exercise price of the Warrants was adjusted from RM1.00 to RM0.50 per share on 17 February 2011 on the implementation of the capital reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.50 of par value of each unit of ordinary share.

On 14 October 2011, all the warrants which were not exercised have lapsed.

Employees' Share Option Scheme ("ESOS")

The Employees' Share Option Scheme ("ESOS") of the Company was approved by the Securities Commission on 1 November 2001 and subsequently approved by shareholders at an Extraordinary General Meeting on 15 January 2002. The ESOS shall be in force for a period of 5 years effective from 24 January 2002 to 23 January 2007.

On 26 December 2006, the Company extended its existing ESOS which expired on 23 January 2007 for another five (5) years, effective from 24 January 2007 up to and including 23 January 2012.

At the Extraordinary General Meeting ("EGM") held on 15 January 2002, the Company's shareholders approved the establishment of an Employees' Share Option Scheme to eligible Executive Directors and employees of the Group whereby:

(i) not more than fifty per cent (50%) of the ordinary shares available under the ESOS should be allocated, in aggregate, to Executive Directors and senior management; and

(ii) not more than ten per cent (10%) of the ordinary shares available under the ESOS should be allocated to any individual Executive Director or Eligible Employee, who either singly or collectively through his/her associates hold twenty per cent (20%) or more of the issued and paid-up share capital of the Company.

The options offered under ESOS to take up unissued ordinary shares and the subscription prices are as follows:

	Before Capital Reduction Number of share options of RM1.00 each					After Capital Reduction Number of share options of RM0.50 each				
Exercise period	Balance as at 1.1.2011	Granted	Exercised	Lapsed	Balance as at 16.2.2011	Balance as at 17.2.2011	Granted	Exercised	Lapsed	Balance as at 30.6.2012
25.1.2002 - 23.1.2012	8,633,000	–	–	–	8,633,000	8,633,000	–	–	(8,633,000)	–
2.5.2002 - 23.1.2012	10,000	–	–	–	10,000	10,000	–	–	(10,000)	–
10.1.2003 - 23.1.2012	146,000	–	–	–	146,000	146,000	–	–	(146,000)	–
25.2.2004 - 23.1.2012	478,000	–	–	–	478,000	478,000	–	–	(478,000)	–
7.1.2005 - 23.1.2012	710,000	–	–	–	710,000	710,000	–	–	(710,000)	–
21.2.2005 - 23.1.2012	92,000	–	–	–	92,000	92,000	–	–	(92,000)	–
	10,069,000	–	–	–	10,069,000	10,069,000	–	–	(10,069,000)	–

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

Employees' Share Option Scheme ("ESOS") (continued)

The subscription price of one (1) option of the ESOS had been adjusted from RM1.00 to RM0.50 for each unit of ordinary share with effect from 17 February 2011 as a consequence of reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.50 of par value on each unit of ordinary share.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of employees and their option holdings which is less than 1,000,000 ordinary shares on 20 January 2012.

The salient features of the ESOS are as follows:

(i) the maximum number of ordinary shares to be issued and allotted by the Company under the ESOS as approved by the Securities Commission shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;

(ii) Executive Directors and eligible employees are those who have been confirmed in writing as employees of the Group on or prior to the date of the offer;

(iii) the option is personal to the grantee and shall not be transferred, assigned or disposed of by the grantee save and except in the event of the death of the grantee as provided under Bye-Law 14.6;

(iv) no offer shall be made to any Executive Director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company in general meeting;

(v) the subscription price at which the employees are offered to take up shares under the ESOS is either at a discount of not more than ten percent (10%) from the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for five (5) market days immediately preceding the date of offer or at par value of the shares of the Company of RM1.00, whichever is higher;

(vi) the options granted may be exercised at any time within the option period and the option may be fully exercised after the acceptance under Bye-Law 10.1; and

(vii) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

On 26 December 2006, the Company had extended its existing ESOS which expired on 23 January 2007 for another five (5) years effective from 24 January 2007 up to and including 23 January 2012 in accordance with the provision of the Company's ESOS Bye-Law.

No ESOS has been exercised or granted during the current financial period. On 23 January 2012, all ESOS had expired and lapsed.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Y. Bhg. Dato' Shun Leong Kwong
Y. Bhg. Datin Mariam Eusoff
Dr. Christopher Shun Kong Leng, CFP®, RFP™
Too Kok Leng
Chiam Tau Meng

Directors' Report (cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial period and their beneficial interests in the ordinary shares and options of the Company and of its related corporations during the financial period ended 30 June 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Before Capital Reduction Number of ordinary share of RM1.00 each				After Capital Reduction Number of ordinary share of RM0.50 each			
Shares in the Company	**Balance as at 1.1.2011**	**Bought**	**Sold**	**Balance as at 16.2.2011**	**Balance as at 17.2.2011**	**Bought**	**Sold**	**Balance as at 30.6.2012**
Direct interests:								
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	–	–	–	–	–	9,000,000	–	9,000,000
- Y. Bhg. Dato' Shun Leong Kwong	9,400	–	–	9,400	9,400	–	–	9,400
- Y. Bhg. Datin Mariam Eusoff	4,200	20,000,000	–	20,004,200	20,004,200	3,000,000	–	23,004,200
- Dr. Christopher Shun Kong Leng, CFP®, RFPTM	–	–	–	–	–	25,010,000	–	25,010,000
Indirect interests:								
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	95,945,130	–	–	95,945,130	95,945,130	–	(68,000,000)	27,945,130
- Y. Bhg. Dato' Shun Leong Kwong	95,945,130	–	–	95,945,130	95,945,130	–	(68,000,000)	27,945,130
- Y. Bhg. Datin Mariam Eusoff	95,945,130	–	–	95,945,130	95,945,130	–	(68,000,000)	27,945,130

	Before Capital Reduction Number of options over ordinary shares of RM1.00 each					After Capital Reduction Number of options over ordinary shares of RM0.50 each				
ESOS in the Company	**Balance as at 1.1.2011**	**Offered and accepted**	**Exercised**	**Lapsed**	**Balance as at 16.2.2011**	**Balance as at 17.2.2011**	**Offered and accepted**	**Exercised**	**Lapsed**	**Balance as at 30.6.2012**
Y. Bhg. Dato' Abdul Mokhtar Ahmad	1,000,000	–	–	–	1,000,000	1,000,000	–	–	(1,000,000)	–
Y. Bhg. Dato' Shun Leong Kwong	1,000,000	–	–	–	1,000,000	1,000,000	–	–	(1,000,000)	–
Y. Bhg. Datin Mariam Eusoff	1,000,000	–	–	–	1,000,000	1,000,000	–	–	(1,000,000)	–
Dr. Christopher Shun Kong Leng, CFP®, RFPTM	1,000,000	–	–	–	1,000,000	1,000,000	–	–	(1,000,000)	–

By virtue of their interests in the ordinary shares of the Company, Y. Bhg. Dato' Abdul Mokhtar Ahmad, Y. Bhg. Dato' Shun Leong Kwong, Y. Bhg. Datin Mariam Eusoff and Dr. Christopher Shun Kong Leng, CFP®, RFP™, are also deemed to be interested in the ordinary shares of the subsidiaries to the extent the Company has an interest.

The interest and deemed interests in the ordinary shares of its non-wholly owned subsidiaries, held by Y. Bhg. Dato' Abdul Mokhtar Ahmad, Y. Bhg. Dato' Shun Leong Kwong, Y. Bhg. Datin Mariam Eusoff and Dr. Christopher Shun Kong Leng, CFP®, RFP™ at year end were as follows:

	Number of ordinary shares of RM1.00 each			
Subsidiary	**Balance as at 1.1.2011**	**Bought**	**Sold**	**Balance as at 30.6.2012**
- Inovatif Mewah Sdn. Bhd				
Indirect interests:				
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	3,550,071	–	–	3,550,071
- Y. Bhg. Dato' Shun Leong Kwong	3,550,071	–	–	3,550,071
- Y. Bhg. Datin Mariam Eusoff	3,550,071	–	–	3,550,071
- Dr. Christopher Shun Kong Leng	3,550,071	–	–	3,550,071

DIRECTORS' INTERESTS (Continued)

	Number of ordinary shares of RM1.00 each			
Subsidiary	**Balance as at 1.1.2011**	**Bought**	**Sold**	**Balance as at 30.6.2012**
- Rumpun Positif Sdn. Bhd.				
Indirect interests:				
- Y. Bhg. Dato' Abdul Mokhtar Ahmad	–	140,250	–	140,250
- Y. Bhg. Dato' Shun Leong Kwong	–	140,250	–	140,250
- Y. Bhg. Datin Mariam Eusoff	–	140,250	–	140,250
- Dr. Christopher Shun Kong Leng	–	140,250	–	140,250

None of the other Directors holding office at the end of the financial period held any interest in the ordinary shares and options of the Company or of its related corporations during the financial period.

None of the Directors holding office at the end of the financial period held any interest in the warrants of the Company during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as 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 except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial period, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL PERIOD

(a) 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:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature other than:

(i) impairment loss on amounts owing by subsidiaries of RM1,121,000 of the Company as disclosed in Note 27 to the financial statements;

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Continued)

(I) AS AT THE END OF THE FINANCIAL PERIOD (Continued)

(ii) provision for debt settlement on compensation for loss of profit of RM7,603,000 of the Group as disclosed in Note 27 to the financial statements;

(iii) write-down of group cost for property development costs of RM255,000 of the Group as disclosed in Note 27 to the financial statements; and

(iv) gain on disposal of shares for previous associate of RM410,000 of the Group as disclosed in Note 27 to the financial statement.

(II) FROM THE END OF THE FINANCIAL PERIOD TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial period to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial period.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Significant events during the financial period are as disclosed in Note 36 to the financial statements.

Directors' Report (cont'd)

SIGNIFICANT EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

Significant events subsequent to end of the reporting period are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Director

Y. Bhg. Dato' Shun Leong Kwong
Director

Kuala Lumpur
12 October 2012

Statements by Directors

In the opinion of the Directors, the financial statements set out on pages 41 to 121 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of the financial performance and cash flows of the Group and of the Company for the financial period from 1 January 2011 to 30 June 2012.

On behalf of the Board,

Y. Bhg. Dato' Abdul Mokhtar Ahmad
Director

Y. Bhg. Dato' Shun Leong Kwong
Director

Kuala Lumpur
12 October 2012

Statutory Declaration

I, Ng Kim Fong, being the officer primarily responsible for the financial management of Menang Corporation (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 41 to 121 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this) **Ng Kim Fong**
12 October 2012)

Before me:

Dr. T. Yokheswarem, PHD., MBA. (No. W540)
Commissioner for Oaths
Unit A11-1&2, Megan Avenue 1,
No. 189 Jalan Tun Razak,
50400 Kuala Lumpur

Independent Auditors' Report

To the Members of Menang Corporation (M) Berhad

Report on the Financial Statements

We have audited the financial statements of Menang Corporation (M) Berhad, which comprise the statements of financial position as at 30 June 2012 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 period from 1 January 2011 to 30 June 2012, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 120.

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the 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 entity's internal control. 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 applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of the financial performance and cash flows of the Group and of the Company for the financial period from 1 January 2011 to 30 June 2012.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 4.1 to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group's current liabilities exceeded its current assets by RM83,944,000 as of 30 June 2012 and that the Company incurred a net loss of RM3,169,000 for the financial period from 1 January 2011 to 30 June 2012. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The Directors are of the opinion that, barring any unforeseen circumstances, the Group and the Company will be able to successfully complete the development project as disclosed in Note 16(a) to the financial statements and operate profitably in the foreseeable future, successfully dispose off certain assets of the Group to repay certain bank borrowings, obtain continuing financial support from the lenders and shareholders and have adequate working capital to finance their development and other activities so as to generate positive cash flows and therefore continue as going concerns and accordingly, realise their assets and discharge their liabilities in the normal course of business.

Independent Auditors' Report (cont'd)
To the Members of Menang Corporation (M) Berhad

Emphasis of matter (Continued)

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibility

The supplementary information set out in Note 38 to the financial statements 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 Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
2893/08/13 (J)
Chartered Accountant

Kuala Lumpur
12 October 2012

Statements of Financial Position

As at 30 June 2012

	Note	Group 30.6.2012 RM'000	Group 31.12.2010 RM'000	Company 30.6.2012 RM'000	Company 31.12.2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	634	821	11	23
Investment properties	8	51,446	51,689	11,385	11,628
Land held for property development	9	126,372	134,937	–	–
Investments in subsidiaries	10	–	–	145,140	85,159
Investment in associate	11	–	–	–	–
Other investments	12	6	2	–	–
Trade and other receivables	15	214,082	–	–	–
		392,540	187,449	156,536	96,810
Current assets					
Property development costs	13	60,101	60,815	–	–
Inventories	14	6,017	6,267	–	–
Trade and other receivables	15	1,106	8,551	70,018	131,750
Cash and cash equivalents	17	2,353	818	1,054	337
		69,577	76,451	71,072	132,087
TOTAL ASSETS		462,117	263,900	227,608	228,897

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

Statements of Financial Position (cont'd)

As at 30 June 2012

	Note	Group 30.6.2012 RM'000	Group 31.12.2010 RM'000	Company 30.6.2012 RM'000	Company 31.12.2010 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	133,553	267,107	133,553	267,107
Reserves	19	27,336	(110,055)	81,835	(48,550)
		160,889	157,052	215,388	218,557
Non-controlling interests		12,342	144	–	–
TOTAL EQUITY		173,231	157,196	215,388	218,557
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	17,329	1,714	–	–
Other payables	21	6,487	–	–	–
Borrowings (secured)	22	111,549	–	–	–
		135,365	1,714	–	–
Current liabilities					
Trade and other payables	21	90,406	43,117	10,214	8,240
Borrowings (secured)	22	63,115	61,873	2,006	2,100
		153,521	104,990	12,220	10,340
TOTAL LIABILITIES		288,886	106,704	12,220	10,340
TOTAL EQUITY AND LIABILITIES		462,117	263,900	227,608	228,897

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

Statements of Comprehensive Income

For the Financial Period from 1 January 2011 to 30 June 2012

	Note	Group 1.1.2011 to 30.6.2012 RM'000	Group 1.1.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 30.6.2012 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
Revenue	24	214,411	40,136	27	18
Cost of sales	25	(162,200)	(27,989)	–	–
Gross profit		52,211	12,147	27	18
Other operating income		12,931	1,490	780	404
Administrative expenses		(9,861)	(7,125)	(2,217)	(1,704)
Other operating expenses		(8,515)	(666)	(1,400)	(900)
Finance costs	26	(15,235)	(6,678)	(359)	(440)
Profit/(Loss) before tax	27	31,531	(832)	(3,169)	(2,622)
Tax expense	28	(15,635)	–	–	–
Profit/(Loss) for the financial period/year		15,896	(832)	(3,169)	(2,622)
Other comprehensive income					
- Fair value gain on available-for-sale financial assets		4	–	–	–
Total comprehensive income/(loss)		15,900	(832)	(3,169)	(2,622)
Profit/(Loss) attributable to:					
Owners of the parent		3,833	474	(3,169)	(2,622)
Non-controlling interests		12,063	(1,306)	–	–
		15,896	(832)	(3,169)	(2,622)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		3,837	474	(3,169)	(2,622)
Non-controlling interests		12,063	(1,306)	–	–
		15,900	(832)	(3,169)	(2,622)
Earnings per ordinary share attributable to equity holders of the Company (sen)	29				
- Basic		1.44	0.18		
- Diluted		–	0.18		

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

Consolidated Statement of Changes in Equity

For the Financial Period from 1 January 2011 to 30 June 2012

	NOTE	Share capital RM'000	Capital reserve RM'000	Available-for-sale reserve RM'000	Accumulated losses RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
			<--------Non-distributable------->					
Group								
Balance as at 31 December 2009		267,107	960	–	(111,489)	156,578	–	156,578
Loss for the financial year		–	–	–	474	474	(1,306)	(832)
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income loss		–	–	–	474	474	(1,306)	(832)
Transaction with owners								
Ordinary shares contributed by non-controlling interests of a subsidiary		–	–	–	–	–	1,450	1,450
Balance as at 31 December 2010		267,107	960	–	(111,015)	157,052	144	157,196
Profit for the financial period		–	–	–	3,833	3,833	12,063	15,896
Fair value gain on available-for-sale financial assets		–	–	4	–	4	–	4
Total comprehensive income		–	–	4	3,833	3,837	12,063	15,900
Transactions with owners								
Capital reduction	36(iii)	(133,554)	84,044	–	49,510	–	–	–
Ordinary shares contributed by non-controlling interests of a subsidiary		–	–	–	–	–	135	135
Balance as at 30 June 2012		133,553	85,004	4	(57,672)	160,889	12,342	173,231

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

Statement of Changes in Equity

For the Financial Period from 1 January 2011 to 30 June 2012

	NOTE	Share capital RM'000	<----Non-distributable----> Capital reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company					
Balance as at 31 December 2009		267,107	960	(46,888)	221,179
Loss for the financial year		–	–	(2,622)	(2,622)
Other comprehensive income		–	–	–	–
Total comprehensive loss		–	–	(2,622)	(2,622)
Balance as at 31 December 2010		267,107	960	(49,510)	218,557
Loss for the financial year		–	–	(3,169)	(3,169)
Other comprehensive income		–	–	–	–
Total comprehensive loss		–	–	(3,169)	(3,169)
Transaction with owners					
Capital reduction	36(iii)	(133,554)	84,044	49,510	–
Balance as at 30 June 2012		133,553	85,004	(3,169)	215,388

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

Statement of Cash Flows

For the Financial Period from 1 January 2011 to 30 June 2012

	Note	Group 1.1.2011 to 30.6.2012 RM'000	Group 1.1.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 30.6.2012 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		31,531	(832)	(3,169)	(2,622)
Adjustments for:					
Impairment loss on receivables	15(h)	7	–	1,121	719
Inventories written down	14	250	–	–	–
Depreciation of investment properties	8	243	162	243	162
Depreciation of property, plant and equipment	7	242	174	17	11
Write down of group cost for property development costs, net of deferred tax	13	255	–	–	–
Land held for property development written off	9	–	463	–	–
Forfeited income		(3)	(7)	–	–
Impairment loss on investments in subsidiaries	10	–	–	19	6
Interest expense	27	15,235	6,678	359	440
Interest income	27	(41)	(97)	(369)	(403)
Finance income from concession receivables	27	(11,950)	–	–	–
Gain on disposal of property, plant and equipment	27	(1)	(1)	–	(1)
Deposit written off	27	–	1	–	–
Property, plant and equipment written off	7	1	4	1	–
Depreciation of joint venture assets		17	13	–	–
Provision for debt settlement on compensation for loss of profit	21(a)	7,303	–	–	–
Write-back of deferred liabilities charges in respect of Al-Bai Bithaman Ajil Facility	27	–	(1,043)	–	–
Operating profit before working capital changes		43,089	5,515	(1,778)	(1,688)
Decrease in inventories		–	365	–	–
Decrease in land held for property development and property development cost		12,455	19,594	–	–
Increase in trade and other receivables		(195,390)	(7,807)	(6)	3
Decrease in amount owing by a joint venture project		79	1,386	–	–
Increase in amount owing on a joint venture project		3,632	–	–	–
Increase/(Decrease) in trade and other payables		40,367	(10,137)	(99)	(1,493)
Increase/(Decrease) in amounts owing to corporate shareholders		829	(185)	–	–
Increase/(Decrease) in amounts owing to Directors		1,465	(1,195)	531	(340)
Cash (used in)/ from operations		(93,474)	7,536	(1,352)	(3,518)

Statement of Cash Flows (cont'd)

For the Financial Period from 1 January 2011 to 30 June 2012

	Note	Group 1.1.2011 to 30.6.2012 RM'000	Group 1.1.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 30.6.2012 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)					
Cash (used in)/ from operations		(93,474)	7,536	(1,352)	(3,518)
Tax paid		(7)	(84)	–	(84)
Interest received		37	–	–	–
Net cash (used in)/from operating activities		(93,444)	7,452	(1,352)	(3,602)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions in property development costs	13	(3,442)	(7,747)	–	–
Additions in land held for property development	9	(2)	–	–	–
Issue of shares to non-controlling interests		135	1,450	–	–
Acquisition of subsidiary for cash, net of cash acquired		–	–	(2)	-
Repayments by subsidiaries		–	–	988	9,498
Proceeds from disposal of property, plant and equipment		1	11	–	11
Purchase of property, plant and equipment	7	(56)	(180)	(6)	(1)
Advances from subsidiaries		–	–	1,542	–
Repayments to subsidiaries		–	–	–	(202)
Net cash (used in)/from investing activities		(3,364)	(6,466)	2,522	9,306
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from third party		–	28,568	–	–
Payments of deferred liability charges in respect of Al-Bai Bithaman Ajil Facility		–	(26,524)	–	–
Drawdown of term loan		107,060	2,500	–	2,510
Interest paid		(716)	(782)	(453)	(371)
Repayment of term loans		(8,001)	(4,080)	–	(4,080)
Repayment to former holder of redeemable convertible secured loan stocks		–	(3,441)	–	(3,441)
Net cash from/(used in) financing activities		98,343	(3,759)	(453)	(5,382)
Net increase/(decrease) in cash and cash equivalents		1,535	(2,773)	717	322
Cash and cash equivalents at beginning of financial period/year		818	3,591	337	15
Cash and cash equivalents at end of financial period/year	17	2,353	818	1,054	337

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

Notes to the Financial Statements

30 June 2012

1. CORPORATE INFORMATION

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 principal place of business of the Company are located at 8th Storey, South Block, Wisma Selangor Dredging, 142-A, Jalan Ampang, 50450 Kuala Lumpur.

The Group and the Company changed their financial year end from 31 December to 30 June. Accordingly, the financial statements of the Group and of the Company for the financial period ended 30 June 2012 cover an 18 months period compared to the 12 months period ended 31 December 2010.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 12 October 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, letting out of properties and the provision of management services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 41 to 120 have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 38 to the financial statements set out on page 121 has been prepared in accordance with 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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and also on the basis of accounting principles applicable to a going concern.

The Group's current liabilities exceeded its current assets by RM83,944,000 as of 30 June 2012 and the Company incurred a net loss of RM3,169,000 for the financial period from 1 January 2011 to 30 June 2012. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

Notwithstanding the above, as of 30 June 2012, the Group's and the Company's total assets exceeded their total liabilities by RM173,231,000 and RM215,388,000 respectively.

The continuation of the Group and the Company as going concerns is dependent upon the successful completion and implementation of the UiTM project, the successful disposal of certain assets of the Group in order to repay certain bank borrowings and having adequate working capital to finance their development and other activities so as to generate future profits and cash inflows.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of accounting (continued)

As disclosed in Note 16(a) to the financial statements, the Group has secured a Concession Agreement under a private finance initiative for the development of the UiTM campus at Seremban 3, Negeri Sembilan. The Concession Agreement is expected to provide the Group with sustainable earnings going forward and to generate the requisite cash flows to meet its liabilities as and when they fall due. The Group intends to embark on an asset disposal programme which involves the proposed disposal of certain properties.

The Directors are of the opinion that the Group and the Company will be able to operate profitably in the foreseeable future, successfully dispose off certain assets of the Group to repay certain bank borrowings, obtain continuing financial support from the lenders and shareholders and have adequate working capital to finance their development and other activities and therefore continue as going concerns and accordingly, realise their assets and discharge their liabilities in the normal course of business.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements (cont'd)
30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Basis of consolidation (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combination

<u>Business combinations from 1 July 2010 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Business combination (continued)

Business combinations from 1 July 2010 onwards (continued)

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Notes to the Financial Statements (cont'd)
30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Plant and machinery	10% - 25%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 25%
Site office, renovations and signboards	10% - 20%

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of each item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.11 to the financial statements on impairment of non-financial assets).

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Notes to the Financial Statements (cont'd)

30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Leases and hire purchase (continued)

(a) Finance leases and hire purchase (continued)

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit and loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Lease of land and buildings

For lease of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interest in the land element and the buildings element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land is accounted for as prepaid lease payments and are amortised over the lease term on a straight-line basis except for leasehold land that is classified as an investment property or an asset held under property development.

The buildings element is classified as a finance or operating lease in accordance with Note 4.5(a) or Note 4.5(b) to the financial statements.

If the lease payments cannot be allocated reliably between leasehold land and building, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is recognised as the economic life of the entire lease asset.

4.6 Service concession arrangements

Where the Group performs more than one service (ie construction or upgrade services and operation services) under a single contract or arrangement, the consideration receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

Notes to the Financial Statements (cont'd)
30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

4.8 Investment properties

Investment properties comprise freehold land and building which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transactions costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

For building, depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of 50 years. Freehold land is not depreciated.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.9 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. 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.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. Investments accounted for at cost are accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less accumulated impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, forms part of the Group's net investment in the associate.

The Group's share of the profit or loss of the associate during the financial period is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

Notes to the Financial Statements (cont'd)

30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Investments (continued)

(b) Associates (continued)

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(c) Joint venture

A joint venture is a contracted agreement whereby the Group and other parties have control over an economic activity.

The Group's interest in jointly controlled assets and liabilities arising from its joint venture arrangement is accounted for in the consolidated financial statements using the line-by-line reporting format of proportionate consolidation. In respect of their interest in the joint venture, the Group and the Company recognise in their financial statements their share of any liabilities which they have incurred, their share of any liabilities incurred jointly with the other venturers in relation to the joint venture, any income from the sale or use of their share of the output of the joint venture together with their share of any expenses incurred by the joint venture, and any expenses which they have incurred in respect of their interest in the joint venture.

The Group's share of the profit or loss of the joint venture during the financial period is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When necessary, adjustments are made to the financial statements of the joint venture to ensure consistency of accounting policies with those of the Group.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the joint venture arising from changes in the joint venture's equity that have not been recognised in the joint venture's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

Notes to the Financial Statements (cont'd)
30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries, associate and joint venture), inventories, property development costs, non-current assets held for sale and assets arising from construction contracts, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU including goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.12 Inventories

(a) Completed properties

Completed properties held for sale are stated at the lower of cost and net realisable value.

The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

(b) Other inventories

Cost of other inventories is stated at the lower of cost and net realisable value. Cost is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements (cont'd)

30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Financial instruments

A financial instrument is any contract that gives 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 a 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 has become 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 costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) 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 (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets 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 assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the 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.

(iii) 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. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

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 and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset 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 directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

Notes to the Financial Statements (cont'd)

30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) 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 (both, freestanding and embedded) 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 and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, 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 a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Financial instruments (continued)

(b) Financial liabilities (continued)

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.14 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

Notes to the Financial Statements (cont'd)
30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Impairment of financial assets (continued)

(a) Loans and receivables (continued)

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

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

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expenses is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes such as real property gains taxes payable on disposal of properties.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are 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 and tax laws that have been enacted or substantively enacted by the end of the reporting period.

4.17 Provisions

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

Notes to the Financial Statements (cont'd)
30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Provisions (continued)

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

4.19 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.19 Employee benefits (continued)

(c) Share-based payment

The Group operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in share options reserve until the options are exercised, upon which it will be transferred to share premium, or until the options expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

4.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

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

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

Notes to the Financial Statements (cont'd)

30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 Revenue recognition (continued)

(b) Construction contracts

Profits from contract works are recognised on the percentage of completion method. Percentage of completion is determined based on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project can be estimated reliably.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be reliably estimated, revenue is recognised only to the extent of contracts costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(c) Sale of properties

Revenue from sale of properties is recognised upon signing of the sale and purchase agreement, and completion of the agreement.

(d) Recreational facilities

Revenue from recreational facilities consists of the following:

(i) Registration fees

Revenue from registration fees are recognised upon registration and cash receipts.

(ii) Food and beverages and tournament fees

Revenue from food and beverages and tournament fees received are recognised upon the sale of goods and services rendered.

(e) Dividend income

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

(f) Management fees

Management fee is recognised on an accrual basis.

(g) Rental income

Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

(h) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.21 Functional and presentation currency

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

Notes to the Financial Statements (cont'd)

30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial period.

(b) Diluted

Diluted earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

4.23 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal groups) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

On initial classification as held for sale, non-current assets or disposal groups (other than investment properties and financial assets carried at fair value) are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as an impairment loss.

The Group measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less cost to distribute.

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset (or disposal group) classified as held for sale is presented separately.

Notes to the Financial Statements (cont'd)

30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.23 Non-current assets (or disposal groups) held for sale (continued)

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(i) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

(ii) its recoverable amount at the date of the subsequent decision not to sell.

4.24 Operating segments

Operating segments 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 results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) 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 revenues.

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.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

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.

Notes to the Financial Statements (cont'd)

30 June 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial period

Title		Effective Date
Amendments to FRS 132	*Financial Instruments: Disclosure and Presentation*	1 March 2010
FRS 1	*First-time Adoption of Financial Reporting Standards*	1 July 2010
FRS 3	*Business Combinations*	1July 2010
FRS 127	*Consolidated and Separate Financial Statements*	1 July 2010
Amendments to FRS 2	*Share-based Payments*	1 July 2010
Amendments to FRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 138	*Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 12	*Service Concession Arrangements*	1 July 2010
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 1	*Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1	*Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2	*Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7	*Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2011
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2011
Improvements to FRSs (2010)		1 January 2011

There is no material impact upon adoption of the above new FRSs, Amendments to FRSs and IC Interpretation during the current financial year other than the following:

(i) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 *Revenue* for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

Upon adoption of this Interpretation, the consideration receivable from the grantor of the concession agreement is classified as a financial asset, which is measured in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*.

Notes to the Financial Statements (cont'd)
30 June 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (Continued)

5.1 New FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial period (continued)

There is no material impact upon adoption of the above new FRSs, Amendments to FRSs and IC Interpretation during the current financial year other than the following (continued):

(ii) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

There is no financial impact upon adoption of these amendments during the financial year other than the additional disclosures in Note 33 to the financial statements.

(iii) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 7 *Financial Instruments: Disclosures* clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group has incorporated these disclosures on maximum exposure to credit risk in Note 34 to the financial statements.

5.2 New FRSs that have been issued, but not yet effective and not yet adopted

Title		**Effective Date**
Amendments to IC Interpretation 14	*FRS 119 – Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124	*Related Party Disclosures*	1 January 2012
Amendments to FRS 112	*Deferred tax: Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7	*Disclosures – Transfers of Financial Assets*	1 January 2012
Mandatory Effective Date of FRS 9 and Transition Disclosures		1 March 2012
Amendments to FRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 10	*Consolidated Financial Statements*	1 January 2013
FRS 11	*Joint Arrangements*	1 January 2013
FRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
FRS 13	*Fair Value Measurement*	1 January 2013
FRS 119	*Employee Benefits*	1 January 2013
FRS 127	*Separate Financial Statements*	1 January 2013
FRS 128	*Investments in Associates and Joint Ventures*	1 January 2013

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (Continued)

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

Title		Effective Date
Amendments to FRS 1	*First-time Adoption of Financial Reporting Standards - Government Loans*	1 January 2013
Amendments to FRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs (2012)		1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
FRS 3	*Business Combinations (IFRS 3 Business Combinations issued by the IASB in March 2004)*	1 January 2013
FRS 127	*Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by the IASB in December 2003)*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
FRS 9	*Financial Instruments (IFRS 9 Financial Instruments issued by the International Accounting Standards Board (' IASB') in November 2009)*	1 January 2015
FRS 9	*Financial Instruments (IFRS 9 Financial Instruments issued by the International Accounting Standards Board (' IASB') in November 2010)*	1 January 2015

The Group is in the process of assessing the impact of the adoption of these FRSs, Amendments to FRSs and IC Interpretations since the effects would only be observable in the future financial years.

5.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities. However, based on the MASB announcement on 30 June 2012 that defer the effective date of MFRS framework for transitioning entities (i.e. entities affected by MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*) from 1 January 2013 to 1 January 2014, the Group has elected for the continued use of FRS for the financial years ending 30 June 2013 and 30 June 2014 as a transitioning entity. The Group would subsequently adopt the MFRS framework for the financial year ending 30 June 2015.

The subsequent adoption of the MFRS framework would result in the Group preparing an opening MFRS statement of financial position as at 1 July 2013 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 30 June 2015 in accordance with MFRS, which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 30 June 2015 respectively.

Notes to the Financial Statements (cont'd)

30 June 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (Continued)

5.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows:

MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*
MFRS 2	*Share-based Payment*
MFRS 3	*Business Combinations*
MFRS 4	*Insurance Contracts*
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
MFRS 6	*Exploration for and Evaluation of Mineral Resources*
MFRS 7	*Financial Instruments: Disclosures*
MFRS 8	*Operating Segments*
MFRS 9	*Financial Instruments*
MFRS 10	*Consolidated Financial Statements*
MFRS 11	*Joint Arrangements*
MFRs 12	*Disclosure of Interests in Other Entities*
MFRS 13	*Fair Value Measurement*
MFRS 101	*Presentation of Financial Statements*
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*
MFRS 102	*Inventories*
MFRS 107	*Statement of Cash Flows*
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*
MFRS 110	*Events After the Reporting Period*
MFRS 111	*Construction Contacts*
MFRS 112	*Income Taxes*
MFRS 116	*Property, Plant and Equipment*
MFRS 117	*Leases*
MFRS 118	*Revenue*
MFRS 119	*Employee Benefits*
MFRS 119	*Employee Benefits (revised)*
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*
MFRS 123	*Borrowing Costs*
MFRS 124	*Related Party Disclosures*
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*
MFRS 127	*Consolidated and Separate Financial Statements*
MFRS 127	*Separate Financial Statements (revised)*
MFRS 128	*Investments in Associates*
MFRS 128	*Investments in Associates and Joint Ventures (revised)*
MFRS 129	*Financial Reporting in Hyperinflationary Economies*
MFRS 131	*Interests in Joint Ventures*
MFRS 132	*Financial Instruments: Presentation*
MFRS 133	*Earnings Per Share*
MFRS 134	*Interim Financial Reporting*
MFRS 136	*Impairment of Assets*
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*
MFRS 138	*Intangible Assets*
MFRS 139	*Financial Instruments: Recognition and Measurement*
MFRS 140	*Investment Property*
MFRS 141	*Agriculture*

Improvements to MFRSs (2008)
Improvements to MFRSs (2009)
Improvements to MFRSs (2010)

Notes to the Financial Statements (cont'd)

30 June 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (Continued)

5.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows: (continued)

Amendments to MFRS 1	*First-time Adoption of Financial Reporting Standards - Government Loans*
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 132	*Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
Mandatory Effective Date of MFRS 9 and Transition Disclosures	
Amendments to MFRSs Annual Improvements 2009 – 2011 Cycle	
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
MFRS 3 Business Combinations	(as issued by the IASB in March 2004)
MFRS 127	*Consolidated and Separate Financial Statements* (as issued by the IASB in December 2003)
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*
IC Interpretation 9	*Reassessment of Embedded Derivatives*
IC Interpretation 10	*Interim Financial Reporting and Impairment*
IC Interpretation 12	*Service Concession Arrangements*
IC Interpretation 13	*Customer Loyalty Programmes*
IC Interpretation 14	*MFRS 119 Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 15	*Agreements for the Construction of Real Estate*
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*
IC Interpretation 18	*Transfers of Assets from Customers*
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*
IC Interpretation 107	*Introduction of the Euro*
IC Interpretation 110	*Government Assistance – No Specific Relation to Operating Activities*
IC Interpretation 112	*Consolidation – Special Purpose Entities*
IC Interpretation 113	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*
IC Interpretation 115	*Operating Leases – Incentives*
IC Interpretation 125	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
IC Interpretation 129	*Service Concession Arrangements: Disclosures*
IC Interpretation 131	*Revenue – Barter Transactions Involving Advertising Services*
IC Interpretation 132	*Intangible Assets – Web Site Costs*

Notes to the Financial Statements (cont'd)
30 June 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (Continued)

5.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2014 (continued)

The Group is in the process of assessing the impact on the financial statements arising from the transition from FRSs to MFRSs. However, some of the known effects are described as follows:

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

This Standard requires an opening MFRS statement of financial position at the date of transition to reflect the retrospective effects of implementing the MFRS framework for the first time. However, it also provides some exceptions and exemptions to an entity from full retrospective application of MFRSs.

The Group is in the process of assessing the impact of implementing the MFRS framework since the effects would only be observable for the financial year ending 30 June 2015.

IC Interpretation 15 *Agreements for the Construction of Real Estate*

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the entity may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with MFRS 111 *Construction Contracts* if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with MFRS 118 *Revenue*. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of MFRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

At the end of the reporting period, the Group recognised revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works. The Group will continue to assess the impact of implementing this Interpretation on the Group's financial statements.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

The Directors are of the opinion that there are no material changes in estimates at the end of the reporting period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals 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 these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions 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. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The Group has a club house and recreational facilities known as Paradise Valley Golf Resort Clubhouse ("PVGRC"). PVGRC is not treated as property, plant and equipment because it is the Group's intention to hold it for capital appreciation or for rental, and not for use as owner occupied properties. The Group is in the midst of sourcing for external parties to manage PVGRC. As such, the Group has classified it as an investment property.

(b) Contingent liabilities

The determination and treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

6.3 Key sources of estimation uncertainty

The following are keys assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment test on investments in subsidiaries and impairment of amounts owing by subsidiaries

The Directors review the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of amounts owing by subsidiaries when the receivables are long outstanding. The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the fair value of the underlying assets as at the end of the reporting period, which comprised mainly investment properties, land held for property development, property development costs and inventories.

The fair value of these underlying assets are determined using fair value less cost to sell as estimated by a professional valuer and the Directors' estimation based on information on the current market values of similar properties in the vicinity of these properties. Changes in the economic outlook of the properties market may significantly affect the fair value of these assets.

Notes to the Financial Statements (cont'd)

30 June 2012

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

6.3 Key sources of estimation uncertainty (continued)

(b) Deferred tax assets

Deferred tax assets are recognised for unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and other deductible temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment on the probability of the availability of future taxable profits and likely timing.

The unrecognised unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences are disclosed under Note 20 to the financial statements.

(c) Impairment of assets

The Group assesses impairment of investment properties, land held for property development, property development costs, inventories, property, plant and equipment and amounts due from customer for contract works when events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the cost to sell or expected value in use of the relevant assets.

(d) Depreciation and useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage and wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets; therefore future depreciation charges could be revised.

(e) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

(f) Impairment of receivables

The Group and the Company make impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the impairment of receivables. Where expectations are different from previous estimates, the difference will impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

6.3 Key sources of estimation uncertainty (continued)

(g) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(h) Construction contracts/Property development

The Group recognises revenue from property development and construction activities and the related expenses in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that property development/contract costs incurred for work performed to-date compares to the estimated total property development/contract costs.

Significant judgement is required in determining the stage of completion, the extent of the property development/contract costs incurred, the estimated total property development/contract revenue and costs. Total property development/contract revenue also includes an estimation of variation works that are recoverable from customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2012	Balance as at 1.1.2011 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 30.6.2012 RM'000
At cost					
Freehold land	10	–	–	–	10
Buildings	689	–	–	–	689
Plant and machinery	1,526	27	–	–	1,553
Motor vehicles	929	4	(4)	–	929
Furniture, fittings and equipment	2,548	25	(4)	(52)	2,517
Site office and signboards	326	–	–	–	326
Renovations	201	–	–	–	201
	6,229	56	(8)	(52)	6,225

Notes to the Financial Statements (cont'd)

30 June 2012

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2012	Balance as at 1.1.2011 RM'000	Charge for the financial period RM'000	Disposals RM'000	Written off RM'000	Balance as at 30.6.2012 RM'000
Accumulated depreciation					
Buildings	373	21	–	–	394
Plant and machinery	1,278	103	–	–	1,381
Motor vehicles	826	39	(4)	–	861
Furniture, fittings and equipment	2,408	75	(4)	(51)	2,428
Site office and signboards	322	4	–	–	326
Renovations	201	–	–	–	201
	5,408	242	(8)	(51)	5,591

Group 2010	Balance as at 1.1.2010 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2010 RM'000
At cost					
Freehold land	10	–	–	–	10
Buildings	689	–	–	–	689
Plant and machinery	1,543	–	–	(17)	1,526
Motor vehicles	848	131	(50)	–	929
Furniture, fittings and equipment	2,511	49	(1)	(11)	2,548
Site office and signboards	326	–	–	–	326
Renovations	201	–	–	–	201
	6,128	180	(51)	(28)	6,229

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2010	Balance as at 1.1.2010 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.12.2010 RM'000
Accumulated depreciation					
Buildings	359	14	–	–	373
Plant and machinery	1,220	74	–	(16)	1,278
Motor vehicles	839	27	(40)	–	826
Furniture, fittings and equipment	2,363	54	(1)	(8)	2,408
Site office and signboards	317	5	–	–	322
Renovations	201	–	–	–	201
	5,299	174	(41)	(24)	5,408

Company 2012	Balance as at 1.1.2011 RM'000	Additions RM'000	Written off RM'000	Balance as at 30.6.2012 RM'000
At cost				
Motor vehicles	133	–	–	133
Furniture, fittings and equipment	1,028	6	(1)	1,033
Renovations	27	–	–	27
	1,188	6	(1)	1,193

Company 2012	Balance as at 1.1.2011 RM'000	Charge for the financial period RM'000	Writen off RM'000	Balance as at 30.6.2012 RM'000
Accumulated depreciation				
Motor vehicles	133	–	–	133
Furniture, fittings and equipment	1,005	17	–	1,022
Renovations	27	–	–	27
	1,165	17	–	1,182

Notes to the Financial Statements (cont'd)

30 June 2012

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company 2010	Balance as at 1.1.2010 RM'000	Additions RM'000	Disposals RM'000	Balance as at 31.12.2010 RM'000
At cost				
Motor vehicles	183	–	(50)	133
Furniture, fittings and equipment	1,027	1	–	1,028
Renovations	27	–	–	27
	1,237	1	(50)	1,188

Company 2010	Balance as at 1.1.2010 RM'000	Charge for the financial year RM'000	Disposals RM'000	Balance as at 31.12.2010 RM'000
Accumulated depreciation				
Motor vehicles	173	–	(40)	133
Furniture, fittings and equipment	994	11	–	1,005
Renovations	27	–	–	27
	1,194	11	(40)	1,165

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Net carrying amount				
Freehold land	10	10	–	–
Buildings	295	316	–	–
Plant and machinery	172	248	–	–
Motor vehicles	68	103	–	–
Furniture, fittings and equipment	89	140	11	23
Site office and signboards	–	4	–	–
Renovations	–	–	–	–
	634	821	11	23

Freehold land and building of the Group with a total net carrying amount of RM305,000 (2010: RM326,000) have been charged to a financial institution to secure a term loan facility granted to the Group as disclosed in Note 22(b) to the financial statements. The term loan has been fully settled during the previous financial year and the securities had been fully discharged during the current financial period.

Notes to the Financial Statements (cont'd)

30 June 2012

8. INVESTMENT PROPERTIES

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
At cost				
Balance as at 1 January				
- Freehold land	59,942	59,942	4,325	4,325
- Building	8,114	8,114	8,114	8,114
- Development expenditure	6,730	6,730	–	–
Balance as at 30 June/ 31 December	74,786	74,786	12,439	12,439
Less: Accumulated depreciation				
Balance as at 1 January	811	649	811	649
Add: Depreciation charge for the financial period/year	243	162	243	162
Balance as at 30 June/ 31 December	(1,054)	(811)	(1,054)	(811)
Less: Accumulated impairment losses				
Balance as at 1 January/ 30 June/31 December	(22,286)	(22,286)	–	–
	51,446	51,689	11,385	11,628

The fair values of the investment properties of the Group and of the Company were derived from the Directors' assessment based on the current market value of similar properties in the vicinity, and where relevant, adjusted to reflect the different condition and location of these properties. Based on the Directors' assessment, the fair values of the investment properties approximate their carrying amounts as at 30 June 2012.

Certain freehold land and building of the Group and of the Company with a total carrying amount of RM11,385,000 (31.12.2010: RM11,628,000) have been charged to a financial institution to secure term loans facilities granted to the Group as disclosed in Note 22(a)(iii) to the financial statements.

Direct operating expenses arising from the above investment properties not generating rental income during the current financial period are as follows:

	Group	
	30.6.2012 RM'000	31.12.2010 RM'000
Repairs and maintenance	234	127
Quit rent and assessment	165	115

Notes to the Financial Statements (cont'd)
30 June 2012

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Note	Group 30.6.2012 RM'000	Group 31.12.2010 RM'000
Freehold land, at cost			
Balance as at 1 January		144,629	156,656
Add: Reclassified from property development costs	13	–	16,305
Reclassified from non-current assets classified as held for sale		–	1,063
Less: Disposals during the financial period/year		(5,154)	(4,003)
Reclassified to property development costs	13	(3,116)	(25,392)
Balance as at 30 June/31 December		136,359	144,629
Leasehold land, at cost			
Balance as at 1 January		–	9,765
Less: Reclassified to property development costs	13	–	(9,765)
Balance as at 30 June/31 December		–	–
Development expenditure			
Balance as at 1 January		7,611	9,397
Add: Additions during the period/year		2	–
Reclassified from property development costs	13	–	340
Reclassified from non-current assets classified as held for sale		–	1,784
Less: Disposals during the financial period/year		3	(109)
Written off during the financial period/year	27	–	(463)
Reclassified to property development costs	13	(300)	(3,338)
Balance as at 30 June/31 December		7,316	7,611
		143,675	152,240
Less: Accumulated impairment losses			
Balance as at 1 January		17,303	30,037
Less: Reclassified to property development costs	13	–	(12,734)
Balance as at 30 June/31 December		(17,303)	(17,303)
		126,372	134,937

Certain freehold land with a total carrying amount of RM47,975,000 (31.12.2010: RM47,975,000) are pledged to a financial institution to secure term loans facilities granted to the Group as disclosed in Note 22(a)(i) to the financial statements.

Certain freehold land with a total carrying amount of RM5,000,000, RM8,293,000 and RM3,359,000 (31.12.2010: RM5,000,000, RM8,293,000 and RM3,359,000) which were pledged to financial institutions had been fully discharged during the current financial period as disclosed in Notes 22(b), 23 and 21(f) to the financial statements respectively.

Notes to the Financial Statements (cont'd)

30 June 2012

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	30.6.2012 RM'000	31.12.2010 RM'000
Unquoted shares, at cost	282,034	222,034
Less: Impairment losses	(136,894)	(136,875)
	145,140	85,159

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 30.6.2012 %	Company 31.12.2010 %	Subsidiaries 30.6.2012 %	Subsidiaries 31.12.2010 %	Principal activities
Subsidiaries						
Menang Development (M) Sdn. Bhd. #	Malaysia	100	100	–	–	Property development
Menang Leasing and Credit (M) Sdn. Bhd.	Malaysia	100	100	–	–	Leasing and hire purchase
Menang Management Services (M) Sdn. Bhd. #	Malaysia	100	100	–	–	Management services
Menang Properties (M) Sdn. Bhd.	Malaysia	100	100	–	–	Property investment
Menang Aquatics Sdn. Bhd.	Malaysia	100	100	–	–	Investment holding and under-taking of landscaping projects
Menang Construction (M) Sdn. Bhd.	Malaysia	100	100	–	–	Property construction
Equitiplus Sdn. Bhd. #	Malaysia	100	100	–	–	Investment holding
Hitung Panjang Sdn. Bhd.*#	Malaysia	100	100	–	–	Investment holding
Temeris Holdings Sdn. Bhd.#	Malaysia	100	100	–	–	Property investment
Menang Industries (M) Sdn. Bhd. #	Malaysia	100	100	–	–	Dormant
Menang Plantations (M) Sdn. Bhd.	Malaysia	100	100	–	–	Dormant
Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.*#	Malaysia	100	100	–	–	Operating recreational facilities
Protokol Elegan Sdn. Bhd. #	Malaysia	–	100	–	–	Concession arrangements

Notes to the Financial Statements (cont'd)

30 June 2012

10. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Interest in equity held by Company 30.6. 2012 %	Company 31.12. 2010 %	Subsidiaries 30.6. 2012 %	Subsidiaries 31.12. 2010 %	Principal activities
Subsidiary of Menang Leasing and Credit (M) Sdn. Bhd.						
Menang Finservices (M) Sdn. Bhd.	Malaysia	–	–	100	100	Licensed money-lender
Subsidiary of Menang Land (M) Sdn. Bhd.						
Menang Saujana Sdn. Bhd. #	Malaysia	49.5	49.5	50.5	50.5	Property development
Subsidiary of Menang Aquatics Sdn. Bhd.						
Menang Greens Sdn. Bhd. #	Malaysia	–	–	100	100	Landscaping and turf farming
Subsidiaries of Equitiplus Sdn. Bhd.						
Harapan Akuarium (M) Sdn. Bhd. #	Malaysia	–	–	100	100	Investment holding and investment trading
Menang Equities (M) Sdn. Bhd.	Malaysia	–	–	100	100	Investment holding and investment trading
Subsidiary of Temeris Holdings Sdn. Bhd.						
Temeris Resorts Development Sdn. Bhd. #	Malaysia	–	–	100	100	Property development
Subsidiaries of Menang Development (M) Sdn. Bhd.						
Menang Land (M) Sdn. Bhd. #	Malaysia	0.02	0.02	99.98	99.98	Investment holding
Twin Version Sdn. Bhd.*	Malaysia	–	–	100	100	Investment holding
Charisma Cheer Sdn. Bhd.*	Malaysia	–	–	100	100	Investment holding
Inovatif Mewah Sdn. Bhd.#^	Malaysia	–	–	71	71	Concession arrangements

Notes to the Financial Statements (cont'd)
30 June 2012

10. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Interest in equity held by Company 30.6.2012 %	Company 31.12.2010 %	Subsidiaries 30.6.2012 %	Subsidiaries 31.12.2010 %	Principal activities
Subsidiaries of Menang Development (M) Sdn. Bhd.						
Rumpun Positif Sdn. Bhd.@	Malaysia	–	–	51	–	Concession arrangements
Protokol Elegan Sdn. Bhd.#	Malaysia	–	–	100	–	Concession arrangements
Subsidiary of Hitung Panjang Sdn. Bhd.						
Maztri Padu Sdn. Bhd.*	Malaysia	50	50	50	50	Property development

* Subsidiary not audited by BDO or member firms of BDO International.

\# Subsidiary with auditors' report that emphasised on the appropriateness of going concern assumption in the preparation of financial statements, which is dependent on the continuous financial support from the Company and on the subsidiary achieving future profitable operations and cash inflows to sustain its operations.

^ Including 20% held by Menang Industries (M) Sdn. Bhd.

@ Subsidiary is consolidated based on unaudited management financial statements for the financial period ended 30 June 2012. The financial statements of the subsidiary is not material to the Group for the financial period from 1 January 2011 to 30 June 2012.

(a) Impairment losses on investments in subsidiaries amounting to RM19,000 (31.12.2010: RM6,000) has been recognised during the financial period. The recoverable amount was determined based on the fair value of the subsidiaries' net assets.

(b) On 8 April 2011, the Company acquired the entire equity interest of Rumpun Positif Sdn. Bhd. ("RP") comprising two (2) ordinary shares of RM1 each for a total cash consideration of RM2. RP is a company incorporated in Malaysia.

(c) On 25 November 2011, the Company subscribed for an additional 60,000,000 ordinary shares of RM1.00 each in Menang Development (M) Sdn. Bhd. ("MDSB") for a total consideration of RM60,000,000 by way of capitalisation of RM60,000,000 of the amount owing by MDSB.

(d) On 27 April 2012, RP increased its authorised share capital from 100,000 shares of RM1 each to 1,000,000 shares of RM1 each and issued 275,000 new ordinary shares of RM1 each of which 140,250 ordinary shares were allotted to MDSB and the remaining 134,750 ordinary shares were allotted to a third party. On the same day, the Company transferred its equity interest in RP of two (2) ordinary shares of RM1 each to MDSB.

(e) On 21 May 2012, the Company transferred its entire equity interest in Protokol Elegan Sdn. Bhd. ("PE") of two (2) ordinary shares of RM1 each to MDSB.

Notes to the Financial Statements (cont'd)

30 June 2012

11. INVESTMENT IN ASSOCIATE

	Group	
	30.6.2012 RM	31.12.2010 RM
Unquoted shares - at cost	30	30

Details of the associate are as follows:

Name of companies	Country of incorporation	Equity interest 30.6.2012 %	Equity interest 31.12.2010 %	Principal activity
Pacific Bright Sdn. Bhd.*	Malaysia	30	30	To act as manager for a consortium

* Associate not audited by BDO.

Pacific Bright Sdn. Bhd. has a financial year end of 30 June 2012.

(a) The summarised financial informations of the associate is as follows:

	Group	
	30.6.2012 RM	31.12.2010 RM
ASSETS AND LIABILITIES		
Current assets	730,916	55,185
Current liabilities	725,367	107,100
RESULTS		
Revenue	–	–
Profit/(Loss) for the financial period/year	18,969	(52,015)

(b) The Group has not recognised its share of profit or loss of the associate, Pacific Bright Sdn. Bhd., during the current financial period and previous financial years as the share of results is not material. The unrecognised results are as follows:-

	Group	
	30.6.2012 RM	31.12.2010 RM
Profit/(Loss) for the financial period/year	5,691	(15,605)
Retained earnings/(Accumulated losses)	1,635	(2,175)

12. OTHER INVESTMENTS

	Group	
	30.6.2012 RM'000	31.12.2010 RM'000
Available-for-sale financial assets		
- Shares quoted in Malaysia	6	2

Information on the fair value hierarchy is disclosed in Note 33 to the financial statements.

13. PROPERTY DEVELOPMENT COSTS

	Note	Group 30.6.2012 RM'000	Group 31.12.2010 RM'000
Freehold land, at cost			
Balance as at 1 January		47,585	51,516
Addition during the financial period		3,083	–
Add: Reclassified from non-current asset classified as held for sale		–	2,245
Reclassified from land held for property development	9	3,116	25,392
Less: Disposals during the financial year		–	(15,263)
Reclassified to land held for property development	9	–	(16,305)
Balance as at 30 June/31 December		53,784	47,585
Leasehold land, at cost			
Balance as at 1 January		9,765	–
Add: Reclassified from land held for property development	9	–	9,765
Balance as at 30 June/31 December		9,765	9,765
Development costs			
Balance as at 1 January		16,199	5,673
Add: Additions during the financial period/year #		359	7,905
Reclassified from land held for property development	9	300	3,338
Less: Disposals during the financial period/year		–	(377)
Reclassified to trade payables #		(7,304)	–
Reclassified to land held for property development	9	–	(340)
Write-down of group cost for property development costs	27	(268)	–
Balance as at 30 June/31 December		9,286	16,199
		72,835	73,549
Less: Accumulated impairment losses			
Balance as at 1 January		(12,734)	–
Add: Reclassified from land held for property development	9	–	(12,734)
Balance as at 30 June/31 December		(12,734)	(12,734)
		60,101	60,815

Certain freehold land with a total carrying amount of RM6,676,000 (31.12.2010: RM6,676,000) have been charged to a third party to secure a term loan facility granted to the Group as disclosed in Note 22(c) to the financial statements.

The freehold land with a carrying amount of RM887,000 (31.12.2010: RM887,000) had been fully discharged during the current financial period as disclosed in Note 21(f) to the financial statements.

Additions in the previous financial year included RM7,531,000 contract expenditure incurred on the UiTM Campus which was borne by a contractor during the current financial period.

Notes to the Financial Statements (cont'd)
30 June 2012

14. INVENTORIES

	Group	
	30.6.2012 RM'000	31.12.2010 RM'000
At cost		
Completed properties	6,004	6,254
Food and beverages	13	13
	6,017	6,267

Certain completed properties with a total carrying amount of RM1,499,000 (31.12.2010: RM1,499,000) have been charged to a financial institution to secure term loan facilities granted to the Group as disclosed in Note 22(a)(ii) to financial statements.

A completed property with a total carrying amount of RM250,000 (31.12.2010: Nil) was fully written down during the financial period.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Non-current				
Trade receivables				
Amount due from a customer for contract works (Note 16)	202,132	–	–	–
Non-trade receivable				
Other receivable	11,950	–	–	–
	214,082	–	–	–
Current				
Trade receivables				
Third parties	195	167	–	–
Non-trade receivables				
Amounts owing from subsidiaries	–	–	119,124	179,742
Amount owing by a joint venture project	–	79	–	–
Amounts owing by stakeholders	–	7,959	–	–
Other receivables	497	52	–	–
Deposits	724	596	18	18
Prepayments	97	98	16	9
	1,318	8,784	119,158	179,769
Balance carried forward	1,513	8,951	119,158	179,769

Notes to the Financial Statements (cont'd)
30 June 2012

15. TRADE AND OTHER RECEIVABLES (Continued)

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Balance brought forward	1,513	8,951	119,158	179,769
Less: Impairment loss				
- subsidiaries	–	–	(49,140)	(48,019)
- other receivables	(7)	–	–	–
- provision for loss of deposit	(400)	(400)	–	–
	(407)	(400)	(49,140)	(48,019)
	1,106	8,551	70,018	131,750

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 (31.12.2010: 30 to 60) days from date of invoice. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

(b) Included in non-current other receivable of the Group is financial assets from the concession arrangement for UiTM project which carries an interest rate of 7% per annum (31.12.2010: Nil).

(c) Amounts owing from subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents except for an amount of approximately RM51,491,000 (31.12.2010: RM98,233,000) which carries interest of 0.28% (31.12.2010: 0.4%) per annum.

(d) Amount owing by a joint venture project represented the share of results for the joint venture project, which is unsecured, interest-free and payable upon completion of the joint venture project.

(e) Amounts owing by stakeholders represent the remaining sale proceeds from the disposal of land to the State Government of Negeri Sembilan for the construction of the UiTM Campus as disclosed in Note 16 to the financial statements which was held in trust on behalf of the Group. The amount owing was fully settled during the current financial period.

(f) Included in the deposits of the Group is a deposit of RM400,000 paid to Tanco Land Sdn. Bhd. ("TLSB") in acquiring six pieces of land in Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus. However, the agreement has been terminated and the provision for loss of deposit has been made.

MDSB had filed a suit against TLSB for the return of monies totaling RM400,000 for alleged breach of a series of sale and purchase agreements. The matter is still ongoing as of the date of this Report.

Notes to the Financial Statements (cont'd)
30 June 2012

15. TRADE AND OTHER RECEIVABLES (Continued)

(g) The ageing analysis of trade receivables (excluding amount due from a customer for contract works) of the Group and of the Company are as follows:

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Neither past due nor impaired	8	11	–	–
Past due, not impaired				
91 to 120 days	3	4	–	–
121 to 150 days	3	3	–	–
151 to 180 days	2	3	–	–
181 to 210 days	2	3	–	–
More than 210 days	177	143	–	–
	187	156	–	–
Past due and impaired	–	–	–	–
	195	167	–	–

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables of the Group arising from management service of shoplots amounted to RM187,000 (31.12.2010: RM156,000). These receivables are creditworthy debtors and the Directors are of the opinion that the balances due can be fully recovered in the near future.

(h) The reconciliation of movement in the impairment loss and provision is as follows:

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
As at 1 January	400	400	48,019	47,300
Charge for the financial period/year	7	–	1,121	719
At 30 June/31 December	407	400	49,140	48,019

(i) Information on financial risk of trade and other receivables is disclosed in Note 34 to the financial statements.

(j) The currency exposure profile of trade and other receivables as at the end of reporting period is Ringgit Malaysia.

Notes to the Financial Statements (cont'd)

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16. AMOUNT DUE FROM A CUSTOMER FOR CONTRACT WORKS

	Group	
	30.6.2012 RM'000	31.12.2010 RM'000
Aggregate costs incurred to-date	151,540	–
Add: Attributable profits	50,592	–
	202,132	–
Less: Progress billings	–	–
Amount due from a customer for contract works	202,132	–
Amount due from a customer for contract works		
- non-current	202,132	–
- current	–	–
	202,132	–

(a) Concession Agreement ("CA")

On 4 May 2010, the Company announced that Inovatif Mewah Sdn. Bhd. ("Concession Company"), a subsidiary of the Group, has executed a CA with the Government of Malaysia and UiTM for the grant to the Concession Company the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the Facilities and Infrastructure of UiTM Seremban 3 Campus and to carry out the maintenance works in relation to the maintenance of the Facilities and Infrastructure (collectively referred to as the "Concession").

UiTM will pay the Concession Company throughout the Maintenance Period concession charges which comprise of Availability Charges for the availability of the Facilities and Infrastructure and Maintenance Charges for the provision of maintenance works in accordance with the provisions of the CA.

The principal terms of the CA are as follows:

(i) the Concession Period shall be for a period of twenty three (23) years commencing from the Construction Commencement Date or the Effective Date, whichever is later, and ending on the twenty third (23th) anniversary of the date. The commencement date of the construction is 30 November 2010.

(ii) the maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expiring on the last date of the Concession Period ("Maintenance Period").

The CA is subject to the following conditions which are required to be met within six (6) months from the date of the CA:

(i) submission to the Government of a copy of letter of offer and other relevant documents evidencing that the Concession Company has secured the project financing in respect of the construction works to the satisfaction of the Government and UiTM; and

(ii) evidencing that the Concession Company has a paid up capital of RM5,000,000.

The Concession Company has fulfilled these conditions on 5 January 2011.

Notes to the Financial Statements (cont'd)

30 June 2012

16. AMOUNT DUE FROM A CUSTOMER FOR CONTRACT WORKS (Continued)

(b) Non-current amount due from a customer for contract works represents financial assets from the concession arrangement for the UiTM project. The amount comprises the fair value of the consideration receivable for the construction services delivered during the stage of construction. The repayment is in the form of availability charges from the concession arrangement, which is expected from year 2014 to year 2033, depending on the fulfilment of terms and conditions in the Concession Agreement.

(c) The currency exposure profile of amount due from a customer for contract works as at the end of reporting period is Ringgit Malaysia.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Cash at bank	2,337	761	1,054	336
Cash in hand	16	57	–	1
Cash and bank balances	2,353	818	1,054	337

(a) Information on financial risks of cash and cash equivalents are disclosed in Note 34 to the financial statements.

(b) The currency exposure profile of cash and cash equivalents as at the end of reporting period is Ringgit Malaysia.

18. SHARE CAPITAL

	Group and Company			
	30.6.2012		31.12.2010	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid				
Balance as at 1 January	267,107	267,107	267,107	267,107
Capital reduction	–	(133,554)	–	–
Balance as at 30 June/ 31 December	267,107	133,553	267,107	267,107

18. SHARE CAPITAL (Continued)

18.1 Pursuant to a deed poll dated 17 May 2001 ("Deed Poll"), the Company had renounceable rights of 40,070,400 warrants 2001/2006 issued on a renounceable basis to the Minority Shareholders of the Company upon the Completion of the Capital Reconstruction. The registered holders are entitled to subscribe for one (1) new ordinary share of RM1.00 each in the Company at a price of RM1.00 per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid Deed Poll and can be exercised at any time during the initial five-year subscription period which expired on 15 October 2006. On 30 June 2006, pursuant to the Extraordinary General Meeting and the Meeting of the Warrant holders in relation to the Warrants Extension, the Warrants have been extended by an additional five (5) years, from 16 October 2006 up to and including 15 October 2011. The other terms and conditions of the original deed poll dated 17 May 2001 shall remain unchanged. As at the date of the Report, none of the warrants have been exercised.

The exercise price of the Warrants was adjusted from RM1.00 to RM0.50 per share on 17 February 2011 on the implementation of the capital reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.50 of par value of each unit of ordinary share.

On 14 October 2011, all the warrants which were not exercised have lapsed.

18.2 The Employees' Share Option Scheme ("ESOS") of the Company was approved by the Securities Commission on 1 November 2001 and subsequently approved by shareholders at an Extraordinary General Meeting on 15 January 2002. The ESOS shall be in force for a period of 5 years effective from 24 January 2002 to 23 January 2007.

On 26 December 2006, the Company extended its existing ESOS which expired on 23 January 2007 for another five (5) years effective from 24 January 2007 up to and including 23 January 2012.

The details of options granted to subscribe for shares in the Company are as follows:

	---------------- Before Capital Reduction -------------- Number of share options of RM1.00 each					---------------- After Capital Reduction ---------------- Number of share options of RM0.50 each				
Exercise period	**Balance as at 1.1.2011**	**Granted**	**Exercised**	**Lapsed**	**Balance as at 16.2.2011**	**Balance as at 17.2.2011**	**Granted**	**Exercised**	**Lapsed**	**Balance as at 30.6.2012**
25.1.2002 - 23.1.2012	8,633,000	–	–	–	8,633,000	8,633,000	–	–	(8,633,000)	–
2.5.2002 - 23.1.2012	10,000	–	–	–	10,000	10,000	–	–	(10,000)	–
10.1.2003 - 23.1.2012	146,000	–	–	–	146,000	146,000	–	–	(146,000)	–
25.2.2004 - 23.1.2012	478,000	–	–	–	478,000	478,000	–	–	(478,000)	–
7.1.2005 - 23.1.2012	710,000	–	–	–	710,000	710,000	–	–	(710,000)	–
21.2.2005 - 23.1.2012	92,000	–	–	–	92,000	92,000	–	–	(92,000)	–
	10,069,000	–	–	–	10,069,000	10,069,000	–	–	(10,069,000)	–

Notes to the Financial Statements (cont'd)

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18. SHARE CAPITAL (Continued)

18.2 The subscription price of one (1) option of the ESOS had been adjusted from RM1.00 to RM0.50 for each unit of ordinary share with effect from 17 February 2011 as a consequence of reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.50 of par value on each unit of ordinary share.

The consideration is payable in full on application.

The salient features of the ESOS are as follows:

(i) the maximum number of ordinary shares to be issued and allotted by the Company under the ESOS as approved by the Securities Commission shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;

(ii) Executive Directors and eligible employees are those who have been confirmed in writing as employees of the Group on or prior to the date of the offer;

(iii) the option is personal to the grantee and shall not be transferred, assigned or disposed of by the grantee save and except in the event of the death of the grantee as provided under Bye-Law 14.6;

(iv) no offer shall be made to any Executive Director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company in general meeting;

(v) the subscription price at which the employees are offered to take up shares under the ESOS is either at a discount of not more than ten percent (10%) from the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for five (5) market days immediately preceding the date of offer or at par value of the shares of the Company of RM1.00, whichever is higher;

(vi) the options granted may be exercised at any time within the option period and the option may be fully exercised after the acceptance under Bye-Law 10.1; and

(vii) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

On 26 December 2006, the Company had extended its existing ESOS which expired on 23 January 2007 for another five (5) years effective from 24 January 2007 up to and including 23 January 2012, in accordance with the provision of the Company's ESOS Bye-Law.

No ESOS has been exercised or granted during the current financial period. On 23 January 2012, all ESOS had expired and lapsed.

18.3 The Directors of the Company have proposed to implement a capital reduction of the issued and paid-up share capital of the Company ("the Proposal") via the cancellation of RM0.50 of the par value of each unit of ordinary share. At an Extraordinary General Meeting ("EGM") held on 12 November 2010, the shareholders of the Company have approved the Proposal.

On 28 January 2011, the High Court of Malaya ("the Court") had granted order-in-terms in respect of the application by the Company for the Proposal. On 16 February 2011, the sealed order of the Court confirming the capital reduction has been lodged with the Companies Commission of Malaysia. Accordingly, the capital reduction will take immediate effect, whereby the par value of each ordinary share in the Company will be reduced from RM1.00 to RM0.50 per ordinary share.

18. SHARE CAPITAL (Continued)

In accordance with the Deed Poll dated 17 May 2001 constituting the Warrants, the exercise price of the Warrants was adjusted from RM1.00 to RM0.50 per ordinary share with effect from 17 February 2011 as a consequence of the capital reduction.

The subscription price of one (1) option of the ESOS had been adjusted from RM1.00 to RM0.50 for each unit of ordinary share with effect from 17 February 2011 as a consequence of the reduction of issued and paid-up share capital of the Company via the cancellation of RM0.50 of par value of each unit of ordinary share.

19. RESERVES

	Group		Company	
	1.1.2011 to 30.6.2012 RM'000	**1.1.2010 to 31.12.2010 RM'000**	**1.1.2011 to 30.6.2012 RM'000**	**1.1.2010 to 31.12.2010 RM'000**
Non-distributable:				
Capital reserve				
Capital reduction reserve	84,044	–	84,044	–
Capital reserve arising from warrants issue	960	960	960	960
	85,004	960	85,004	960
Available-for-sale reserve	4	–	–	–
Accumulated losses	(57,672)	(111,015)	(3,169)	(49,510)
	27,336	(110,055)	81,835	(48,550)

(a) The available-for-sale reserve is used to record gains or losses arising on financial assets classified as available-for-sale.

(b) The capital reduction reserve arose from the capital reduction exercise during the financial period as disclosed in Note 18.3, pursuant to the requirements of Section 64 of the Companies Act, 1965.

(c) The capital reserve arising from warrants issue relates to the balance of the amount from the issuance of 40,070,400 new warrants 2006/2011 at an issue price of RM0.10 per warrant under the Restructuring Scheme in previous years.

20. DEFERRED TAX LIABILITIES

(a) The movement of deferred tax liabilities during the financial period are as follows:

		Group	
	Note	**30.6.2012 RM'000**	**31.12.2010 RM'000**
Balance as at 1 January		1,714	1,488
Recognised in statement of comprehensive income	28	15,628	–
Reversal of liabilities attributable to non-current asset classified as held for sale		–	226
Reversal of deferred tax liabilities arising from write-down of group cost		(13)	–
Balance as at 30 June/31 December		17,329	1,714

Notes to the Financial Statements (cont'd)

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20. DEFERRED TAX LIABILITIES (Continued)

(b) The components and movements of deferred tax liabilities during the financial period comprise the tax effects of:

	Amount due from a customer for contract works RM'000	Fair value adjustments on land held for property development RM'000	Total RM'000
At 1 January 2011	–	1,714	1,714
Recognised in profit or loss	15,628	(13)	15,615
At 30 June 2012	15,628	1,701	17,329
At 1 January 2010	–	1,488	1,488
Recognised in profit or loss	–	226	226
At 31 December 2010	–	1,714	1,714

Deferred tax liabilities of RM15,628,000 has been accrued in relation to the construction services for the development of Universiti Teknologi MARA Seremban 3 Campus based on the following rationale:

(i) the actual availability charges totaling approximately RM997 million under the Agreement shall be taxable in the basis period when they are receivable in year 4 to year 23 of the concession period;

(ii) the actual maintenance charges under the Concession Agreement shall be taxable in the basis period when they are receivable during the maintenance period; and

(iii) the capital expenditure incurred in constructing the facilities and infrastructure under the Concession Agreement is capital expenditure and qualifies for Industrial Building Allowance under the Income Tax (Industrial Building Allowance)(Building under the Privatisation Project and Private Financing Initiatives) Rules 2010 (P.U.(A) 119/2010).

The above tax treatments is subject to agreement by the Inland Revenue Board.

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position is as follows:

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Property, plant and equipment	160	155	(3)	(10)
Unutilised tax losses	138,596	125,948	24,300	24,165
Unabsorbed capital allowances	2,525	2,411	384	385
	141,281	128,514	24,681	24,540

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

Notes to the Financial Statements (cont'd)

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21. TRADE AND OTHER PAYABLES

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Non-current				
Other payables	6,487	–	–	–
Current				
Trade payables				
Trade payables	26,380	395	–	–
Retention sum	9,211	119	–	–
	35,591	514	–	–
Other payables and accruals				
Amounts owing to subsidiaries	–	–	9,373	7,831
Amounts owing to corporate shareholders	873	44	–	–
Amounts owing to Directors	2,281	817	595	82
Amounts owing on a joint venture project	3,685	–	–	–
Other payables	33,818	32,177	9	26
Accruals	9,023	8,776	237	301
Deposits	5,135	789	–	–
	54,815	42,603	10,214	8,240
	90,406	43,117	10,214	8,240

(a) Included in other payables is an amount owing to a third party arising from debt settlement for compensation of loss of profit of RM7,303,000 (31.12.2010: Nil); an amount of RM816,000 (31.12.2010: Nil) is current.

The carrying amount of RM7,303,000 represents the present value of the settlement sum of RM9,700,000 (31.12.2010: Nil) discounted at the weighted average interest rate of 10.62% (31.12.2010: Nil).

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranged from 30 to 40 days (31.12.2010: 30 to 60 days).

(c) Amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Amounts owing to corporate shareholders represent advances and payments made on behalf which are unsecured, bear interest at 1.00% (31.12.2010: 1.00%) per month and payable upon demand in cash and cash equivalents.

(e) Amounts owing to Directors represent advances and payments made on behalf which are unsecured, bear interest at 1.00% (31.12.2010: 1.00%) per month and payable upon demand in cash and cash equivalents.

Notes to the Financial Statements (cont'd)
30 June 2012

21. TRADE AND OTHER PAYABLES (Continued)

(f) Included in other payables of the Group is a third party loan amounting to RM500,000 (31.12.2010: RM1,000,000), for which a caveat has been created against certain landed properties of the Group with a total carrying amount of RM4,246,000 (31.12.2010: RM4,246,000) as disclosed in Notes 9 and 13 to the financial statements. The loan bears interest at 18.00% (31.12.2010: 18.00%) per annum and is repayable within the next twelve (12) months. The third party loan has been fully settled and the caveat was withdrawn subsequent to the end of the reporting period.

(g) Included in other payables is an amount of RM28,568,000 (31.12.2010: RM28,568,000) owing to a third party which arose from the settlement of the Islamic Facility in the previous financial year. The amount was made by the third party on behalf of the Group pursuant to the Consortium Agreement as disclosed in Note 36(i) to the financial statements. This amount is repayable via the proceeds to be received from proposed disposal of designated landed property to third parties.

(h) Included in accruals are the following:

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Conversion premium to convert Seremban 3 land from agriculture land to residential and commercial land	5,627	5,627	–	–
Quit rent and assessment in respect of:				
- Seremban 3	335	635	–	–
- others	28	429	–	–

The conversion premium will be payable when the vacant land is due for development.

(i) Amount owing on a joint venture project represents the share of results for the joint venture project, which is unsecured, interest-free and payable upon completion of the joint venture project.

(j) Information on financial risk of trade and other payables is disclosed in Note 34 to the financial statements.

(k) The currency exposure profile of trade and other payables as at the end of reporting period is Ringgit Malaysia.

22. BORROWINGS (SECURED)

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Term loan I	15,446	13,242	–	–
Term loan II	45,663	46,531	–	–
Term loan IV	2,006	2,100	2,006	2,100
Term loan V	73,607	–	–	-
Term loan VI	37,942	–	–	–
	174,664	61,873	2,006	2,100

Notes to the Financial Statements (cont'd)

30 June 2012

22. BORROWINGS (SECURED) (Continued)

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Repayable as follows:				
Current liabilities:				
- not later than one (1) year				
- Term loan I	15,446	13,242	–	–
- Term loan II	45,663	46,531	–	–
- Term loan IV	2,006	2,100	2,006	2,100
	63,115	61,873	2,006	2,100
Non-current liabilities:				
- later than one (1) year and not later than five (5) years				
- Term loan V	14,810	–	–	–
- Term loan VI	12,150	–	–	–
	26,960	–	–	–
- later than five (5) years				
- Term loan V	58,797	–	–	–
- Term loan VI	25,792	–	–	–
	84,589	–	–	–
	111,549	–	–	–
	174,664	61,873	2,006	2,100

Terms and debt repayment schedule

(a) Term loan I and Term loan II bear interest at rates ranging from 10.50% to 11.00% (31.12.2010: 10.20% to 10.70%) per annum.

The term loans are secured over the following:

(i) RM47,975,000 (31.12.2010: RM47,975,000) of land held for property development of the Group as disclosed in Note 9 to financial statements;

(ii) RM1,499,000 (31.12.2010: RM1,499,000) of inventories of the Group as disclosed in Note 14 to the financial statements;

(iii) RM11,385,000 (31.12.2010: RM11,628,000) of investment properties of the Group and of the Company as disclosed in Note 8 to the financial statements; and

(iv) corporate guarantee of the Company.

(b) In November 2010, Term loan III was fully settled. All securities charged as disclosed in Notes 7 and 9 to the financial statements have been fully discharged during the financial period.

(c) Term loan IV is repayable in full on 21 June 2013 and bears interest at a rate of 12.00% (31.12.2010: 12.00%) per annum. Term loan IV is secured by property development costs of RM6,676,000 (31.12.2010: RM6,676,000) the Group as disclosed in Note 13 to the financial statements.

Notes to the Financial Statements (cont'd)
30 June 2012

22. BORROWINGS (SECURED) (Continued)

Terms and debt repayment schedule (continued)

(d) Term loan V and Term loan VI are secured by:

(i) all agreements in relation to the UiTM project;

(ii) debenture creating a first fixed and floating charge over all present and future assets of a subsidiary;

(iii) assignment over Designated Accounts; and

(iv) corporate guarantee from two (2) subsidiaries.

(e) Term loan V is repayable based on the fixed term of repayments as follows:

(i) over a period of twelve (12) years by way of 144 monthly instalments, commencing thirty (30) days after expiry of the three (3) years' construction period; and

(ii) a single payment of RM4,298,999 within four and half (4 ½) years after the first disbursement date on 15 June 2011.

The actual payments shall be based on the prevailing Profit Rate of the financial institution, which shall be issued by the financier.

(f) Term loan VI is repayable based on the fixed term of repayments as follows:

Tranche 1

The 2.5% of the total development and construction cost of RM293 million is reimburseable by UiTM. Upon the reimbursement by UiTM, the receipt shall be used to repay the Principal outstanding. The remaining balance shall be repaid over 2 years after the construction period of three (3) years.

Tranche 2

The outstanding principal shall be repaid over a period of twelve (12) years after the construction period of three (3) years.

(g) Significant covenant for the secured Term loan V and Term loan VI is that the maximum Total Indebtedness to Equity ratio of 90:10 is not or will not be exceeded at all times.

(h) Information on financial risk of borrowings is disclosed in Note 34 to the financial statements.

23. AMOUNT OWING TO FORMER HOLDER OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

The Redeemable Convertible Secured Loan Stocks ("RCSLS") issued to the Scheme Creditors on 13 March 2002 pursuant to the Schemes of Arrangement of the Restructuring Scheme in 2002 has expired on 13 March 2007.

The RCSLS have been treated as amount due to the former holder of RCSLS in previous financial years.

The total outstanding due to the former holder of RCSLS were fully settled in December 2010.

The securities charged as disclosed in Note 9 to financial statements had been fully discharged during the current financial period.

Notes to the Financial Statements (cont'd)

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24. REVENUE

	Group		Company	
	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Sale of properties	10,956	38,775	–	–
Management fees	150	157	27	18
Income from recreational facilities	1,173	1,204	–	–
Construction contracts	202,132	–	–	–
	214,411	40,136	27	18

25. COST OF SALES

	Group	
	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Properties sold	9,480	27,100
Provision of recreational facilities	1,180	889
Construction costs	151,540	–
	162,200	27,989

26. FINANCE COSTS

	Group		Company	
	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Interest expense on:				
- amount owing to former holder of RCSLS	–	91	–	91
- term loans	14,185	6,164	359	349
- other loans	1,050	423	–	–
	15,235	6,678	359	440

Notes to the Financial Statements (cont'd)
30 June 2012

27. PROFIT/(LOSS) BEFORE TAX

		Group		Company	
	Note	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Auditors' remuneration:					
- current year		187	85	48	25
- prior year		–	(1)	–	–
Directors' remuneration:					
- fees		45	30	45	30
- emoluments other than fees		1,390	926	414	276
Depreciation of property, plant and equipment	7	242	174	17	11
Depreciation of joint venture assets		17	13	–	–
Depreciation of investment properties	8	243	162	243	162
Write-down of group cost for property development costs, net of deferred tax	13	255	–	–	–
Land held for property development written off	9	–	463	–	–
Deposit written off		–	1	–	–
Interest expense on:	26				
- amount owing to former holder of RCSLS		–	91	–	91
- term loans		14,185	6,164	359	349
- other loans		1,050	423	–	–
Property, plant and equipment written off	7	1	4	1	–
Provision for debt settlement on compensation for loss of profit		7,603	–	–	–
Rental expense payable to:					
- a Director		9	7	–	–
- others		461	322	–	–
Rental of equipment		8	9	–	–
Impairment loss on investments in subsidiaries	10	–	–	19	6
Impairment loss on receivables	15(h)	7	–	1,121	719
Inventories written down	14	250	–	–	–

Notes to the Financial Statements (cont'd)

30 June 2012

27. PROFIT/(LOSS) BEFORE TAX (Continued)

	Note	Group 1.1.2011 to 30.6.2012 RM'000	Group 1.1.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 30.6.2012 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
And crediting:					
Forfeited income		3	7	–	–
Write back of deferred liabilities charges in respect of Al-Bai Bithaman Ajil Facility		–	1,043	–	–
Interest income from:					
- advances to a subsidiary		–	–	369	403
- others		41	97	–	–
Finance income from concession receivables		11,950	–	–	-
Management fee receivable from a subsidiary		–	–	27	18
Rental income on buildings		348	211	–	–
Gain on disposal of shares for previous associate		410	–	–	–
Gain on disposal of property, plant and equipment		1	1	–	1

The estimated monetary value of benefit-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM112,800 and RM80,456 (31.12.2010: RM77,418 and RM77,418) respectively.

28. TAX EXPENSE

	Group 1.1.2011 to 30.6.2012 RM'000	Group 1.1.2010 to 31.12.2010 RM'000	Company 1.1.2011 to 30.6.2012 RM'000	Company 1.1.2010 to 31.12.2010 RM'000
Current tax expense based on profit for the financial period/year	–	–	–	–
Under-provision in prior years	7	–	–	–
	7	–	–	–
Deferred tax (Note 20):				
Recognised in statement of comprehensive income	15,628	–	–	–
	15,635	–	–	–

Malaysian income tax is calculated at the statutory tax rate of 25% of the estimated taxable profits for the fiscal year.

Notes to the Financial Statements (cont'd)
30 June 2012

28. TAX EXPENSE (Continued)

The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory tax rate of the Group and of the Company are as follows:

	Group		Company	
	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Tax at Malaysian statutory tax rate of 25% (31.12.2010: 25%)	7,883	(208)	(792)	(656)
Tax effect in respect of:				
Non-allowable expenses	4,656	461	860	655
Non-taxable income	(103)	–	(103)	–
Utilisation of previously unrecognised tax losses	–	(365)	–	–
Deferred tax assets not recognised	3,192	112	35	1
	15,628	–	–	–
Under-provision in prior years	7	–	–	–
	15,635	–	–	–

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Arising from utilisation of previously unrecognised tax losses	–	365	–	–

29. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial period/year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period/year as follows:

	Group	
	30.6.2012	31.12.2010
Profit for the financial period/year attributable to equity holders of the company (RM'000)	3,833	474
Weighted average number of ordinary shares in issue during the financial period/year ('000)	267,107	267,107
Basic earnings per ordinary share (sen)	1.44	0.18

29. EARNINGS PER ORDINARY SHARE (Continued)

(b) Diluted

Diluted earnings per share is not presented as the average fair value of the shares of the Company is lower than the exercise price for assumed conversion of the 40,070,400 warrants issued and the options over shares under Employees' Share Option Scheme ('ESOS'). The dilution is not applicable as all warrants and ESOS had expired and lapsed during the current financial period.

30. OPERATING SEGMENTS

The Group is principally engaged in property development, project management and investment holding, as well as recreation and others.

The Group has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

Property development	:	Development of residential and commercial properties.
Project management and investment holding	:	Investment holding, letting out of properties and provision for management services.
Property construction	:	Construction of properties.

Other operating segments that do not constitute reportable segments comprise operations related to the operation of recreational facilities and insurance agent.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax but not including non-recurring losses.

Inter-segment revenue is priced on negotiated basis along the same lines as sales to external customers and is eliminated in the consolidated financial statements. Those policies have been applied consistently throughout the current financial period and previous financial years.

Segment assets comprise mainly property, plant and equipment, investment properties, development properties, land held for property development, inventories, receivables and operating cash, but exclude tax assets, if any.

Segment liabilities comprise operating liabilities and exclude tax liabilities.

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

Notes to the Financial Statements (cont'd)
30 June 2012

30. OPERATING SEGMENTS (Continued)

30.6.2012	Project management and investment holding RM'000	Property develop-ment RM'000	Property construc-tion RM'000	Other operating segments RM'000	Elimi-nations RM'000	Conso-lidation RM'000
Business segments						
Revenue from external customers	150	10,956	202,132	1,173	–	214,411
Inter-segment revenue	27	–	–	–	(27)	–
Total revenue	177	10,956	202,132	1,173	(27)	214,411
Segment results	(2,141)	(12,779)	50,402	(707)	–	34,775
Finance cost	359	10,138	5,107	–	(369)	(15,235)
Finance income	373	37	11,950	–	(369)	11,991
Profit before tax						31,531
Tax expense						(15,635)
Profit for the financial period						15,896
Segment assets*	17,406	229,750	214,512	449	–	462,117
Segment liabilities	3,377	121,266	146,842	72	–	271,557
Capital expenditure	6	22	1	27	–	56
Depreciation of property, plant and equipment, joint venture assets, and investment properties	261	59	44	138	–	502
Other material items of (income)/expense included in the Group's profit or loss:						
- Property, plant and equipment written off	1	–	–	–	–	1
- Provision for debt settlement on compensation for loss of profit	–	7,603	–	–	–	7,603
- Write-down of group cost for property development costs, net of deferred tax	–	255	–	–	–	255
- Inventories written down	–	250	–	–	–	250
- Gain on disposal of shares for previous associate	–	(410)	–	–	–	(410)

* Included in the segment assets of property development is investment in associate of RM30.

Notes to the Financial Statements (cont'd)

30 June 2012

30. OPERATING SEGMENTS (Continued)

31.12.2010	Project management and investment holding RM'000	Property develop- ment RM'000	Other operating segments RM'000	Elimi- nations RM'000	Conso- lidation RM'000
Business segments					
Revenue from external customers	157	38,775	1,204	–	40,136
Inter-segment revenue	18	–	–	(18)	–
Total revenue	175	38,775	1,204	(18)	40,136
Segment results	(2,300)	8,200	(151)	–	5,749
Finance cost	440	6,641	–	(403)	(6,678)
Finance income	449	51	–	(403)	97
Loss before tax					(832)
Tax income					–
Loss for the financial year					(832)
Segment assets	16,913	246,294	693	–	263,900
Segment liabilities	3,021	101,893	76	–	104,990
Capital expenditure	1	156	23	–	180
Depreciation of property, plant and equipment, joint venture assets, and investment properties	174	73	102	–	349
Other material items of (income)/expense included in the Group's profit or loss:					
- Property, plant and equipment written off	–	–	4	–	4
- Land held for property development written off	–	463	–	–	463
- Write back of deferred liabilities charges in respect of Al-Bai Bithaman Ajil Facility	–	(1,043)	–	–	(1,043)

Notes to the Financial Statements (cont'd)

30 June 2012

30. OPERATING SEGMENT (Continued)

(a) Reconciliation of reportable segment assets and liabilities to the Group's corresponding amounts are as follows:

	Group	
	30.6.2012 RM'000	31.12.2010 RM'000
Assets		
Segment assets	462,117	263,900
Tax assets	–	–
Total assets	462,117	263,900
Liabilities		
Segment liabilities	271,557	104,990
Tax liabilities	17,329	1,714
Total liabilities	288,886	106,704

(b) Information about Major Customers

Revenue from transactions with a major customer who individually accounted for 10% or more of the Group's revenue is as follows:

	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	Segment
Customer A	202,132	–	Property construction
Customer A	–	35,476	Property development
	202,132	35,476	

31. CONTINGENT LIABILITIES

	Company	
	30.6.2012 RM'000	31.12.2010 RM'000
Unsecured corporate guarantee given to licensed banks for facilities granted to subsidiaries		
- Amount utilised	61,109	59,773

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote.

Notes to the Financial Statements (cont'd)
30 June 2012

32. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

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

The Company has a controlling related party relationship with its direct and indirect subsidiaries.

The relationship between the Group and the related parties, other than those disclosed elsewhere in the financial statements are as follows:

(i) Substantial shareholder of the Company, Titian Hartanah (M) Sdn. Bhd.; and

(ii) Holding company of the substantial shareholder of the Company, Maymerge (M) Sdn. Bhd.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial period:

	Group		Company	
	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 30.6.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Advances from Maymerge (M) Sdn. Bhd.	(814)	(195)	–	–
Interest payable to Maymerge (M) Sdn. Bhd.	15	10	–	–
Purchase of certain properties by Directors - Dato' Shun Leong Kwong	–	175	–	–
Purchase of certain properties by Director of a subsidiary - Teoh Choo Huang	–	192	–	–
Rental payable to a Director - Dr. Christopher Shun Kong Leng CFP®, RFP™	9	7	–	–
Subsidiaries				
Management fees receivable from: - Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.	–	–	27	18
Interest income from:- - Menang Development (M) Sdn. Bhd.	–	–	369	403

Notes to the Financial Statements (cont'd)
30 June 2012

32. RELATED PARTIES DISCLOSURES (Continued)

(b) Balances of the above related party transactions are disclosed in Notes 15 and 21 to the financial statements

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

(c) Compensation of key management personnel

The remuneration of Directors during the financial period was as follows:

	Group		Company	
	1.1.2011 to 30.6.2012 RM'000	**1.1.2010 to 31.12.2010 RM'000**	**1.1.2011 to 30.6.2012 RM'000**	**1.1.2010 to 31.12.2010 RM'000**
Directors' remuneration:				
- fees	45	30	45	30
- emoluments other than fees	1,390	926	414	276
	1,435	956	459	306

33. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from the financial year ended 31 December 2010.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To remain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period ended 30 June 2012 and the financial year ended 31 December 2010.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

33. FINANCIAL INSTRUMENTS (Continued)

(a) Capital management (continued)

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Loans and borrowings	174,664	61,873	2,006	2,100
Trade and other payables	96,893	43,117	10,214	8,240
Total liabilities	271,557	104,990	12,220	10,340
Less: Cash and bank balances	(2,353)	(818)	(1,054)	(337)
Net debt	269,204	104,172	11,166	10,003
Total capital	160,889	157,052	215,388	218,557
Net debt	269,204	104,172	11,166	10,003
Equity	430,093	261,224	226,554	228,560
Gearing ratio	63%	40%	5%	4%

(b) Financial instruments

(i) Categories of financial instruments

Group	30.6.2012 RM'000	31.12.2010 RM'000
Financial assets		
Loans and receivables		
- Trade and other receivables, net of prepayments	215,091	8,453
- Cash and cash equivalents	2,353	818
	217,444	9,271
Available for sale		
- Other investments	6	2

	30.6.2012 RM'000	31.12.2010 RM'000
Financial liabilities		
Other financial liabilities		
- Borrowings	174,664	61,873
- Trade and other payables	96,893	43,117
	271,557	104,990

Notes to the Financial Statements (cont'd)

30 June 2012

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Company	**30.6.2012 RM'000**	**31.12.2010 RM'000**
Financial assets		
Loans and receivables		
- Trade and other receivables, net of prepayments	70,002	131,741
- Cash and cash equivalents	1,054	337
	71,056	132,078

	30.6.2012 RM'000	**31.12.2010 RM'000**
Financial liabilities		
Other financial liabilities		
- Borrowings	2,006	2,100
- Trade and other payables	10,214	8,240
	12,220	10,340

(ii) Fair values of financial instruments

The carrying amounts of the financial instruments of the Group and of the Company as at the end of reporting period approximate their fair values except for the following:

	Group		**Company**	
2012	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Recognised				
Term loan IV at fixed rate	2,006	2,000	2,006	2,000
Unrecognised				
Financial corporate guarantee	–	–	–	#

\# The Company provides corporate guarantee to lenders for financing facilities extended to subsidiaries which are disclosed in Note 31 to the financial statements. The fair value of the financial corporate guarantee is negligible as the probability of the subsidiaries defaulting on the financing facilities is remote.

Notes to the Financial Statements (cont'd)

30 June 2012

33. FINANCIAL INSTRUMENTS (Continued)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, 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 end of the reporting period.

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

(ii) Term loans and provision for debt settlement on compensation for loss of profit

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(iii) Quoted shares

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

(iv) Non-current other receivables

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts are approximate to their fair values.

(v) Non-current amount due from a customer for contract works

The fair values of these financial instruments are estimated by discounting the expected future cash flows at the interest rate of availability charges as per the Concession Agreement. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts are approximate to their fair values.

(d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements (cont'd)

30 June 2012

33. FINANCIAL INSTRUMENTS (Continued)

(d) Fair value hierarchy (continued)

As at 30 June 2012, the Group held the following financial instruments carried at fair value on the statements of financial position:

Assets measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale financial assets				
- Shares quoted in Malaysia	6	6	–	–

During the reporting period ended 30 June 2012, there were no transfers between fair value measurements hierarchy.

As at 31 December 2010, the Group held the following financial instruments carried at fair value on the statements of financial position:

Assets measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale financial assets				
- Shares quoted in Malaysia	2	2	–	–

During the reporting period ended 31 December 2010, there were no transfers between fair value measurements hierarchy.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors recognises the importance of financial risk management in the overall management of the Group's businesses. A sound risk management system will not only mitigate financial risk but will also be able to create opportunities if risk elements are properly managed.

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Group is exposed mainly to liquidity and cash flow risk, credit risk, interest rate risk and market price risk. Information on the management of the related exposures is detailed below.

(i) Liquidity and cash flow risk

The Group is actively managing its operating cash flow to suit the debt maturity profile so as to ensure that all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments and to maintain sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group has also obtained continuing financial support from the lenders and maintains credit facilities sufficient to meet its operational needs and to enable the Group to continue as a going concern.

Notes to the Financial Statements (cont'd)

30 June 2012

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 30 June 2012	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Borrowings	68,085	53,253	142,023	263,361
Trade and other payables	90,406	6,487	–	96,893
Total undiscounted financial liabilities	158,491	59,740	142,023	360,254
Company				
Financial liabilities:				
Borrowings	2,240	–	–	2,240
Trade and other payables	10,214	–	–	10,21
Total undiscounted financial liabilities	12,454	–	–	12,454
As at 31 December 2010				
Group				
Financial liabilities:				
Borrowings	61,873	–	–	61,873
Trade and other payables	43,117	–	–	43,117
Total undiscounted financial liabilities	104,990	–	–	104,990
Company				
Financial liabilities:				
Borrowings	2,100	–	–	2,100
Trade and other payables	8,240	–	–	8,240
Total undiscounted financial liabilities	10,340	–	–	10,340

Notes to the Financial Statements (cont'd)
30 June 2012

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Credit risk refers to the risk that counterparty will default on their contractual obligations resulting in financial loss to the Group. The Group seeks to invest cash assets safely and profitably. The Group considers the risk of material loss arising in the event of non-performance by a financial counterparty to be unlikely, except when management deems recoverability of specific debtors as doubtful.

The Group's primary exposure to credit risk arises through its trade receivables. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

<u>Exposure to credit risk</u>
At the end of reporting period, the maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each class of financial assets recognised in the statements financial position.

Information regarding credit enhancement for trade and other receivables is disclosed in Note 15 to the financial statements.

<u>Credit risk concentration profile</u>
The Group determines concentration of credit risk by monitoring the segments profits of its trade receivables on an ongoing basis.

As at 30 June 2012, the Group and the Company have no significant concentration of credit risk except for the following:

(a) an amount owing from a single customer in respect of its property construction activity constituting 99.49% (31.12.2010: Nil) of total receivables of the Group; and

(b) the amounts owing from subsidiaries of the Company constituting 99.95% (31.12.2010: 99.98%) of total receivables of the Company.

The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset recognised in the statements of financial position.

<u>Financial assets that are neither past due nor impaired</u>
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15 to the financial statements.

<u>Financial assets that are past due but not impaired</u>
Information regarding trade receivables that are past due but not impaired is disclosed in Note 15 to the financial statements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Interest rate risk

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

The Group and the Company have interest bearing financial liabilities, comprising the secured term loans, amount owing to a third party, corporate shareholders and amount owing to Directors as disclosed in the financial statements.

Interest rates on amounts owing to Directors, advances from corporate shareholders, amount owing to a third party and secured term loan IV are fixed. Interest rates for other term loans vary with reference to the base lending rate of the financial institutions.

Interest earning financial assets of the Company is mainly amounts owing from subsidiaries that attract interest income.

The following tables set out the carrying amounts, the weighted average effective interest rate as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk.

Group At 30 June 2012	Note	Weighted average annual effective interest rate %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rates									
Amounts owing to corporate shareholders	21(d)	12.00	873	–	–	–	–	–	873
Amounts owing to Directors	21(e)	12.00	2,281	–	–	–	–	–	2,281
Amount owing to a third party	21(f)	18.00	500	–	–	–	–	–	500
Term loan IV	22(c)	12.00	2,006	–	–	–	–	–	2,006
Floating rates									
Term loan I	22(a)	10.43	15,446	–	–	–	–	–	15,446
Term loan II	22(a)	10.92	45,663	–	–	–	–	–	45,663
Term loan V	22(e)	6.30	–	–	2,307	7,912	4,591	58,797	73,607
Term loan VI	22(f)	7.35	–	–	4,642	4,642	2,866	25,792	37,942
At 31 December 2010									
Fixed rates									
Amounts owing to corporate shareholders	21(d)	12.00	44	–	–	–	–	–	44
Amounts owing to Directors	21(e)	12.00	817	–	–	–	–	–	817
Amount owing to a third party	21(f)	18.00	1,000	–	–	–	–	–	1,000
Term loan IV	22(c)	12.00	2,100	–	–	–	–	–	2,100
Floating rates									
Term loan I	22(a)	10.03	13,242	–	–	–	–	–	13,242
Term loan II	22(a)	10.04	46,531	–	–	–	–	–	46,531

Notes to the Financial Statements (cont'd)
30 June 2012

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Interest rate risk (continued)

Company At 30 June 2012	Note	Weighted average annual effective interest rate %	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rates									
Amounts owing from subsidiaries	15(c)	0.28	51,491	–	–	–	–	–	51,491
Amounts owing to Directors	21(e)	12.00	595	–	–	–	–	–	595
Term loan IV	22(c)	12.00	2,006	–	–	–	–	–	2,006
At 31 December 2010									
Fixed rates									
Amounts owing from subsidiaries	15(c)	0.40	98,233	–	–	–	–	–	98,233
Amounts owing to Directors	21(e)	12.00	82	–	–	–	–	–	82
Term loan IV	22(c)	12.00	2,100	–	–	–	–	–	2,100

Sensitivity analysis for interest rate risk

At 30 June 2012, if interest rates had been 50 basis points higher or lower, with all other variables held constant, the Group's and the Company's post-tax profit/(loss) for the period would have been RM669,000 and RM183,000 (31.12.2010: RM239,000 and RM360,000) higher or lower respectively, arising mainly as a result of higher or lower finance costs on the Group's and the Company's borrowings and higher or lower finance income on fixed rate advances to subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad. These instruments are classified as financial assets available for sale.

There has been no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Sensitivity analysis for market price risk

The Group has considered the sensitivity of the financial instruments to market risks and is of the view that its impact is insignificant.

35. EMPLOYEE BENEFITS

	Group		Company	
	30.6.2012 RM'000	31.12.2010 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
Directors' remuneration other than fees	1,390	926	414	276
Salaries and wages	2,720	2,065	801	503
Defined contribution plan	311	202	92	63
Other employee benefits	510	231	161	128
	4,931	3,424	1,468	970

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,011,600 (31.12.2010: RM674,400) and RM36,000 (31.12.2010: RM24,000) respectively.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(i) On 26 March 2010, a Consortium Agreement was signed between the Company and third parties ("Consortium") for the purpose of joint venture development on certain parcels of land that were previously charged to Bank Islam as securities for the Islamic Facility. These land had been discharged during the previous financial year following the settlement of the Islamic Facility.

Pursuant to the Consortium Agreement, the Company shall negotiate to secure a private finance initiative ("PFI") project to be developed on the aforesaid land within twelve (12) months from the date of the Consortium Agreement, failing which, these land shall be sold and transferred to a certain member of the Consortium free from all encumbrances and with vacant possession.

However, on 20 December 2011, the Consortium parties have agreed to dispose the designated landed property to third parties to recover the values.

(ii) On 21 December 2010, the Group has fully repaid and settled its term loan liabilities under Practice Note 1 ("PN1") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. On 13 January 2011, the Group announced that the Group had regularised its PN1 status.

(iii) The Directors of the Company have proposed to implement a capital reduction of the issued and paid-up share capital of the Company ("the Proposal") via the cancellation of RM0.50 of the par value of each unit of ordinary share. At an Extraordinary General Meeting held on 12 November 2010, the shareholders of the Company have approved the Proposal.

On 28 January 2011, the High Court of Malaya ('the Court") had granted order-in-terms in respect of the application by the Company for the Proposal. On 16 February 2011, the sealed order of the Court confirming the capital reduction has been lodged with the Companies Commission of Malaysia. Accordingly, the capital reduction took immediate effect, whereby the par value of each ordinary share in the Company was reduced from RM1.00 to RM0.50 per share. All the ordinary shares of Menang standing to the credit of the securities account of the Company's shareholders shall be unaffected. The market price of the shares was not adjusted by the capital reduction.

Accordingly, the issued and paid-up share capital of the Company of RM267,107,000 comprising 267,107,000 ordinary shares of RM1.00 each will become RM133,553,000 comprising 267,107,000 ordinary shares of RM0.50 each. Hence the capital reduction has been successfully completed on 16 February 2011.

In accordance with the Deed Poll dated 17 May 2001 constituting the Warrants, the exercise price of the Warrants was adjusted from RM1.00 to RM0.50 per ordinary share as a consequence of the capital reduction.

Notes to the Financial Statements (cont'd)

30 June 2012

36. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (Continued)

(iv) On 8 April 2011, the Company acquired the entire equity interest of Rumpun Positif Sdn. Bhd. ("RP") comprising two (2) ordinary shares of RM1 each for a total cash consideration of RM2. RP is a company incorporated in Malaysia.

(v) On 14 October 2011, pursuant to the terms and conditions stipulated in the deed poll constituting the Warrants dated 17 May 2001 and its supplemental deed dated 30 June 2006 (collectively referred to as the "Deed Poll") governing the warrants 2001/2011 ("Warrants"), the exercise rights of the Warrants expired.

(vi) On 25 November 2011, the Company acquired additional equity interest in Menang Development (M) Sdn. Bhd. ("MDSB") comprising sixty million (60,000,000) ordinary shares of RM1 each for a total cash consideration of RM60,000,000. MDSB is a company incorporated in Malaysia and principally engaged in property development activities.

(vii) On 27 April 2012, RP increased its authorised share capital from 100,000 shares of RM1 each to 1,000,000 shares of RM1 each and issued 275,000 new ordinary shares of RM1 each of which 140,250 ordinary shares were allotted to MDSB and the remaining 134,750 ordinary shares were allotted to a third party. On the same day, the Company transferred its equity interest in RP of two (2) ordinary shares of RM1 each to MDSB.

(viii) On 30 April 2012, RP entered into a Concession Agreement ("CA") with the Government of Malaysia under a PFI basis to build, lease, maintain and transfer for a UiTM Campus at Puncak Alam for a contract sum of approximate RM260,000,000.

Upon completion of the building, the Campus will be leased to the Government/UiTM for a period of 20 years. During the lease period of 20 years, RP will also be maintaining the Facilities and Infrastructure of the Campus. The Concession Period of the Project is therefore 23 years (inclusive of the 3 years construction period).

(ix) On 21 May 2012, the Company transferred its entire equity interest in Protokol Elegan Sdn. Bhd. ("PE") of two (2) ordinary shares of RM1 each to MDSB.

37. SIGNIFICANT EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

(i) On 3 July 2012, PE increased its authorised share capital from 100,000 shares of RM1 each to 1,000,000 shares of RM1 each and issued 10,000 new ordinary shares of RM1 each, of which 5,100 shares were allotted to MDSB and the remaining 4,900 shares were allotted to a third party.

(ii) On 23 July 2012, PE issued 264,998 new ordinary shares of of RM1 each and allotted 135,148 ordinary shares to MDSB and the remaining 129,850 ordinary shares were allotted to a third party.

(iii) On 25 July 2012, PE entered into a CA with the Government of Malaysia under a PFI basis to build, lease, maintain and transfer a UiTM Institute Latihan at Nilai for a contract sum of approximately RM101,000,000. Upon completion of the building, the Campus will be leased to the Government/UiTM for a period of 20 years. During the lease period of 20 years, PE will also be maintaining the Facilities and Infrastructure of the Campus. The Concession Period of the Project is therefore 23 years (inclusive of the 3 years of construction period).

(iv) On 29 August 2012, RP increased its authorised share capital from 1,000,000 ordinary shares of RM1 each to 10,000,000 ordinary shares of RM1 each and issued 4,724,998 new ordinary shares of RM1 each of which 2,409,748 ordinary shares were allotted to MDSB and the remaining 2,315,250 ordinary shares were allotted to a third party.

Notes to the Financial Statements (cont'd)

30 June 2012

38. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFIT OR LOSSES

The breakdown of accumulated losses of the Group and of the Company into realised and unrealised profits or losses pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 is as follows:

	30.6.2012		31.12.2010	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total (accumulated losses)/ profits of Company and its subsidiaries:				
- Realised	(146,229)	106,980	(175,368)	59,417
- Unrealised	(17,198)	(110,149)	(52,322)	(108,927)
Less: Consolidation adjustments	105,755	–	116,675	–
Total Group/Company accumulated losses as per financial statements	(57,672)	(3,169)	(111,015)	(49,510)

List of Properties Held
As at 30 June 2012

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition/ Revaluation
Geran No. 27917 Lot No. 48 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	Freehold Land	82.90 acres	Vacant Industrial Land for Future Development	N/A	19,519	1998
HSD 97332 PT 25008 Mukim of Klang Daerah Klang Selangor Darul Ehsan	Leasehold 99 Years Expiry date - 2103	27.86 acres	Vacant Industrial Land for Future Development	N/A	2,516	1998
HSD 97333 PT 50718 Mukim of Klang Daerah Klang Selangor Darul Ehsan	Leasehold 99 Years Expiry date - 2103	41.25 acres	Vacant Industrial Land for Future Development	N/A	3,726	1998
Geran No. 21944 Lot No. 20 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	46.50 acres	Vacant Industrial Land for Future Development	N/A	4,856	1998
Lot No. 663, GM 3689 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	10.38 acres	Vacant Industrial Land for Future Development	N/A	1,086	1998
Lot No. 889, GM 3690 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	Freehold Land	10.13 acres	Vacant Industrial Land for Future Development	N/A	1,058	1998
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	4.20 acres	Vacant Service Apartments Land for Future Development	N/A	5,000	1998
Lot 1279, CT 6441 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	3.93 acres	Vacant Hotel Resort Land for Future Development	N/A	4,673	1998
665 & 666 Jalan RJ 1/15 Rasah Jaya 70300 Seremban Negeri Sembilan Darul Khusus	Freehold Land	3,600 sf	3 1/2 Storey Office Lots	30 years	306	1998
24 units of 3 Storey Office Mukim of Rasah, Seremban	Freehold Land	43,758 sf	Office Lots For Rental/Sale	15 years	5,774	1998

List of Properties Held (cont'd)

As at 30 June 2012

Location	Tenure	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition/ Revaluation
Rasah Jaya Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	8.01 acres	On Going Mixed Development Land	N/A	11,905	1998
Seremban 3 Various subdivided lots Negeri Sembilan Darul Khusus	Freehold Land	473 acres	On Going Mixed Development Land	N/A	162,117	2001
Lot 868, Geran 17863 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	2.51 acres	Residential Development Land	N/A	753	2002
Lot 1570, Geran 3890 Mukim of Rantau, Seremban Negeri Sembilan Darul Khusus	Freehold Land	64.84 acres	Agricultural Land	N/A	5,101	2004
Lot 776, GM 33 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	11.75 acres	Vacant Commercial Land	N/A	7,601	2004
Lot 9555 & 9556, HS (D) 125699 & 125700 Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	Freehold Land	9.93 acres	Agricultural Land	N/A	1,729	2005
Lot 661, Geran No 587 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	44,100 sf	Agricultural Land	N/A	1,129	2004
Lot 996, Geran No 591 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	Freehold Land	87,121 sf	Agricultural Land	N/A	2,230	2004

Shareholders' Information

ANALYSIS OF SHAREHOLDINGS AS AT 07 NOVEMBER 2012

SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-Up Capital	:	RM133,553,500.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares of RM0.50 each	%
Less than 100	198	1.29	2,533	0.00
100 to 1,000	8,667	56.35	4,380,466	1.64
1,001 to 10,000	5,424	35.26	18,668,771	6.99
10,001 to 100,000	945	6.14	28,922,700	10.83
100,001 to 13,355,349	144	0.94	138,861,000	51.99
13,355,350* and above	3	0.02	76,271,530	28.55
	15,381	100.00	267,107,000	100.00

* 5% of issued shares = 13,355,350

SUBSTANTIAL SHAREHOLDERS (Excluding bare trustee)
(As per Register of Substantial Shareholders)

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
Dato' Abdul Mokhtar Ahmad	9,000,000	3.37	27,945,130 *	10.46
Dato' Shun Leong Kwong	9,400	0.00	27,945,130 *	10.46
Datin Mariam Eusoff	23,004,200	8.61	27,945,130 *	10.46
Maymerge (M) Sdn Bhd	1,200	0.00	27,943,930 +	10.46
Titian Hartanah (M) Sdn Bhd	27,943,930 @	10.46	–	–
Dr. Christopher Shun Kong Leng CFP®, RFP™	25,345,400	9.49	–	–

* Indirect interest through Maymerge (M) Sdn Bhd (257143-M) and Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A(4)(c) of the Companies Act, 1965

\+ Indirect interest through Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A (4)(c) of of the Companies Act, 1965

@ Included in this figure, 27,921,930 shares held by bare trustee, AMSEC Nominees (Tempatan) Sdn Bhd (102918-T)

Shareholders' Information (cont'd)

DIRECTORS' SHAREHOLDINGS
(As per Register of Directors' Shareholdings)

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
Dato' Abdul Mokhtar Ahmad in				
The Company	9,000,000	3.37	27,945,130 *	10.46
Maymerge (M) Sdn Bhd	118,977,400	20.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Dato' Shun Leong Kwong in				
The Company	9,400	0.00	27,945,130 *	10.46
Maymerge (M) Sdn Bhd	267,699,150	45.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Datin Mariam Eusoff in				
The Company	23,004,200	8.61	27,945,130 *	10.46
Maymerge (M) Sdn Bhd	208,210,450	35.00	–	–
Titian Hartanah (M) Sdn Bhd	–	–	1,000,000	100.00
Dr. Christopher Shun Kong Leng, CFP®, RFP™ in The Company	25,345,400	9.49	–	–
Too Kok Leng	–	–	–	–
Chiam Tau Meng	–	–	–	–

* Indirect interest through Maymerge (M) Sdn Bhd (257143-M) and Titian Hartanah (M) Sdn Bhd (271634-U) by virtue of Section 6A(4)(c) of the Companies Act, 1965

THIRTY LARGEST SHAREHOLDERS AS AT 7 NOVEMBER 2012

	Name	No. of Shares	%
1	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Titian Hartanah (M) Sdn Bhd	27,921,930	10.45
2	Christopher Shun Kong Leng	25,345,400	9.49
3	Mariam Binti Mohamed Eusoff	23,004,200	8.61
4	HSBC Nominees (Asing) Sdn Bhd Exempt An For BSI SA (BSI BK SG-NR)	10,762,000	4.03
5	Kota Permatamas Sdn Bhd	10,000,000	3.74
6	Harasa Abadi Sdn Bhd	9,427,100	3.53
7	Tan Shoo Li	9,126,300	3.42
8	Abdul Mokhtar Bin Ahmad	9,000,000	3.37
9	Pakatan Laksana Commercial Sdn Bhd	8,928,200	3.34

Shareholders' Information (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 7 NOVEMBER 2012 (Continued)

	Name	No. of Shares	%
10	Compugates Holdings Berhad	6,982,900	2.61
11	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Capital Management Sdn Bhd (EPF)	6,088,000	2.28
12	Toh May Fook	5,519,500	2.07
13	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Toh May Fook (MY0785)	4,761,400	1.78
14	Liew Sook Pin	4,156,500	1.56
15	Tan Yok Chu	3,558,500	1.33
16	Lim Seng Chee	3,215,000	1.20
17	Tay Hock Soon	2,751,600	1.03
18	Robyn Lim Kit Yoong	2,683,100	1.01
19	Toh May Fook	1,900,900	0.71
20	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-NR)	1,669,300	0.63
21	Tee Chee Chong	1,389,900	0.52
22	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Foremillion (M) Sdn Bhd	1,338,300	0.50
23	Continuum Sanctuary Commercial Sdn Bhd	1,200,000	0.45
24	Ho Tau Tai	1,145,500	0.43
25	Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS AG Singapore (Foreign)	1,130,000	0.42
26	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Quek Yuen Sum	990,100	0.37
27	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chen Teck Peng	968,400	0.36
28	Chua Khin Eng	955,100	0.36
29	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Wong Kie Yik (MQ0179)	900,000	0.34
30	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Kheng Peow	718,000	0.27
	Total	187,537,130	70.21

Menang Corporation (M) Berhad (5383-K)
Incorporated in Malaysia

CDS Account No.	Number of Shares Held

PROXY FORM

I/We ....
(Full Name in Capital Letters)

NRIC No/ID No/Company No .... of ....

....
(Full Address)

being a member(s) of **MENANG CORPORATION (M) BERHAD** hereby appoint ....

.... NRIC No. ....
(Full Name in Capital Letters)

of ....
(Full Address)

or failing him the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Forty Eighth Annual General Meeting of the Company to be held at the Ballroom, Hotel Maya, 138 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 20th December 2012 at 11.00 a.m. and at any adjournment thereof.

*My/Our proxy(ies) is/are to vote as indicated below:

Resolutions	**Ordinary Business**	**For**	**Against**
Ordinary Resolution 1	Adoption of Audited Financial Statements and Reports		
Ordinary Resolution 2	Approval of Directors Fees		
Ordinary Resolution 3	Re-election of Datin Mariam Eusoff as Director pursuant to Article 112		
Ordinary Resolution 4	Re-election of Dr. Christopher Shun Kong Leng as Director pursuant to Article 112		
Ordinary Resolution 5	Re-appointment of Dato' Abdul Mokhtar Ahmad as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 6	Re-appointment of Dato' Shun Leong Kwong as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 7	Appointment of Auditors.		
	Special Business		
Ordinary Resolution 8	Authorisation to issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 9	Proposed renewal of General Mandate for Substantial Property Transactions involving Directors pursuant to Section 132E of the Companies Act, 1965		
Special Resolution	Proposed Amendments to the Articles of Association of the Company		

Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this ....day of.. 2012

....
Signature/Common Seal of Shareholder(s)

(* Delete if not applicable)

NOTES:

(1) A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) The Proxy form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.

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

(4) Any alteration to the instrument appointing a proxy must be initialed. The instrument appointing a proxy must be deposited at the Company's Registered Office at 8th Storey, South Block, Wisma Selangor Dredging, 142-A Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time fixed for the meeting or any adjournment thereof.

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Stamp

The Company Secretary
Menang Corporation (M) Berhad (5383-K)
Box #2, Wisma Selangor Dredging
8th Storey, South Block
142-A Jalan Ampang
50450 Kuala Lumpur

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