Karambunai Corp Bhd 6461-P
No 1, Nexus Drive East
Karambunai, Menggatal
88450 Kota Kinabalu
Sabah Malaysia

Tel: +6088-411 111 Fax: +6088-412 111
e mail: cosec@karambunaicorp.com

www.karambunaicorp.com

Nexus Resort Karambunai Sdn Bhd 130571-M

1, Nexus Drive West
Karambunai, Off Jalan Sepangar
Locked Bag 100
Sabah, Malaysia

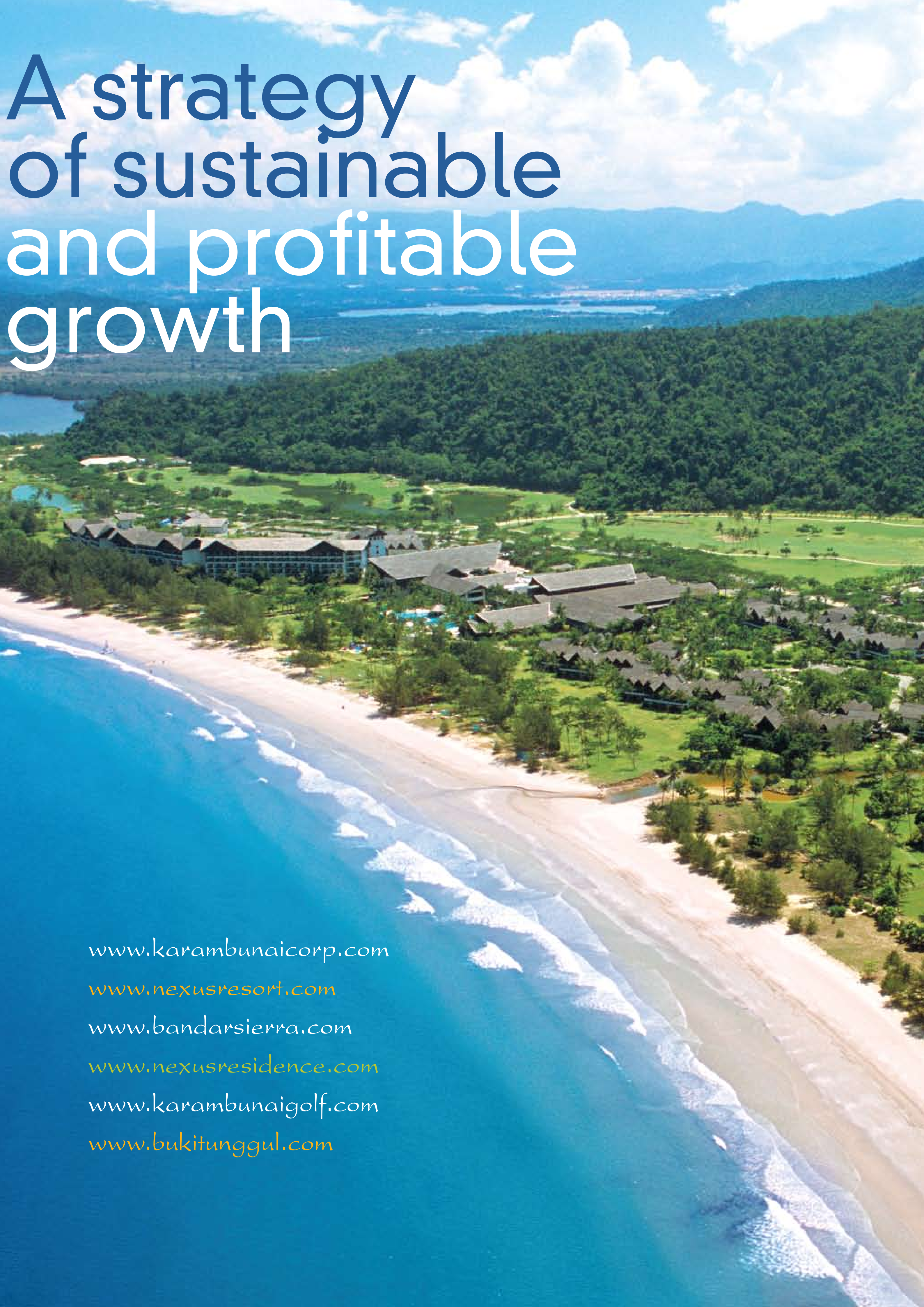
Tel: +6088-411 222 Fax: +6088-412 020
e mail: info@nexusresort.com

www.nexusresort.com

Karambunai Corp Bhd 6461-P

2010 Annual Report

annual report 2010



A strategy of sustainable and profitable growth

www.karambunaicorp.com

www.nexusresort.com

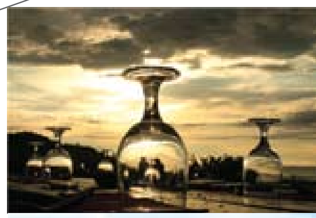
www.bandarsierra.com

www.nexusresidence.com

www.karambunaigolf.com

www.bukitunggul.com

contents 2010

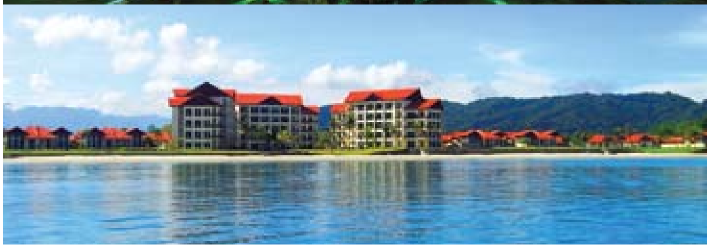


corporate profile

Karambunai is located 30 kilometres north-east of Kota Kinabalu City and lies within a 4,000 acre of eco-sanctuary that is tucked away, yet, in the midst of civilization. Nestled by South China Sea on one end, rolling hills in the center and a natural cove on the other end, Karambunai is a natural perfection of white sandy beach, wetland, crystal blue cove, flatland, highland, rainforest and river.

KCB's flagship asset is the Nexus Resort & Spa Karambunai, a premier luxury 5-star 485-room international-class resort hotel with a world-class 18-hole golf course, combining elements of modern architecture with Borneo design and style. Its luxurious accommodation includes the 236 Borneo Wing guestrooms, nestled within a cluster of 7 two-storey buildings, amid a lush tropical garden. The five-storey Ocean Wing offers tastefully stylish accommodations, with each guestroom unveiling private balconies that offers panoramic view of beach and cobalt blue seas. 6 Royal and Presidential Villas, with their private gardens and most with private swimming pools, offer the ultimate in luxury accommodation.

Karambunai Corp Bhd and its group of companies ("KCB") is a leading tourism player in Sabah, Malaysia with its world-class property popularly known as Karambunai in Kota Kinabalu, Sabah Borneo.



KCB's latest development in Karambunai is the Nexus Residence Karambunai project ("NRK"), which features up-market beachfront resort villas and will comprise approximately 2,000 units when completed. NRK is an exclusive beachfront property development project sprawled over 270 acres within the peninsular of Karambunai in Kota Kinabalu, Sabah. The development is on par with the world's most luxurious holiday destinations of Hawaii, Bali, Hilton Head, Cancun and Phuket. The main buyers of NRK products are mainly foreigners who are participants under the "Malaysia My Second Home" programme, including Hong Kong, Singapore, London, Dublin, Japan, Korea, Taiwan and China. The first phase in Nexus Residence, the Dillenia precinct, has been completed and the buyers' units under the leaseback arrangements to KCB is managed as the new "Villas & Suites at Nexus Resort Karambunai". This will complement the existing 485-room inventory of Nexus Resort as premier villas with sea-fronting view and has since commenced operations in the second half of 2009.

KCB is also a major property developer in Kota Kinabalu with its 415 acres of mixed residential and commercial development in Bandar Sierra, which is about 15 minutes' drive from the city centre. Located within the northern growth area of Kota Kinabalu, Bandar Sierra's location is strategic as it is near the Sabah State's new Federal Administration Centre as well as several institutions of higher learning, the new Sepangar Bay Naval base and the Kota Kinabalu Industrial Park. The Group is confident that its Bandar Sierra township will enjoy strong demand for its residential and commercial properties.

Over in Peninsular Malaysia, KCB owns 1,363 acres of land in Bukit Unggul Eco-Media City, located within close proximity to the Kuala Lumpur International Airport, Putrajaya and Cyberjaya. Completed developments include the 18-hole international class golf course with full club facilities, namely Bukit Unggul Country Club ("BUCC"). Designed by American guru, Ronald Fream, BUCC is well known for its unique mature rainforest environment. Bukit Unggul Eco-Media City will be developed as a mixed development township comprising residential, commercial and recreational components amidst the scenic and centuries-old tropical forest situated in the Multimedia Super Corridor area.

notice of 44th annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-Forth Annual General Meeting of Karambunai Corp Bhd will be held at Balingoi, Nexus Resort Karambunai, No. 1, Nexus Drive West, Karambunai, off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Tuesday, 28 September 2010 at 10.00 a.m. for the following purposes :-

AGENDA

AS ORDINARY BUSINESS:-

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2010 together with the Reports of Directors and Auditors.
   Resolution 1

2. To approve Directors' fees for the financial year ended 31 March 2010.
   Resolution 2

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association :-

   Under Article 107
   Tan Sri Dr Chen Lip Keong
   Resolution 3

   Chen Yiy Hwuan
   Resolution 4

   Under Article 108
   Dato' Dr Mohd Aminuddin Bin Mohd Rouse
   Resolution 5

4. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

   "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir who is over the age of seventy years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
   Resolution 6

5. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and to authorise the Directors to fix their remuneration.
   Resolution 7

6. Special Business

   To consider and, if thought fit, pass with or without modifications the following Resolution :-

   ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.

   "**THAT** the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time subject to Section 132D(3) 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 pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being."
   Resolution 8

7. To transact any other ordinary business of which due notice shall have been received.

By Order of the Board

LIM TIONG JIN, MIA 16286
CHANG YUET MEI, MAICSA 0781552
Company Secretaries

Kota Kinabalu
6 September 2010

Notes :-

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

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation either under its common seal, or the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power of authority, shall be deposited at the Company's Registered Office, No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting.

5. The 2010 Annual Report is in CD-ROM format. Printed copies of the Annual Report shall be provided to the shareholders upon request. Shareholders who wish to receive a printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr Goh Chin Khoon at Tel: 03-7968 1001 / Fax: 03-7958 8013 / e-mail: ckgoh@semangatcorp.com or Ms Candice Lo at Tel: 088–499934 / 411111 / Fax: 088-412111 / e-mail: cosec@karambunaicorp.com

EXPLANATORY NOTES ON SPECIAL BUSINESS

RESOLUTION 8

Ordinary Resolution 8 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the 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 of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors standing for re-election / re-appointment

1. The Directors who are standing for re-election/ re-appointment at the Forty-Forth Annual General Meeting of the Company on 28 September 2010 are as follows :-

Tan Sri Dr Chen Lip Keong	- Resolution 3
Chen Yiy Hwuan	- Resolution 4
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	- Resolution 5
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	- Resolution 6

2. Information on the above Directors are set out on pages 16 to 19 of the Annual Report.

   Details of attendance of Board Meetings held during the financial year ended 31 March 2010 for the above Directors are set out on page 39 of this Annual Report.

chairman's statement

Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir
Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Karambunai Corp Bhd ("KCB") for the financial year ended 31 March 2010.

ECONOMIC REVIEW

The year 2009 continues to be as challenging as the preceding year as the collapse of several systemically important financial institutions in the United States and Europe in September 2008 sparked a worldwide recession not seen since the Great Depression in 1929. According to the International Monetary Fund estimates, the advanced economies contracted 3.8% in 2009 while the emerging and developing markets decelerated to 2.1% in 2009.

Meanwhile, the Malaysian economy contracted by 1.7% in 2009. The impact of the global recession on the domestic economy would have been more severe if not for several positive factors of the Malaysian economy including sustained growth in private consumption, increased public sector spending, implementation of fiscal stimulus measures by the Government and stronger commodity prices.

FINANCIAL REVIEW

For the financial year ended 31 March 2010, the Group reported revenue of RM139.7 million (as compared to RM198.4 million in the previous corresponding year).

The lower revenue registered was mainly due to lower contribution from its property segment as some of the development projects have reached the completion stage and hence recorded lower revenue. The Group is currently in the final stages of preparing for its new property projects in Sabah and intends to launch the projects at the right time to ride on the improving sentiments of the property market.

The Group recorded a pre-tax loss of RM43.0 million after taking into account financing costs of RM37.2 million for the current financial year (as compared to a pre-tax loss of RM35.9 million in the previous corresponding year).

DIVIDEND

The Board of Directors does not recommend any dividend declaration for the year under review.

STRATEGIC FOCUS

The Group is committed to its focus and vision of maintaining its position as a leading resort operator and developer. Growing from strength-to-strength, Nexus Resort & Spa Karambunai ("Nexus Resort") has established itself as a preferred resort destination and the "Nexus" brand-name continues to gain acceptance and recognition for its service quality and charming hospitality.

In 2009, the Group successfully completed the first phase of Nexus Residence Karambunai, comprising 243 units of up-market beachfront resort villas and the Group looks forward to the continued development of more exciting phases under the Nexus Residence project.

At the same time, the maturity of its existing assets of Nexus Resort and Nexus Golf will allow for the Group to explore opportunities to unlock the value of its strategic landbank totaling 1,500 acres in the Karambunai peninsular. The long-term potential for future development is huge given that the Karambunai Masterplan envisions an integrated resort destination complete with various components of residential and commercial developments that is on par with other world-class resort destinations across the globe.

chairman's statement

CORPORATE DEVELOPMENT

On 24th July 2009, the Group announced the proposed disposal of approximately 8,790 square metres of leasehold land held under H.S. (M) 19319, P.T. 16028, Mukim Petaling, Daerah Petaling, Negeri Selangor for a cash consideration of RM1,655,000 by FACB Land Sdn Bhd ("FACBL"), a wholly-owned subsidiary of Karambunai Corp Bhd to Majurama Developments Sdn Bhd ("Majurama"), a wholly-owned subsidiary of Petaling Tin Berhad. Majurama subsequently granted an extension of time to FACBL to fulfill the condition precedent in the sale & purchase agreement to 23rd November 2010.

As for the acquisition of 60% equity interest in Beribu Ukiran Sdn Bhd ("BUSB"), from FACB Industries Incorporated Bhd ("FACBII") and the novation of RM33.4 million owing to FACBII from BUSB to another wholly-owned subsidiary, Dapan Holdings Sdn Bhd ("DHSB"), the Group announced on 8 December 2009 that both parties, i.e. DHSB and FACBII, have agreed to extend the Second Payment amounting to RM8,280,203 (inclusive of interest) from 6th October 2009 to 6th October 2010 with interest pursuant to the Novation Agreement executed on 7th August 2008.

The RM130 million Promissory Note ("Promissory Note") issued by KCB to Abrar Discounts Berhad ("ADB") had matured on 29 December 2009 and the settlement of the Promissory Note has been extended to 28 August 2010. Consequentially, the Purchase Agreement dated 29 November 2006 executed between ADB and Tan Sri Dr Chen Lip Keong, major shareholder of KCB, has also been extended from 29 August 2010 to 28 December 2010.

CORPORATE SOCIAL RESPONSIBILITY

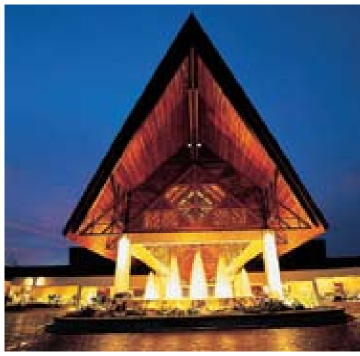
The Group is committed towards its social responsibility through the following themes – environmental protection, social obligations and organisation.

As an established resort operator and property developer in Sabah, the Group adopts an 'environment-friendly' approach for the operations of Nexus Resort and the development of Bandar Sierra and Nexus Residence projects. This include policies implemented across the KCB group of companies with the objective to minimize wastage, maximize the use of energy-saving devices, proper disposal of waste materials, recycling of used materials and adopting environmental best-practices whenever possible.

For social activities, the Group is involved in philanthropic activities including the organizing activities for less fortunate students, blood donation drives, contribution towards charity homes and the cleaning up of public beach. The engagement in social activities is the Group's way of showing appreciation to the local community in which we operate our businesses.

In the Group's organization of over 1,000 employees, we recognize the importance of our human resources. Key initiatives to further strengthen the organisation includes providing a conducive working environment for our employees, staff development & training, diversity, employee welfare as well as health and safety.





FUTURE OUTLOOK

The outlook for 2010 remains challenging as economic developments in several major economies remain uncertain. Given the high degree of openness in the Malaysian economy, the Group is cautiously managing its business operations with focus on revenue sustainability and casfhlow management.

The Group is currently in the final stages of preparing for its new property projects in Sabah and the timing of the property launch will be crucial to the Group's success. The Group also intends to leverage on its world-class assets whilst divesting non-strategic assets to generate cashflows.

ACKNOWLEDGEMENT

We take this opportunity to welcome the appointment of our new director, Dato' Dr Mohd Aminuddin Bin Mohd Rouse, who joined the Board on the 9th October 2009. We are confident that his vast experience from the corporate sector will further strengthen the Board and help guide the Company towards greater success.

We would also like to place on record our sincere thanks to the shareholders, customers, business associates, relevant authorities and other stakeholders for your continued support and belief in us. We are also appreciative of the management and staff for their continued commitment and contribution in pursuit of the Group's goals.

Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir
Chairman

30 July 2010
Kota Kinabalu

ceo's statement

Datuk Robin HL Loh
Chief Executive Officer

Dear Shareholders,

It is my pleasure to report on the performance of Karambunai Corp Bhd ("KCB") for the financial year ended 31 March 2010.

BUSINESS MANAGEMENT

The year 2009 proved to be a challenging year for many economies and businesses as predicted by international agencies and major institutions. In the first half of 2009, the global economy experienced the sharpest contraction since the Second World War, with countries accounting for more than 60% of world output mired in a synchronised recession. The full impact of the 2008 international financial crisis on the real economy was felt in the first quarter of 2009, where a large number of economies experienced significant contractions in real GDP. In the advanced economies, the financial crisis and the ensuing credit crunch led to a sharp decline in private sector demand. Household consumption was curtailed, affected by a combination of factors including deteriorating employment prospects, falling house prices and difficulties in obtaining access to credit. Similarly, businesses cut their production sharply while inventories were drawn down to abnormally low levels amid weak demand and tight credit conditions. The international production and trade network unravelled, sending shocks to the emerging economies.

The Asian economies, particularly those with a higher degree of trade openness, were affected by the collapse in world trade that resulted from the sudden plunge in demand from the advanced economies, leading to double-digit declines in exports and production. The Malaysian economy contracted by 1.7% in 2009, a year when the global economy experienced its deepest downturn in modern history. The domestic economy experienced the full impact of the global recession in the first quarter, declining by 6.2%, marking the first year-on-year contraction in real GDP since the third quarter of 2001. The collapse in global demand and world trade led to double-digit declines in Malaysia's exports and industrial production. Given the high degree of openness of the economy, the deterioration in external demand affected employment, income and overall business and consumer sentiment, causing private consumption and private investment activities to decline in the first quarter of the year.

However, the accelerated implementation of fiscal stimulus measures, the aggressive easing of monetary policy and the comprehensive measures introduced to ensure continued access to financing contributed to stabilisation in the domestic economy in the second quarter and subsequent recovery in the second half of the year. In addition to higher public spending, the policy measures also helped to revive private sector sentiment, which, together with improving labour market conditions, led to an expansion in private consumption in the second half of 2009. Signs also emerged to indicate that private investment activity had begun to stabilize towards the end of the year. Moreover, external demand provided further impetus to growth as the global economy, particularly as the regional economies gradually recovered. As a result, the Malaysian economy resumed its growth momentum in the fourth quarter, growing by 4.5%, with strengthened domestic and external demand contributing to growth.

Meanwhile, tourism activities in Sabah were fairly consistent whereby in 2009, tourist arrivals numbers were 2.25 million as compared to 2.3 million a year earlier. We are heartened to conclude that Sabah is a leading destination famous for its fauna, flora and eco-tourism attractions and that contributes towards consistent volume of tourists to the "Land beneath the Wind".

In terms of its financial performance, KCB recorded a decline in its revenue to RM139.7 million in the current financial year from RM198.4 million in the previous corresponding period. This was mainly due to lower contribution from the property segment as some of the development projects reached the final completion stage during the year. As a result, the Group recorded a pre-tax loss of RM43.0 million after taking into account financing cost of RM37.2 million for the current financial year. The Group is currently in the final stages of preparing for its new property projects in Sabah and is awaiting the right time to launch the projects.

ceo's statement

REVIEW OF OPERATIONS

Nexus Resort & Spa Karambunai ("Nexus Resort")

Nexus Resort is an established 5-star international hotel in Kota Kinabalu and is one of the key assets of the Group. It is also recognized as one of the leading resort destination internationally.

To maintain quality excellence and improved competitive edge, Nexus Resort undertook the refurbishment of its Ocean Wing block in the fourth quarter of 2009 and the completion of the work has provided the Ocean Wing with a new rejuvenated look.

Growing from strength-to-strength, Nexus Resort received the ISO 14001:2004 certification (Environmental Management System) in October 2009. The certification is part of the Group' social responsibility effort where environmental protection was identified as the key theme. As an established resort, the Group has always maintained an 'environmental-friendly' approach for its hotel operations including minimizing wastage, maximize the use of energy-saving device, proper disposal of waste materials, recycling of used materials and adopting environmental best practices wherever possible.

In terms of recognition, Nexus Resort was awarded the "Best Resort Spa" by the Malaysian Spa & Wellness 2009 as a testament to its continuous effort to become the leading spa destination in Malaysia.

It is pertinent that Nexus Resort continues to maintain a high standard of service catering to our diversified range of international guests such that their stay with us remains a truly unique and memorable experience.

Nexus Golf Resort Karambunai ("Nexus Golf")

Nexus Golf is one of the premier golf courses in East Malaysia, specifically in Kota Kinabalu. Designed by world-renowned golf architect, Ronald Fream, Nexus Golf is an 18-hole par 72 golf course that has hosted several prestigious events such as the 105th Malaysian Amateur Golf Open and has won numerous awards over the years.

Most recently, Nexus Golf hosted the APGC Senior Amateur Golf Championship 2009, the most prestigious senior golf championship in Asia-Pacific and is held for the second time consecutively in Malaysian Borneo & successfully staged at Nexus Golf.

Nexus Residence Karambunai ("Nexus Residence")

The Group's flagship development project is the Nexus Residence project, an exclusive beachfront property development sprawled over 270 acres in Karambunai. The first phase, Dillenia precinct, was successfully launched and is now fully completed.

With most of the owners in Dillenia precinct opting for the leaseback arrangement, Dillenia precinct is now operating as the new "Villas & Suites at Nexus Resort Karambunai", forming part of an extension of our flagship hotel, Nexus Resort. This will complement our existing 485-room inventory in Nexus Resort by offering a new premium product to our guests.

The Group is proud to be associated with the development of luxury property market in Sabah and in the process, helping to create greater awareness of Sabah as an alternative choice for the international luxury property market. We are also confident that Nexus Residence project will be a showcase for luxury properties in Sabah as the end-products comes with architectural brilliance, glorious water designs, luxuriant landscaping and enjoys exclusive privacy with each unit facing either the ocean, lagoon, canal or rainforest.

As a sign of recognition for its products, Nexus Residence recently won the award "2010 Low Carbon Real Estate Award – Model Villa" by the Asian Real Estate Council and China Real Estate Association.

Bandar Sierra Township

With over 415 acres of land-bank in the northern part of Kota Kinabalu, the Group's Bandar Sierra mixed development township is strategically located near the new Federal Administrative Centre as well as several higher institutions of learning. Demand for the Group's properties in Bandar Sierra remains strong due to the congregation of the Kota Kinabalu population towards the northern growth corridor of Kota Kinabalu city.

To-date, Bandar Sierra has successfully launched several phases including apartments, terrace houses, semi-detached houses, bungalows as well as shophouses. Bandar Sierra will continue to fill the gap for housing needs in the northern growth corridor of Kota Kinabalu given its strategic location and practical designs of the Bandar Sierra properties.

Bukit Unggul Eco-Media City

Over in Peninsular Malaysia, the Group owns approximately 1,363 acres of land in Bukit Unggul Eco-Media City, strategically located within close proximity to the Kuala Lumpur International Airport, Putrajaya and Cyberjaya. Completed developments include the 18-hole international class golf course with full club facilities, namely Bukit Unggul Country Club ("BUCC"). Designed by American guru, Ronald Fream, BUCC is well known for its unique mature rainforest environment. The Group intends to develop Bukit Unggul Eco-Media City as a mixed development township comprising residential, commercial and recreational components amidst the scenic and centuries-old tropical forest situated in the Multimedia Super Corridor area.

FUTURE DEVELOPMENTS

In light of the uncertainties surrounding the global and major economies, we have carefully laid out the strategies and plans for the Group in the coming year.

Following the successful completion and handover of the Dillenia precinct in Nexus Residence, the Group is now in the final planning stage to launch the second phase of Nexus Residence comprising of luxury villas.

At the same time, we are also embarking on an interesting new development in Karambunai, which is the Karambunai Golf Community. With an approximate area of 600 acres, the golf community will comprise a second golf course in Karambunai, commercial and residential components including bungalow lots and luxury condominiums.

CONCLUSION

We are mindful of the uncertainties in the economic outlook given the latest economic developments that has unfolded in the last couple of months. With careful and meticulous planning, we are cautiously optimistic that the Group will be able to deliver a satisfactory set of results in the coming financial year.

Finally, I would like to extend my heartfelt gratitude to our shareholders, customers, bankers, business associates and regulatory authorities for their continued support, guidance and assistance extended to the Group. I would also like to record my sincere appreciation to the employees for their perseverance and contribution during the financial year.

Datuk Robin HL Loh
Chief Executive Officer

30 July 2010
Kota Kinabalu

BOARD OF DIRECTORS

Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir
(Chairman)

Tan Sri Dr Chen Lip Keong
(President)

Datuk Robin Loh Hoon Loi
(Chief Executive Officer)

Chen Yiy Fon
(Chief Operating Officer)

Datuk Wan Kassim bin Ahmed

Chen Yiy Hwuan

Leow Ming Fong @ Leow Min Fong

Dato' Dr Mohd Aminuddin bin Mohd Rouse

corporate information

COMPANY SECRETARIES

Lim Tiong Jin, MIA 16286
Chang Yuet Mei, MAICSA 0781552

AUDIT COMMITTEE

Datuk Wan Kassim bin Ahmed
(Chairman, Independent Non-Executive Director)

Mr Leow Ming Fong @ Leow Min Fong
(Independent Non-Executive Director)

Dato' Dr Mohd Aminuddin bin Mohd Rouse
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Datuk Wan Kassim bin Ahmed
(Chairman, Independent Non-Executive Director)

Mr Leow Ming Fong @ Leow Min Fong
(Independent Non-Executive Director)

Datuk Robin Loh Hoon Loi
(Non-Independent Executive Director)

NOMINATION COMMITTEE

Datuk Wan Kassim bin Ahmed
(Chairman, Independent Non-Executive Director)

Mr Leow Ming Fong @ Leow Min Fong
(Independent Non-Executive Director)

AUDITORS

Moore Stephens AC

SOLICITORS

- Yap Chin & Tiu
- Ben & Partners
- Lim Guan Seng & Co

BANKERS

- DBS Bank Ltd, Labuan Branch
- Oversea-Chinese Banking Corporation Ltd, Labuan Branch
- Bank Kerjasama Rakyat Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

REGISTRARS

Semangat Corporate Resources Sdn Bhd
Ground Floor, No. 118, Jalan Semangat
46300 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7968 1001 Fax : 03-7958 8013

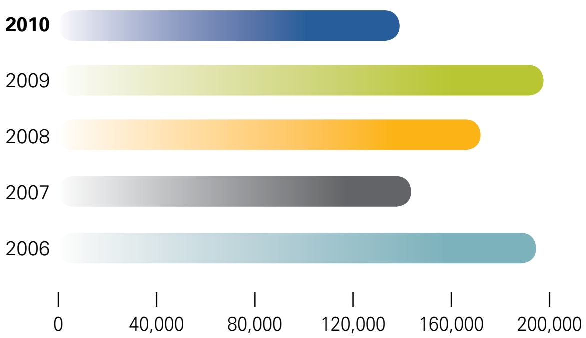
REGISTERED OFFICE

No. 1, Nexus Drive East, Karambunai
Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia
Tel : 088-411 111 Fax : 088-412 111

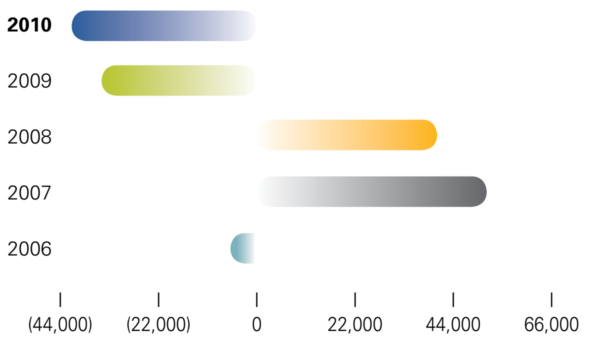
financial summary

RM'000	2010	2009	2008	2007	2006
Turnover	139,677	198,390	172,474	143,623	196,269
(Loss) / Profit Before Taxation	(43,010)	(35,952)	(41,453)	49,201	(3,912)
Shareholders' Funds	769,612	805,660	841,120	873,212	818,461
Total Assets	1,755,969	1,789,546	1,824,124	1,859,542	1,886,571
RM					
Net Tangible Asset Per Share	0.37	0.39	0.41	0.42	0.39
(Loss)/ Earnings Per Share	(0.018)	(0.017)	(0.016)	0.03	(0.01)

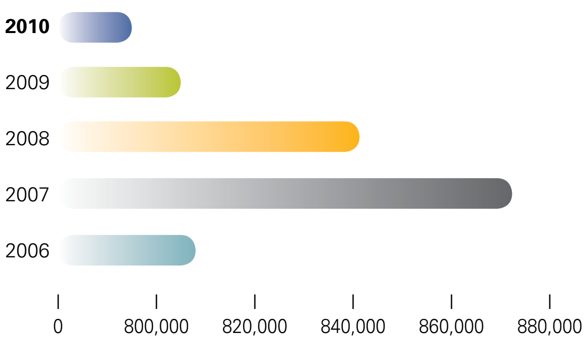
TURNOVER
(RM'000)



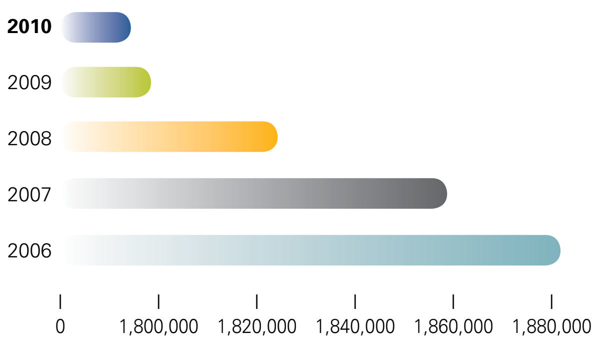
(LOSS) / PROFIT BEFORE TAXATION
(RM'000)



SHAREHOLDERS' FUNDS
(RM'000)



TOTAL ASSETS
(RM'000)



board of directors' profile

TAN SRI DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR
Chairman, Independent Non-Executive Director

- Aged 71, Malaysian.
- Appointed to the Board as Director and Chairman on 1 March 2006.
- Graduated as a Barrister-at-Law from Lincoln's Inn, London in 1970.
- Practised as a partner in the legal firms, Hisham, Sobri & Kadir and Kadir, Khoo & Aminah from 1974 to 1982 and 1987 to 1990 respectively. Held fulltime positions with the Federal Government since 1970 beginning as Political Secretary, Parliamentary Secretary, Deputy Minister and Minister in various ministries almost continuously for 36 years.
- Became Minister of Culture, Arts and Tourism Malaysia from 1999-2004 (5 years) and Chairman of Tourism Board Malaysia.
- Moved to become the Minister of Information Malaysia before resigning from cabinet on 14 February 2006 to move to private sector.
- Currently, Chairman of MNC Wireless Berhad.

TAN SRI DR CHEN LIP KEONG
President, Non-Independent Executive Director

- Aged 63, Malaysian.
- Appointed to the Board on 31 January 1991.
- Appointed as President on 1 August 2007
- Controlling shareholder of Karambunai Corp Bhd.
- Graduated with a Bachelor of Medicine and Surgery from University of Malaya in 1973 (M.B.B.S. Malaya) and has extensive corporate, managerial and business experiences and exposure since 1976.
- Currently, the controlling shareholder, President and Executive Director of Petaling Tin Berhad and controlling shareholder and Executive Director of FACB Industries Incorporated Berhad. Also Founder, controlling shareholder, President/CEO of Hong Kong listed NagaCorp Ltd.

DATUK ROBIN LOH HOON LOI
Chief Executive Officer, Non-Independent Executive Director

- Aged 49, Malaysian.
- Appointed to the Board as Director and Chief Operating Officer on 1 May 2004.
- A member of Remuneration Committee.
- Promoted as Chief Executive Officer on 1 August 2007.
- Extensive experience in the hotel industry, property development and project management. Prior to joining the KCB Group, worked for an international hotel and a well established property developer.
- Currently overseeing the Bandar Sierra's development located in Menggatal, Sabah.
- Deputy President of Sabah Housing and Real Estate Developers' Association, a Committee Member of the Malaysia Developers' Council and President of Malaysian Golf Association.

CHEN YIY FON
Chief Operating Officer, Non-Independent Executive Director

- Aged 29, Malaysian.
- Appointed to the Board as Director and Chief Operating Officer on 1 August 2007.
- Graduated with a Bachelor of Arts (Honours) in Economics from the University of Southern California, Los Angeles in 2003.
- Previously interned in Morgan Stanley, Los Angeles, California in 2003 as Financial Advisor Assistant and Credit Suisse First Boston, Singapore in 2004 before joining Karambunai Resorts Sdn Bhd, a wholly-owned subsidiary of KCB in 2005 as Project Planning Manager and promoted to Executive Director in 2006.
- Currently, serves as Director for several subsidiaries of Karambunai Corp Bhd Group and also the Executive Director of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

board of directors' profile

DATUK WAN KASSIM BIN AHMED
Independent Non-Executive Director

- Aged 61, Malaysian.
- Appointed to the Board on 20 October 1998.
- Chairman of the Audit, Remuneration and Nomination Committees.
- Graduated with a Bachelor of Economics (Honours) from University of Malaya in 1973.
- Started his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. Joined Shamelin Berhad for 10 years before starting own management consultancy firm, United Kadila Sdn Bhd in 1984. Served as a Councillor for the Petaling Jaya Council between 1987 and 1991 and as a Board member of the Malaysian Tourist Development Board from 1992 to 1996.
- Currently, sits on the Board of FACB Industries Incorporated Berhad, Petaling Tin Berhad and Octagon Consolidated Berhad.

CHEN YIY HWUAN
Non-Independent Executive Director

- Aged 31, Malaysian.
- Appointed to the Board on 1 August 2007.
- Appointed as Executive Director on 30 November 2007.
- Graduated with a Bachelor of Arts (Honours) in Accounting with Business Economics from Middlesex University, United Kingdom.
- Joined Petaling Tin Berhad in 2003 as Special Assistant to CEO.
- Currently, serves as Director for several subsidiaries of Karambunai Corp Bhd Group and is the Executive Director of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

LEOW MING FONG @ LEOW MIN FONG
Independent Non-Executive Director

- Aged 60, Malaysian.
- Appointed to the Board on 15 May 2006.
- A member of the Audit, Remuneration and Nomination Committees.
- Fellow of Institute of Chartered Accountants in England and Wales and, Malaysian Institute of Chartered Accountants and Malaysian Institute of Management. Extensive experience in the field of audit and worked in KPMG for 32 years since 1974 until his retirement on 31 December 2005. An Audit Partner in KPMG Malaysia and concurring partner for portfolio of clients including several public listed companies and multinational companies.
- Currently, sits on the Board of Kurnia Asia Berhad and Nam Fatt Corporation Berhad.

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

- Aged 65, Malaysian.
- Appointed to the Board on 9 October 2009.
- A member of the Audit Committee.
- Graduated with a B.Sc (Hons) in Biochemistry from University Malaya in 1969 and obtained his Ph.D. in Biochemistry from the University of Adelaide in 1974.
- Won numerous academic awards including the William Culross Award for Scientific Research from the University of Adelaide, International Foundation for Science Award from Sweden and the Fullbright Scholarship from USA.
- An academician for 14 years having started as a lecturer in Universiti Pertanian Malaysia (now Universiti Putra Malaysia) in 1969 culminating his academic career as a dean and professor in Universiti Sains Malaysia in 1983.
- Served Kumpulan Guthrie Berhad in year 1983 before joining Berjaya Group Berhad as its Group Executive Director in year 1994 and left Berjaya Group in September 1995 to become the Group Chief Executive Officer of Konsortium Perkapalan Berhad (now Konsortium Logistik Berhad) as well as the President and Chief Executive of PNSL Berhad.
- Assumed in November 1997 the position of Executive Chairman, Indah Water Konsortium Sdn Bhd (IWK) and Deputy Chairman of its parent listed company, Prime Utilities Bhd, until the end of his tenure in October 2000.
- Assumed from January 2001 the position of President & CEO of Malaysian Technology Development Corporation (MTDC), a venture capital company involved in the acquisition and transfer of technology, until the end of his tenure in December 2003.
- Currently, sits on the Board of a number of public listed companies including Tanco Holdings Bhd, Ajiya Berhad and STAR Publications (M) Bhd and is also Chairman of STAR Foundation, the charitable arm of the STAR. A member of the Board of Asia Strategic & Leadership Institute (ASLI) and a council member of Universiti Tunku Abdul Rahman (UTAR).

in the news


Nexus Resort supports Earth Hour 2010
Submarine birthday cake for CM
Birthday cake with legendary tale for CM
...it akhir penggambaran ...ndasang Rock' di Nexus ...sort & Spa Karambunai
SPORT
Nexus Golf Resort to host Asia-Pacific Senior golf championship
Heartfelt Appreciation
"Best Resort Spa"
Nexus Resort appoints Ian as Group General Manager
BUSINESS
Sabah Eye
Kota Kinabalu direct to Manila
50% off
REGIONAL MEETING
B2 HOME
Seoul-based envoys visit Sabah
KCB goes ahead with Sabah project
Targeting affluent foreign investors
Nexus debuts the renovated Ocean Wing
Saudi agents in KK for familiarization visit
Business
Mercedes dealers meet in Kota Kinabalu


BUSINESS B19 B15

Nexus Resort grabs coveted Malaysia Spa & Wellness award

HOME B1

Commemorative trees planted at resort

The Best Resort Spa In Malaysia

Seasonal specialties at Nexus' Noble House

BUSINESS B19

Nexus Resort & Spa
antara tercantik di dunia

BENZ DEALERS' MEETING

BUSINESS

Karambunai Corps recieves certification from Bureau Veritas

Mercedes Benz Malaysia meet in style at Nexus

Sabah Eye

Over 100 pints of blood collected

Citra Komuniti

Pesona Butik Asadel

Telemovie 'Kundasang Rock' teruskan lokasi di Nexus Resort & Spa Karambunai

DAP to meet stranded Sabahans and help them

Nexus Resort to go dark for one hour

Over 60 senior golfers for Asia-Pacific championship

ISO cert for Karambunai Corp

calendar of events


JULY 2009
29th Malaysia Open Darts Championship


OCTOBER 2009
ISO 14001 – Enviromental Management System Certification

NOVEMBER 2009
Renovation of Ocean Wing Rooms



NOVEMBER 2009
12th Sabah Hospitality Fiesta 2009

JANUARY 2010
Asian Green Hotel Award

DECEMBER 2009
Asia-Pacific Senior Amateur Golf Championship

JANUARY 2010
Blood Donation Campaign

FEBRUARY 2010
Best Resort Spa Award

MARCH 2010
Earth Hour Campaign

our awards

1

2

3

4

5

1. 2009
Best Resort Spa by Malaysia Spa & Wellness Award

2. 2008
SAGA Holidays, Travellers World
Top Stay Award

3. 2008
SAGA Holidays, Travellers World
Good Food Award

4. 2008 – 2010
Regional Series, Top 5 HAPA Signature Leisure & Recreation Resort
HAPA (Hoslitality Asia Platinum Award)

5. 2008
Fastbooking Asia Pvt. Ltd
Best Performance – Hotel Internet Revenue
Malaysia Market

6. 2008 – 2009

ASEAN Green Hotel Recognition Award
ASEAN Green Hotel Standard Recognition
Award 2008 - 2009

7. 2007

Sabah Tourism Awards 2007
Winner ñ Excellence in Hotel Services (3, 4 & 5 Stars)

8. 2007

HAPA (Hospitality Asia Platinum Award) 2007-2008

i. Top 5 HAPA MICE Hotel of the Year
ii. Top 5 HAPA Golf Resort of the Year
iii. Top 10 HAPA Luxury Resort of the Year

core business

EAST MALAYSIA

KARAMBUNAI PENINSULAR

Karambunai Peninsular is located in the state of Sabah, which is part of the exotic Borneo island. Karambunai Resorts, comprising approximately 1,500 acres of the Karambunai Peninsular is within 30 minutes drive from the city centre of Kota Kinabalu. Karambunai Resorts is blessed with a 6.2 km stretch of pristine sandy beach, lagoons, million year-old rainforest and mangrove reserves.

As the jewel in the crown, Karambunai Resorts will continue to be the focus of the Group's eco-tourism and resort developments. The Nexus Residence Karambunai luxury beachfront villas are the latest development project in Karambunai Resorts and other completed developments include the Nexus Resort & Spa Karambunai, the Nexus Golf Resort Karambunai and infrastructure services.

NEXUS RESORT & SPA KARAMBUNAI

Nexus Resort & Spa Karambunai ("NRK"), a premier 5-star 485-room international multi-award winning resort which is located on Karambunai Peninsular, spreading over 65 acres of prime beach fronting the South China Sea and nestled within a natural haven of tropical beauty and serenity. NRK has won many accolades including the prestigious awards from FIABCI for the Award of Distinction Year 2000 for 'Best Leisure/Resort Development' in Malaysia, the "Top Ten Award" and "Good Food Award" by SAGA Holidays Group for 5 years from 2001 to 2004 and 2006, Malaysian Tourism Awards for 'Excellence in Hotel Services – 5 Star (Resort Hotel)' for Year 2001/2002 and The Minister's Special Award in Year 2003, World Travel Awards for "Malaysia's Leading Golf Resort" for Year 2004 and 2005, Virgin Holidays Gold Award 2006 for "Best Resort in Far East & Australasia", China Golf Award 2006 for "My Favourite Overseas Golf Travel Destination", Expat Lifestyle – Best of Malaysia Awards October 2007 for "Excellence Award for Best Beach Resort and Best Beach", SAGA Holidays for "Top Stay Award" and "Good Food Award" for 2007, Virgin Holidays Silver Award 2007 for "Best Resort in the Far East & Australasia", HAPA (Hospitality Asia Platinum Award) 2007-2008 for "Top 5 HAPA MICE Hotel of the Year", "Top 5 HAPA Golf Resort of the Year" and "Top 10 HAPA Luxury Resort of the Year", Sabah Tourism Awards 2007 for "Winner – Excellence in Hotel Services (3, 4 & 5 Stars)", ASEAN Green Hotel Recognition Award 2008 for "ASEAN Green Hotel Standard Recognition Award 2008 – 2009", "Best Performance – Hotel Internet Revenue Malaysia Market" by Fastbooking Asia Pvt. Ltd. and "Top 5 HAPA Signature Leisure & Recreation Resort" in the HAPA (Hospitality Asia Platinum Award) 2008 – 2010 Regional Series, "Best Resort Spa" by Malaysian Spa & Wellness 2009.

NEXUS GOLF RESORT KARAMBUNAI

Nexus Golf Resort Karambunai ("NGRK"), an international championship 18-hole golf course in Karambunai Resorts, is designed by renowned golf-course architect Ronald Fream. Operational since 1996, NGRK has established itself as one of the most popular golf courses in Sabah due to its unique location, nestled between the million year-old rainforest and fronting the South China Sea. It has also won a string of awards since its inception including Golf Malaysia Magazine's course poll for "Best Resort Course in Malaysia", "Best Golf Course in East Malaysia" and "One of Malaysia's Three Most Memorable Golf Course in Malaysia".

WEST MALAYSIA

BUKIT UNGGUL ECO-MEDIA CITY & BUKIT UNGGUL COUNTRY CLUB

Bukit Unggul Eco-Media City comprises approximately 1,363 acres, strategically located in the Multimedia Super Corridor within close proximity to the Kuala Lumpur International Airport, Putrajaya and Cyberjaya. Current completed developments include the 18-hole golf course, namely Bukit Unggul Country Club ("BUCC"). It is an 18-hole international golf course with full club facilities. Designed by Ronald Fream, BUCC is well known for its unique mature rainforest environment.

FIRST TRAVEL & TOURS (M) SDN BHD

First Travel & Tours ("FTT") was established since 1977, located within the Golden Triangle of Kuala Lumpur city centre and continues to maintain its reputation as one of the leaders in the travel and tours industry. The business segments of FTT include inbound/domestic tour, chartered flights, incentive groups and ticketing.

SCANPLY INTERNATIONAL WOOD PRODUCT LTD

Scanply trades internationally in timber and wood-based products, particularly garden furniture. Due to its extensive network and experience in the trading of wood-based product business, Scanply has gained a strong reputation and presence in the market.

our projects

NEXUS RESIDENCE KARAMBUNAI

Nexus Residence Karambunai features exclusive beachfront villas in a destination that's on par with the world's most luxurious holiday destinations of Hawaii, Bali, Hilton Head, Cancun and Phuket. It is located within the Karambunai Peninsular, next to the Nexus Resort & Spa Karambunai, an international award-winning 5-star resort and the Nexus Golf Resort Karambunai, an international championship 18-hole golf course.

Designed by world-renowed Hawaiian architects Wimberly Allison Tong & Goo, the Nexus Residence villas will comprise approximately 2,000 units of beach-fronting villas that are designed to open up to the 6-km of pristine sandy beach with ocean view that spans the horizon.

The first phase of Nexus Residence, Dillenia Precinct, comprises 243 units of villas and was launched in 2005. The Dillenia precinct has been completed and handed over to the buyers. For those units under the leaseback arrangement, it will operate as the "Villas & Suites at Nexus Resort Karambunai", the premier villas with sea-fronting view that will complement the existing 485-room inventory as a premium product for our hotel guests.

As a sign of recognition for its products, Nexus Residence recently won the award "2010 Low Carbon Real Estate Award – Model Villa" by the Asian Real Estate Council and China Real Estate Association.

Nexus Residence is now in the final stage of planning for its second phase of the project comprising luxury villas.

BANDAR SIERRA

Bandar Sierra comprises 415 acres of mixed residential and commercial land. It is strategically located in the northern growth corridor of Kota Kinabalu where rapid development is taking place and is within close proximity to University Sabah Malaysia, the new Federal Administrative Centre, Kolej Ibukota Kinabalu, Kota Kinabalu Industrial Park, KK Polytechnic, UiTM and Sabah Medical Centre.

To-date, the completed phases includes Phase 1A & 1B (comprising double storey link, semi-detached houses, bungalows and shop lots) and Phase 3A1 (apartment units). The Group is now developing Phase 3A2, comprising apartment units as well as the future launch of the commercial phase to cater towards the growing demand for properties in the northern part of Kota Kinabalu.

corporate governance statement

The Board of Directors of Karambunai Corp Bhd is committed to its fiduciary responsibility for sound corporate governance in its business management practices. Accordingly, the Board supports the recommendations advocated in the Malaysian Code on Corporate Governance (the Code) wherein disclosures pursuant to the Code is mandated under paragraph 15.25 of the Bursa Securities Main Market Listing Requirements.

In particular, the Company has complied with Part 2, "Best Practices in Corporate Governance", of the Code except for individual disclosure of directors' remuneration packages (as detailed in Other Compliances Statement of this Annual Report), whereas the ensuing paragraphs narrates how the Company has applied Part I, "Principles of Corporate Governance", of the Code.

DIRECTORS

The Board

An effective Board leads and control the Company. Board members' judgement has a bearing on strategies, performances, resources and standards. Four (4) Board meetings were held during the financial year ended 31 March 2010 with details of attendance presented under Other Compliances Statement of this Annual Report. In between scheduled meetings and where appropriate, Board decisions may be effected via circular resolutions.

Directors' Training

Subject to individual circumstances, directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. With the repeal of the Continuing Education Programme, the directors are now subject to a Group Training Programme inclined towards auditing, accounting, regulatory and industry issues.

During the financial year ended 31 March 2010, the Directors attended the MAICSA Annual Conference 2009, Business Leaders Meet 2009 and an in-house seminar on Profitable Business Innovation.

Apart from the above, Board members are regularly updated on global developments and trends in Corporate Governance principles and best practices besides local regulatory and risk management framework.

Board Balance

The Board currently consists of eight (8) members; comprising four (4) Executive Directors and four (4) Non-Executive Directors. Among the Non-Executive Directors, all four (4) are Independent, hence, more than a third of the Board is independent. Meanwhile, the Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent, objective judgement to bear on Board decisions. The profiles of the Directors are set out under the Board of Directors' Profile of this Annual Report.

To ensure a balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Board has also formally identified Datuk Wan Kassim bin Ahmed as the Senior Independent Non-Executive Director, to whom concerns may be conveyed.

Supply of Information

All Directors have full and timely access to information, with Board papers distributed in advance of meetings. These Board papers include the agenda and information covering strategic, operational, financial and compliance matters. The Board has unrestricted access to all staff for any information pertaining to the Group's affairs.

Furthermore, Directors have access to the advice and the services of the Company Secretary and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

Appointments to the Board

A Nomination Committee with appropriate terms of reference, was established by the Board on 25 February, 2002. The Committee, currently comprising wholly of Independent Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Leow Ming Fong @ Leow Min Fong

During the financial year, the full Committee met three times on 28/05/2009, 25/08/2009 and 9/10/2009.

This Committee is responsible, inter alia, for making recommendations to the Board on new nominees for the Board including Board Committees and for assessing directors on an ongoing basis. The Nomination Committee also reviews the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

Re-election

In accordance with the Company's Articles of Association, all Directors are subject to retirement from office at least once in each three (3) years period, but shall be eligible for re-election. This provision, duly amended in an EGM is now not only consistent with the underlying principles of the Code, but also, fully in line with para 7.26 (2) of the Bursa Securities Main Market Listing Requirements.

DIRECTORS' REMUNERATION

Procedure

A Remuneration Committee with appropriate terms of reference was established by the Board on 25 February, 2002. The Committee, currently comprising a majority of Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Leow Ming Fong @ Leow Min Fong
3. Datuk Robin Loh Hoon Loi

During the financial year, the Committee met twice on 28/5/2009 and 23/11/2009.

The Level and Make-up of Remuneration

The Committee's duty is to, inter-alia, make recommendations to the Board on the remuneration framework for all Executive Directors with the underlying objective of attracting and retaining directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussions pertaining to their own remuneration.

Disclosure

The details of Directors' Remuneration for the financial year are summarised under the Other Compliances Statement of this Annual Report.

corporate governance statement

SHAREHOLDERS

Dialogue between Company and Investors

The Company acknowledges the importance of communication with investors. Major corporate developments and events are duly and promptly announced via appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

The AGM

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business. The Chairman and members of the Board are available to respond to shareholders' queries during this meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is also included in this Annual Report.

Internal Control

The Statement on Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholder's investment and the Company's assets.

Relationship with the Auditors

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors. The role of the Audit Committee in relation to the auditors in particular, and corporate governance in general, are detailed in the Audit Committee Report of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 30 July 2010.

statement on internal control

PREAMBLE

Pursuant to paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements, the Board is required to include in its Annual Report, a statement on the state of internal control of the Group. In making this Statement on Internal Control, it is essential to specifically address the Principles and Best Practices in the Malaysian Code on Corporate Governance which relate to internal control.

RESPONSIBILITY

The Board has overall stewardship responsibility for the Company's system of internal control and for reviewing its adequacy and integrity to safeguard shareholder's investment and the Company's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

INTERNAL CONTROL SYSTEM

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifest as follows: -

- Organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported operationally by Executive and Management Committees. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- Well documented policies, procedures and standards have been established, periodically reviewed and kept updated in accordance with changes in the operating environment.

- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.

- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.

- Detailed justification and approval process for major projects and acquisitions imposed, to ensure congruence with the Company's strategic objectives.

- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

statement on internal control

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Group's internal control systems, the Board recognises its responsibility over the principal risks of various aspects of the Group's business. For long term viability of the Group, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Group has established an in-house structured risk management framework, thereby laying the foundation for an ongoing process for identifying, evaluating, treating, reporting and monitoring the significant risks faced by the Group.

A Risk Advisory Committee (RAC) comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 25 February, 2002.

During the financial year, the RAC convened quarterly to monitor the Group's significant risks and to recommend appropriate treatments. The Audit Committee establishes the adequacy and effectiveness of the Group's Risk Management Framework by regularly reviewing the resultant RAC risk registers.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Group's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Group's risk management and control system and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee.

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Group's control environment and processes. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 30 July 2010 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

audit committee report

PREAMBLE

Pursuant to paragraph 15.15 of the Bursa Securities Main Market Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

COMPOSITION

The Group has an established Audit Committee since 19 October 1993. For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:-

- Datuk Wan Kassim bin Ahmed
  Chairman, Independent Non-Executive Director

- Leow Ming Fong @ Leow Min Fong
  Member, Independent Non-Executive Director

- Tuan Haji Zainal Abidin bin Ali
  (Demised 11 July 2009)
  Member, Independent Non-Executive Director

- Dato' Dr Mohd Aminuddin bin Mohd Rouse
  (Appointed 9 October 2009)
  Member, Independent Non-Executive Director

TERMS OF REFERENCE

Purpose

The primary objective of the Audit Committee (as a standing-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Attendance at Meetings

The Head of Finance, the Head of Internal Audit and a representative of the External Auditors should normally attend meetings. The Company Secretary shall be the secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda. The Committee should meet with the external auditors, the internal auditors or both without executive board members and employees of the Group present, whenever deemed necessary.

Frequency of Meetings

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and should record its conclusions whilst discharging its duties and responsibilities. The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

Quorum

The quorum for a meeting shall be two (2) members of whom a majority shall be Independent Directors.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

audit committee report

Duties

The duties of the Audit Committee include the following:-

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Board, focusing on:-
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements;
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- To review the external auditor's management letter and management's response;
- To do the following, in relation to the internal audit function:-
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointments or termination of senior staff members of the internal audit function; and
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- To consider any related party transactions and conflict of interest situation that may arise within the Group;
- To consider the major findings of internal investigations and management's response; and
- To consider other topics as defined by the Board.

DETAILS OF MEETINGS

The Audit Committee met four times during the financial year and details of attendances are as follows :-

Datuk Wan Kassim bin Ahmed	4/4
Leow Ming Fong @ Leow Min Fong	4/4
Tuan Haji Zainal Abidin bin Ali	1/1
Dato' Dr Mohd Aminuddin bin Mohd Rouse	2/2

During the financial year, relevant training attended by the above directors are detailed in the Corporate Governance Statement of this Annual Report.

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

In discharging its responsibilities for the financial year, the Audit Committee, in particular:-

- Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- Deliberated over the internal audit and compliance reports, ensuring recommendations are carried out.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Group's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- Reviewed the Group's compliance with regards to the Bursa Securities Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Audit Committee is supported by an Internal Audit Department which reports directly to the Committee and is independent of the activities they audit. The costs incurred on this function which includes risk management and corporate governance was RM285,900 for the financial year.

During the financial year, the Internal Audit Department conducted, inter alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Securities Main Market Listing Requirements and other regulatory requirements.
- Performed investigations and special reviews as requested by the Board and Management.
- Facilitated and reviewed the Group's risk management framework for adequacy and effectiveness in tandem with the business environment.

This report is made in accordance with a resolution of the Board of Directors dated 30 July 2010.

directors' responsibility statement

PURSUANT TO PARAGRAPH 15.26(A) OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of the results of their operations and cashflows for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 30 July 2010.

other compliances statement

1. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held four (4) meetings, the attendance of which were as follows:-

	Directors	Attendance
1.	Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	4/4
2.	Tan Sri Dr Chen Lip Keong	4/4
3.	Datuk Wan Kassim bin Ahmed	4/4
4.	Tuan Haji Zainal Abidin bin Ali (Demised 11 July 2009)	1/1
5.	Datuk Robin Loh Hoon Loi	4/4
6.	Leow Ming Fong @ Leow Min Fong	4/4
7.	Chen Yiy Hwuan	3/4
8.	Chen Yiy Fon	4/4
9.	Dato' Dr Mohd Aminuddin bin Mohd Rouse (Appointed 9 October 2009)	2/2

2. DIRECTORS' REMUNERATION

The aggregate remuneration of directors for the financial year is categorised as follows:-

Description	Fees RM	Salaries RM	Others RM	Total RM
Executive	-	936,000	212,900	1,148,900
Non - Executive	342,983	-	-	342,983
Total	**342,983**	**936,000**	**212,900**	**1,491,883**

The number of directors whose remuneration falls in each successive band of RM50,000 are as follows:-

Range (RM)	Executive	Non-Executive
50,000 & below	1	3
50,001 to 100,000	0	0
100,001 to 150,000	1	0
150,001 to 200,000	0	0
200,001 to 250,000	0	1
250,001 to 300,000	0	0
300,001 to 350,000	1	0
350,001 to 400,000	0	0
400,001 to 450,000	0	0
450,001 to 500,000	0	0
500,001 to 550,000	0	0
550,001 to 600,000	0	0
600,001 to 650,000	1	0
Total	**4**	**4**

other compliances statement

2. DIRECTORS' REMUNERATION (CONT'D)

The above disclosure is in compliance with the Bursa Securities Main Market Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the directors' reasonable right to privacy whilst not significantly enhancing shareholders' information.

3. UTILISATION OF PROCEEDS

As at 31 March 2010, the Company did not raise funds from any corporate proposal during the financial year.

4. SHARE BUY-BACKS

During the financial year, there were no share buybacks by the Company.

5. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company did not issue any Options, Warrants or Convertible Securities.

6. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

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

7. SANCTIONS AND/OR PENALTIES

There was no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

8. NON - AUDIT FEES

The non-audit fees paid to the external auditors by the Group and the Company for the financial year amount to RM25,000.

9. VARIATION IN RESULTS

There is no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

10. PROFIT GUARANTEE

During the year, there was no profit guarantee given by the Company.

11. MATERIAL CONTRACTS

There were no material contracts entered by the Company and its subsidiaries involving directors' and major shareholders' interests other than those disclosed in the financial statements.

12. CONTRACTS RELATING TO LOAN

There were no contracts relating to a loan by the Company in respect of the above said item.

13. REVALUATION POLICY

The Company had not adopted a regular revaluation policy on landed properties.

14. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in the financial statements.

This statement is made in accordance with a resolution of the Board of Directors dated 30 July 2010.

financial statements

Karambunai Corp Bhd
Annual Report 2010

directors' report

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are engaged in investment holdings and provision of management services.

The principal activities of the subsidiary companies are set out in note 7(b) to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the year	(35,757,725)	(7,280,351)
Loss attributable to shareholders:-		
Equity holders of the Company	(35,757,725)	
Minority interest	-	
	(35,757,725)	

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of a final dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors of the Group and of the Company are not aware of any circumstances which would require the writing off of bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which are likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the Company did not make any new issuance of shares.

DIRECTORS OF THE COMPANY

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

TAN SRI DR. CHEN LIP KEONG
DATUK WAN KASSIM BIN AHMED
DATUK ROBIN LOH HOON LOI
TAN SRI DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR
LEOW MING FONG @ LEOW MIN FONG
CHEN YIY HWUAN
CHEN YIY FON
DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE (Appointed on 9 October 2010)

DIRECTORS' SHAREHOLDINGS

The interests of the Directors in office as at the end of the financial year in the shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965 are as follows:-

	Number of Ordinary Shares of RM0.50 Each		
Name of Directors	**At 1.4.09**	**Purchased/ (Sold)**	**At 31.3.10**
Direct shareholdings			
Tan Sri Dr. Chen Lip Keong	891,122,516	-	891,122,516
Indirect Interest Held Through Persons Connected to Directors In Which The Directors Have Interest			
Chen Yiy Hwuan*	891,122,516	-	891,122,516
Chen Yiy Fon*	891,122,516	-	891,122,516

* Deemed interest by virtue of shares held by their father, Tan Sri Dr. Chen Lip Keong.

None of the other Directors held any share whether direct or indirect, in the Company during the financial year.

Tan Sri Dr. Chen Lip Keong by virtue of his substantial interest in shares of the Company, Chen Yiy Hwuan and Chen Yiy Fon by virtue of shares held by their farther, Tan Sri Dr. Chen Lip Keong are also deemed interested in the shares of the subsidiary companies disclosed in note 7(b) to the financial statements, to the extent the Company has an interest.

SIGNIFICANT EVENT

Significant event arising during the year is disclosed in note 43 to the financial statements.

SUBSEQUENT EVENT

Subsequent event is disclosed in note 44 to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in note 33(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

AUDITORS

The auditors, Messrs. Moore Stephens AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 July 2010.

DATUK ROBIN LOH HOON LOI **CHEN YIY FON**

statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 49 to 126, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of its financial performance and cash flows for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 July 2010.

DATUK ROBIN LOH HOON LOI **CHEN YIY FON**

statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Lim Tiong Jin, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 49 to 126, 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 in the Federal Territory
on 30 July 2010.

LIM TIONG JIN

Before me

NORDIN HASSAN (W 321)
Commissioner for Oaths

independent auditors' report

To the Members of Karambunai Corp Bhd.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Karambunai Corp Bhd., which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 126.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the following:

i) the Group and the Company have incurred a net loss of RM35,757,725 and RM7,280,351 respectively for the financial year ended 31 March 2010 and the financial statements show that the Group has net current liabilities of RM137,839,912; and

ii) the Promissory Note matured on 28 December 2009 and the Company has been granted with the rectification and Purchase Guarantee periods until 28 December 2010 to repay the Promissory Note.

Emphasis of Matter (cont'd)

These conditions indicate the existence of material uncertainties which may cast doubt about the Group's and the Company's ability to continue as going concerns. The ability of the Group and of the Company to continue as going concerns depend upon the Group's and the Company's operations to generate positive cash flow, the successful disposal of the non-current assets classified as held for sale and other properties within the Group in order to generate sufficient cash flow to repay their bank borrowings and creditors, and receiving continued support from their bankers and creditors.

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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7(b) to the financial statements.

c) We are satisfied that the accounts 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 accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the 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.

MOORE STEPHENS AC
Chartered Accountants
AF 001826

CHONG KWONG CHIN
707/04/12 (J/PH)
Chartered Accountant

Kuala Lumpur
30 July 2010

balance sheets

As at 31 March 2010

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	4	288,112,377	287,298,447	339,826	504,779
Prepaid land lease payments	5	423,850,186	434,489,640	-	-
Land held for property development	6	543,044,233	803,621,651	-	-
Investment in subsidiary companies	7	-	-	306,888,727	306,888,727
Interest in associated company	8	-	124,534	-	-
Other investments	9	100,001	520,001	60,000	310,000
Capital work-in-progress	10	46,055,952	46,055,952	-	-
Deferred tax assets	11	9,000	9,000	-	-
Goodwill	12	17,429,795	19,059,305	-	-
		1,318,601,544	1,591,178,530	307,288,553	307,703,506
Current assets					
Property development costs	13	37,589,583	54,658,376	-	-
Inventories	14	14,232,422	4,462,111	-	-
Trade receivables	15	76,944,440	77,080,709	-	-
Other receivables, deposits and prepayments	16	34,919,539	39,950,141	243,917	470,734
Amount owing by subsidiary companies	17	-	-	1,294,409,475	1,284,295,042
Tax assets	18	789,507	7,573,591	-	6,686,485
Cash deposits with licensed banks	19	4,212,955	4,491,722	-	-
Cash and bank balances		2,848,226	10,150,714	128,740	491,316
		171,536,672	198,367,364	1,294,782,132	1,291,943,577
Non-current assets classified as held for sale	20	265,830,452	-	-	-
		437,367,124	198,367,364	1,294,782,132	1,291,943,577
TOTAL ASSETS		1,755,968,668	1,789,545,894	1,602,070,685	1,599,647,083

balance sheets

As at 31 March 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	21	1,015,029,840	1,015,029,840	1,015,029,840	1,015,029,840
Reserves	22	(245,418,081)	(209,370,283)	105,161,439	112,441,790
Total Equity		769,611,759	805,659,557	1,120,191,279	1,127,471,630
Non-current liabilities					
Finance lease payables	23	3,225,972	1,792,927	-	-
Bank borrowings - secured	24	280,824,324	288,784,565	-	-
Deferred tax liabilities	25	126,477,397	125,330,997	-	-
Long term payables	26	622,180	622,180	-	-
		411,149,873	416,530,669	-	-
Current liabilities					
Promissory note - secured	27	151,173,973	144,673,973	151,173,973	144,673,973
Trade payables	28	120,254,120	116,249,136	-	-
Other payables and accruals	29	138,802,818	115,452,396	20,506,179	11,543,890
Amount owing to subsidiary companies	17	-	-	309,862,877	315,862,116
Finance lease payables	23	2,412,838	2,743,993	-	-
Bank borrowings - secured	24	37,303,405	47,283,718	-	-
Provisions	30	388,546	435,135	135,971	95,474
Taxation		124,871,336	140,517,317	200,406	-
		575,207,036	567,355,668	481,879,406	472,175,453
Total Liabilities		986,356,909	983,886,337	481,879,406	472,175,453
TOTAL EQUITY AND LIABILITIES		1,755,968,668	1,789,545,894	1,602,070,685	1,599,647,083

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

income statements

For the year ended 31 March 2010

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	31	139,677,353	198,390,448	4,097,614	12,228,297
Direct costs	32	(103,005,218)	(152,176,147)	-	-
Gross profit		36,672,135	46,214,301	4,097,614	12,228,297
Other operating revenue		4,965,819	16,271,256	4,668	7,231,994
Selling and distribution costs		(3,318,642)	(5,832,532)	-	-
Administrative costs		(34,181,820)	(18,906,355)	(4,563,241)	(5,572,756)
Other operating costs		(9,939,663)	(36,960,036)	(250,000)	(10,526,892)
		(47,440,125)	(61,698,923)	(4,813,241)	(16,099,648)
(Loss)/Profit from operations		(5,802,171)	786,634	(710,959)	3,360,643
Finance costs		(37,153,272)	(35,897,755)	(6,569,392)	(3,130,151)
Share of associated companies results		(54,493)	(841,092)	-	-
(Loss)/Profit before taxation	33	(43,009,936)	(35,952,213)	(7,280,351)	230,492
Taxation	34	7,252,211	555,209	-	6,707,168
(Loss)/Profit for the year		(35,757,725)	(35,397,004)	(7,280,351)	6,937,660
Attributable to:-					
Equity holders of the Company		(35,757,725)	(35,397,004)		
Minority interest		-	-		
Loss attributable to shareholders		(35,757,725)	(35,397,004)		
Loss per ordinary share	35	(0.0176)	(0.0174)		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

consolidated statement of changes in equity

For the year ended 31 March 2010

	Share Capital RM	← Non-distributable → Share Premium RM Note 22(a)	Translation Reserve RM Note 22(b)	Accumulated Losses RM	Sub-total RM	Minority Interest RM	Total Equity RM
At 1.4.08	1,015,029,840	111,535,799	1,022,240	(286,467,637)	841,120,242	-	841,120,242
Translation loss	-	-	(63,681)	-	(63,681)	-	(63,681)
Expenses recognised directly in equity	-	-	(63,681)	-	(63,681)	-	(63,681)
Loss for the year	-	-	-	(35,397,004)	(35,397,004)	-	(35,397,004)
Total expense recognised for the year	-	-	(63,681)	(35,397,004)	(35,460,685)	-	(35,460,685)
At 31.3.09	1,015,029,840	111,535,799	958,559	(321,864,641)	805,659,557	-	805,659,557
Translation loss	-	-	(290,073)	-	(290,073)	-	(290,073)
Expenses recognised directly in equity	-	-	(290,073)	-	(290,073)	-	(290,073)
Loss for the year	-	-	-	(35,757,725)	(35,757,725)	-	(35,757,725)
Total expense recognised for the year	-	-	(290,073)	(35,757,725)	(36,047,798)	-	(36,047,798)
At 31.3.10	1,015,029,840	111,535,799	668,486	(357,622,366)	769,611,759	-	769,611,759

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

statement of changes in equity

For the year ended 31 March 2010

	Share Capital RM	Non-distributable Share Premium RM Note 22(a)	(Accumulated Losses)/ Distributable Retained Earnings RM	Total Equity RM
At 1.4.08	1,015,029,840	111,535,799	(6,031,669)	1,120,533,970
Profit for the year *	-	-	6,937,660	6,937,660
At 31.3.09	1,015,029,840	111,535,799	905,991	1,127,471,630
Loss for the year *	-	-	(7,280,351)	(7,280,351)
At 31.3.10	1,015,029,840	111,535,799	(6,374,360)	1,120,191,279

* This represent total recognised income and expense for the year.

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

cash flow statements

For the year ended 31 March 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
(Loss)/Profit before taxation		(43,009,936)	(35,952,213)	(7,280,351)	230,492
Adjustments for:-					
Allowance for doubtful debts		752,189	10,849,911	-	815,275
Reversal of allowance for doubtful debts		-	(1,505,086)	-	-
Amortisation of upfront fee for a bank facility		1,738,406	1,841,473	-	-
Amortisation of prepaid land lease payments		1,869,946	1,894,554	-	20,797
Bad debts written off		66,588	8,834,832	-	8,241,071
Depreciation of property, plant and equipment		9,632,554	10,694,250	181,198	223,824
Deposit written off		-	3,039,673	-	-
Loss/(Gain) on disposal of property, plant and equipment		37,969	(2,933,278)	(4,668)	(3,317,706)
Gain on disposal of prepaid land lease payments and land held for property development		-	(4,050,723)	-	(3,914,288)
Interest expenses - current year		29,646,580	31,294,210	6,506,405	6,509,800
- overprovision in prior year		-	(3,884,651)	-	(3,383,358)
Interest revenue		(236,069)	(321,913)	-	-
Inventories written off		5,881	28,570	-	-
Inventories written down		366,869	-	-	-
Other investment writte off		170,000	-	-	-
Impairment loss - investment in subsidiary companies		-	-	-	1,470,546
- investment in associated company		70,041	-	-	-
- goodwill		1,629,510	752,089	-	-
- capital work-in-progress		-	8,612,453	-	-
- other investments		250,000	2,000	250,000	-
Property, plant and equipment written off		1,566,943	191,715	-	-
(Utilisation of)/Provision for employee benefits		(46,589)	(9,820)	40,497	(30,390)
Unrealised loss on foreign exchange		62,970	265,895	-	-
Share of losses in associated companies		54,493	841,092	-	-
Operating profit/(loss) before working capital changes carried down		4,628,345	30,485,033	(306,919)	6,866,063

cash flow statements

For the year ended 31 March 2010

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Operating profit/(loss) before working capital changes brought down		4,628,345	30,485,033	(306,919)	6,866,063
Decrease in land and development expenditure and amount due for contract works		9,305,433	1,402,316	-	-
Decrease in inventories		241,387	1,848,845	-	-
Decrease in receivables		4,047,830	23,563,464	226,817	7,307,019
Increase/(Decrease) in payables		14,570,445	(36,295,484)	8,962,289	(244,009)
Cash generated from operations		32,793,440	21,004,174	8,882,187	13,929,073
Income tax paid		(463,286)	(2,859,849)	-	(170,000)
Interest paid		(12,447,966)	(14,946,551)	(6,405)	(9,800)
Interest received		236,069	321,913	-	-
Net cash generated from operating activities		20,118,257	3,519,687	8,875,782	13,749,273
Cash Flows from Investing Activities					
Advances to subsidiary companies		-	-	(3,227,542)	(6,148,141)
Additional investment in subsidiary company	36(A)	-	(300,000)	-	-
Acquisition of subsidiary companies, net of cash acquired	36(B)	-	(2,567,814)	-	(3,620,417)
Placement of cash deposits		(37,637)	(3,699,475)	-	-
Proceeds from disposal of property, plant and equipment		391,473	6,006,684	8,496	4,855,620
Proceeds from disposal of prepaid land lease payments and land held for property development		-	12,899,282	-	7,145,781
Purchase of property, plant and equipment	37	(6,199,362)	(1,480,877)	(20,073)	(52,824)
Net cash (used in)/generated from investing activities		(5,845,526)	10,857,800	(3,239,119)	2,180,019
Balance carried down		14,272,731	14,377,487	5,636,663	15,929,292

cash flow statements

For the year ended 31 March 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Balance brought down		14,272,731	14,377,487	5,636,663	15,929,292
Cash Flows from Financing Activities					
Repayment to subsidiary companies		-	-	(5,999,239)	(3,547,599)
Payments of finance lease payables		(3,660,996)	(2,144,673)	-	-
Repayment of revolving credits		-	-	-	(12,000,000)
Repayment of term loans		(17,940,554)	(19,386,992)	-	-
Net cash used in financing activities		(21,601,550)	(21,531,665)	(5,999,239)	(15,547,599)
		(7,328,819)	(7,154,178)	(362,576)	381,693
Translation exchange difference		(290,073)	(63,681)	-	-
Net (decrease)/increase in cash and cash equivalents		(7,618,892)	(7,217,859)	(362,576)	381,693
Cash and cash equivalents at beginning of the year		10,942,961	18,160,820	491,316	109,623
Cash and cash equivalents at end of the year	38	3,324,069	10,942,961	128,740	491,316

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

notes to the financial statements

For the year ended 31 March 2010

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah.

The Company is principally engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiary companies are set out in note 7(b). There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 30 July 2010.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") and complied with the Companies Act, 1965 in Malaysia.

The Group and the Company have incurred a net loss of RM35,757,725 (2009 : RM35,397,004) and RM7,280,351 (2009 : net profit of RM6,937,660) respectively for the financial year ended 31 March 2010. As at that date, the Group's current liabilities exceeded current assets by RM137,839,912 (2009 : RM368,988,304).

As mentioned in note 27, the Promissory Note matured on 28 December 2009 and the Company has been granted with the rectification and Purchase Guarantee periods until 28 December 2010 to repay the Promissory Note.

The above events and conditions indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements of the Group and the Company do not include any adjustments and classifications relating to the recorded assets and liabilities that may be necessary if the Group and the Company are unable to continue as going concerns.

The financial statements have been prepared on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future having adequate funds to repay their obligations. The validity of this assumption depends upon the Group's and the Company's operations to generate positive cash flow, the successful disposal of the non-current assets classified as held for sale and other properties within the Group in order to generate sufficient cash flow to repay their bank borrowings and creditors, and receiving continued support from their bankers and creditors.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Releases ("TR") in Issue But Not Yet Effective

The MASB has issued the following new and revised FRSs, Amendments to FRSs, IC Interpretations and TR that are not yet effective and have not been early adopted in preparing these financial statements:

		For financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)		1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)		1 January 2011
Additional Exemptions for First-time Adopters (Amendments to FRS 1)		1 January 2011
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)		1 January 2011
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate		1 January 2010
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations		1 January 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 132 Financial Instruments: Presentation		1 January 2010 and 1 March 2010
Amendments to FRS 138 Intangible Assets		1 July 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled *"Improvements to FRSs (2009)"*		1 January 2010
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

		For financial periods beginning on or after
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmers	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Arrangements for the Construction of Real Estate	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
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Technical Release 3	Guidance on Disclosures of Transition to IFRSs	31 December 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

By virtue of the exemption in FRS 4,7 and 139, the impact of applying the respective FRSs on these financial statements upon their first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and TR are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application, except as indicated below.

FRS 101 Presentation of Financial Statements

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: It presents all items of income and expense recognised in income statements, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company are currently evaluating the format to adopt. New terminologies will replace 'balance sheet' with 'statement of financial position' and 'cash flow statement' with 'statement of cash flows'.

IC Interpretation 15, Agreements for the Construction of Real Estate

IC Interpretation 15 replaces the existing FRS 201$_{2004}$, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from all property development activities of the Group will change from the percentage of completion method to the completed method. The Group is currently assessing the impact of the adoption of this interpretation.

2. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The measurement bases applied in the preparation of the financial statements include cost, recoverable amount and realisable value. Estimates are used in measuring these values.

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

(i) annual testing for impairment of goodwill - the measurement of the recoverable amount of cash-generating units are determined based on the fair value less cost to sell, which is based on observable market price for similar assets;

(ii) construction contracts / property development - significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgment, the Group relied on past experience and work of specialists;

(iii) revenue recognition on construction contract and property development activities - the percentage-of-completion method requires the Group to estimate the works performed to-date bears as a proportion of the total works to be performed;

(iv) depreciation of property, plant and equipment - the cost of property, plant and equipment is depreciated on a straight line method over the assets useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised;

(v) allowance for doubtful debts – the Group and the Company provide for doubtful debts based on an assessment of the recoverability of the receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable in full. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables;

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:- (cont'd)

(vi) non-current asset held for sale – the prepaid land lease and land held for property development have been reclassified as non-current assets held for sale which are in line with the board of director's decision to dispose off the land, either by procuring a purchaser or to a director who in turn is the major shareholder of the Company, in order to utilise the proceed from the disposal to repay the Promissory Note. The decision made to reclassify prepaid land lease and land held for property development to non-current assets held for sale as the board of directors has approved the disposal plan and is of the view that the disposal is imminent in order to repay the Promissory Note. The board of directors is also of the view that the fair value of non-current assets held for sale less cost to sell are at least equivalent or higher than the carrying amount of Promissory Note. As such, the proceeds from disposal should be sufficient to repay the Promissory Note; and

(vii) repayment of Promissory Note – upon the maturity of Promissory Note on 28 December 2009, the Company has been granted with the rectification and Purchase Guarantee periods until 28 December 2010 to repay the Promissory Note. The board of directors is optimistic that the Promissory Note will be settled via the land held for sale as mentioned above during the rectification and Purchase Guarantee periods or the Promissory Note holder will allow an extension of sufficient time to dispose the said land and, therefore, will not trigger the default clauses in the repayment of the Promissory Note. Hence, the going concern assumption in which these financial statements are prepared is deemed reasonable and appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies which are disclosed in note 7 made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless cost cannot be recovered. Consolidated financial statements reflect external transactions only.

The financial statements of subsidiary companies acquired or disposed during the financial year are included in the consolidated financial statements based on the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. These assets, liabilities and contingent liabilities assumed of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Any excess of the costs of the acquisition over the Group's interest in fair value of the identifiable assets, liabilities and contingent liabilities assumed represents goodwill. Any excess of the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Minority interests represents the portion of profit and loss and net assets in subsidiaries not held by the Group. It is measured at the minority interests' share of the fair value of net assets at the acquisition date and the minorities' share of changes in the equity since then.

The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary companies will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

(b) Subsidiary Company

A subsidiary company is a company in which the Group has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. An impairment loss is recognised when there is an impairment in the value of the investments determined on an individual basis and is charged to the income statement as an expense. The difference between net disposal proceeds and its carrying amount is charged or credited to income statement upon disposal of the investment.

(c) Associated Company

An associated company is defined as a company, not being a subsidiary company, in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are stated at cost less accumulated impairment losses, if any, in the Company's financial statements.

The Group's interest in associated companies is stated at cost plus adjustments for post-acquisition changes in the Group's share of net assets of the associated companies. The Group's share of post-acquisition results of the associated companies is accounted for using the equity method of accounting in the income statement.

The Group's share of post-acquisition losses is restricted to the carrying value of the investment in that associated company. Should the associated company subsequently reports profits, the Group will only resume to recognise its share of profits after its share of profits equals to its share of losses previously not recognised.

Where audited financial statements of the associated companies are not co-terminous with those of the Group, the share of results is based on a limited review on the financial statements performed by auditors of the associated company made up to the financial year end of the Group.

(d) Goodwill

Goodwill acquired in a business combination is initially measured at cost being 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. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Goodwill (cont'd)

Upon the disposal of interest in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation is calculated on the straight line method to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Factory and office buildings, shoplots, hotel, warehouse and jetty	2% - 10%
Furniture and fittings, partition and renovation, computer and other equipment	10% - 33.3%
Plant and machinery	10% - 25%
Motor vehicles	16.7% - 25%

The residual values, useful lives and depreciation method are reviewed at each financial year-end 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.

An item of property, plant and equipment is derecognised upon 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 net carrying amount is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(f) Impairment of Assets

The carrying amounts of assets other than inventories, assets arising from construction contracts, deferred tax assets and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on individual asset basis, unless the asset does not generate cash flow that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Impairment of Assets (cont'd)

An impairment loss is recognised as an expense in the income statement. However, an impairment loss on revalued assets will be treated as a revaluation deficit to the extent that the loss does not exceed the amount held in revaluation reserve in respect of the same assets.

Any subsequent increase in recoverable amount of an asset, other than goodwill due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement. However, the reversal of impairment loss on revalued assets will be taken to revaluation reserve to the extent that the reversal does not exceed the amount previously held in revaluation reserve in respect of the same asset.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

(g) Capital Work-In-Progress

Capital work-in-progress consists of expenditure incurred on construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the costs will be transferred to property, plant and equipment and investment properties.

(h) Land Held for Property Development

Land held for property development are carried at cost less accumulated impairment losses, if any, and classified as non-current assets where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

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.

(i) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land and construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, development revenue and costs are recognised in the income statement by reference to the stage of completion of development activities at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property Development Costs (cont'd)

When the financial outcome of a development activity cannot be reliably estimated, development revenue is recognised only to the extent of development costs incurred that is probable will be recoverable, and development costs on properties 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.

Property development cost not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings as current assets represent the excess of revenue recognised in the income statement over billings to purchasers. Progress billings as current liabilities represent the excess of billings to purchasers over revenue recognised in the income statement.

(j) Amount Due From/To Customers for Contract Works

Amount due from customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Amount due to customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Costs include direct materials, labour, sub-contract costs and attributable construction overheads. Allowance is made for all expected losses on construction contracts.

(k) Inventories

Inventories of raw materials, consumables, finished goods and merchandise are stated at the lower of cost or net realisable value. Cost includes the actual cost of purchase products and incidentals in bringing the inventories into store and for manufactured inventories, they also include labour and relevant production overheads.

Inventories of completed unsold development properties are stated at the lower of cost or net realisable value. Cost is determined on the specific identification basis and includes cost of land, all direct building costs and other related development costs.

In arriving at net realisable value, due allowance has been made for all obsolete and slow-moving items.

(l) Leases

i. Finance Leases

Assets acquired by way of hire purchase or finance lease where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Leases (cont'd)

i. Finance Leases (cont'd)

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The depreciation policy for leased assets is in accordance with that of the depreciable property, plant and equipment as described in note 3(e).

ii. Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on the straight-line basis.

In the case of a lease of land, the minimum lease payments or the up-front payments made represents prepaid land lease payments and are recognised on a straight-line basis over the lease term.

(m) Borrowings Costs

Interest incurred on borrowings related to capital work-in-progress and property development cost is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

Upfront fee for a bank facility is amortise over 6 years.

All other borrowings are recognised in income statement in the period in which they are incurred.

(n) Al-Bai Bithaman Ajil (“ABBA”) Facility

Cost of landed properties acquired under the ABBA facility are capitalised in accordance with the Company’s policy on land held for property development. The ABBA facility obligations are included in borrowings and the related financing charges are allocated to the income statement on a systematic basis over the period of financing.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Foreign Currencies

(i) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for prior years' tax.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(q) Employee Benefits

i. Short Term Benefits

Wages, salaries, social security contributions and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as expenses in the income statement when incurred. Some of the Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes.

(r) Provisions

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

(s) Revenue Recognition

Revenue from sales of properties under development and from contract works undertaken are recognised in the income statement on the percentage of completion basis where the outcome of the developments and contracts can be reliably estimated. The percentage of completion basis is computed based on proportion of which the development costs and the contract costs incurred for work performed to date bear to the estimated total development and contract costs respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue Recognition (cont'd)

Revenue from sales of finished goods and merchandise and from services are recognised in the income statement when the goods are delivered and services are rendered respectively.

Hotel and golfing revenue is recognised in the income statement on accruals basis.

Interest revenue is recognised on an accruals basis using the effective interest method.

Rental revenue is recognised in the income statement on accruals basis.

Revenue from sale of land and completed landed properties is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risk and reward of ownership have been transferred to the buyer.

(t) Non-Current Assets Classified As Held For Sale

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

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5 that is at the, lower of carrying amount and fair value less costs to sell. Any differences are included in income statement.

(u) Financial Instruments

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

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, lease and hire purchase payables, bank borrowings, promissory note, other non-current investments and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given to financial institutions and third party. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

notes to the financial statements

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Financial Instruments (cont'd)

i. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

ii. Other Non-Current Investments

Non-current investments other than investments in subsidiary companies and associated companies, are stated at cost less allowance for diminution in value, if any.

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

iii. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which is the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

iv. Payables

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

v. Bank Borrowings

Interest bearing borrowings include bills payable, Promissory Note, hire purchase and lease payables are stated at the amount of proceeds received, net of transaction costs.

The long term fixed and floating rates term loans are stated at the amount of proceeds received.

vi. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

vii. Long Term Payables

Long term payables are stated based on agreed settlement sum.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Hotel, Shoplots, Factory & Office Buildings, Warehouse & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Cost					
At 1.4.09	310,966,588	14,705,137	45,468,793	7,693,904	378,834,422
Transfer from property development costs (note 13)	-	-	1,480,621	-	1,480,621
Additions	-	204,521	10,461,156	296,571	10,962,248
Disposals	-	-	(2,000,861)	(335,669)	(2,336,530)
Written off	-	-	(5,290,546)	(7,085)	(5,297,631)
At 31.3.10	310,966,588	14,909,658	50,119,163	7,647,721	383,643,130
Accumulated Depreciation					
At 1.4.09	40,726,196	10,032,670	35,853,113	4,923,996	91,535,975
Charge for the year	6,201,338	167,549	2,578,430	685,237	9,632,554
Disposals	-	-	(1,571,426)	(335,662)	(1,907,088)
Written off	-	-	(3,723,603)	(7,085)	(3,730,688)
At 31.3.10	46,927,534	10,200,219	33,136,514	5,266,486	95,530,753
Net Carrying Amount					
At 31.3.10	264,039,054	4,709,439	16,982,649	2,381,235	288,112,377

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Hotel, Shoplots, Factory & Office Buildings, Warehouse & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Cost					
At 1.4.08	314,645,826	18,065,515	47,699,060	7,327,042	387,737,443
Additions	-	189,372	1,914,322	751,890	2,855,584
Disposals	(3,679,238)	(3,499,791)	(3,686,430)	(374,298)	(11,239,757)
Written off	-	(49,959)	(458,159)	(10,730)	(518,848)
At 31.3.09	310,966,588	14,705,137	45,468,793	7,693,904	378,834,422
Accumulated Depreciation					
At 1.4.08	36,314,144	13,391,054	35,246,047	4,383,964	89,335,209
Charge for the year	6,246,298	150,178	3,470,159	827,615	10,694,250
Disposals	(1,834,246)	(3,464,793)	(2,590,455)	(276,857)	(8,166,351)
Written off	-	(43,769)	(272,638)	(10,726)	(327,133)
At 31.3.09	40,726,196	10,032,670	35,853,113	4,923,996	91,535,975
Net Carrying Amount					
At 31.3.09	270,240,392	4,672,467	9,615,680	2,769,908	287,298,447

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Buildings RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Cost				
At 1.4.09	-	1,224,107	1,309,777	2,533,884
Additions	-	20,073	-	20,073
Disposals	-	(6,298)	(303,721)	(310,019)
At 31.3.10	-	1,237,882	1,006,056	2,243,938
Accumulated Depreciation				
At 1.4.09	-	922,424	1,106,681	2,029,105
Charge for the year	-	67,802	113,396	181,198
Disposals	-	(2,471)	(303,720)	(306,191)
At 31.3.10	-	987,755	916,357	1,904,112
Net Carrying Amount				
At 31.3.10	-	250,127	89,699	339,826

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Buildings RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Cost				
At 1.4.08	3,372,160	1,184,057	1,305,553	5,861,770
Additions	-	40,050	12,774	52,824
Written off	(3,372,160)	-	(8,550)	(3,380,710)
At 31.3.09	-	1,224,107	1,309,777	2,533,884
Accumulated Depreciation				
At 1.4.08	1,789,286	856,296	1,002,495	3,648,077
Charge for the year	44,960	66,128	112,736	223,824
Written off	(1,834,246)	-	(8,550)	(1,842,796)
At 31.3.09	-	922,424	1,106,681	2,029,105
Net Carrying Amount				
At 31.3.09	-	301,683	203,096	504,779

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the property, plant and equipment of the Group are assets acquired under hire purchase instalment plans and lease financing as follows:-

	Group 2010 RM	Group 2009 RM
Hire purchase instalment plans		
Cost		
Motor vehicles	2,763,664	2,998,975
Plant & machinery	3,071,313	4,979,764
Furniture & fittings, partition & renovation, computer & other equipment	5,900,200	3,118,447
	11,735,177	11,097,186
Net carrying amount		
Motor vehicles	1,015,226	1,283,080
Plant & machinery	1,960,236	2,592,199
Furniture & fittings, partition & renovation, computer & other equipment	5,423,435	1,065,621
	8,398,897	4,940,900
Lease financing		
Cost		
Plant & machinery	199,390	199,390
Net carrying amount		
Plant & machinery	1	1

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The property, plant and equipment of the Group which are pledged as securities for term loan facility granted to subsidiary companies as mentioned in note 40 are as follows:-

	Group	
	2010 RM	2009 RM
Cost		
Hotel, shoplots, factory & office buildings, warehouse & jetty	307,123,864	307,123,864
Motor vehicles	2,701,313	2,697,313
Furniture & fittings, partition & renovation, computer & other equipment	33,621,720	28,963,406
	343,446,897	338,784,583
Net carrying amount		
Hotel, shoplots, factory & office buildings, warehouse & jetty	260,543,412	266,685,889
Motor vehicles	529,732	745,280
Furniture & fittings, partition & renovation, computer & other equipment	19,000,042	14,028,002
	280,073,186	281,459,171

The property, plant and equipment of the Group and of the Company which are pledged for Promissory Note issued by the Company as mentioned in note 27 are as follows:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cost				
Motor vehicles	1,453,315	1,757,036	1,006,056	1,309,777
Plant & machinery	4,153,337	4,153,337	-	-
Furniture & fittings, partition & renovation, computer & other equipment	1,568,778	1,555,003	1,237,882	1,224,107
	7,175,430	7,465,376	2,243,938	2,533,884
Net carrying amount				
Motor vehicles	145,682	305,949	89,699	203,096
Plant & machinery	201	201	-	-
Furniture & fittings, partition & renovation, computer & other equipment	250,213	301,775	250,127	301,683
	396,096	607,925	339,826	504,779

5. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At beginning of the year	434,489,640	441,016,922	-	3,252,290
Add: Additions	-	-	-	-
Less: Disposals	-	(4,632,728)	-	(3,231,493)
Less: Reclassified as non-current assets held for sale (note 20)	(8,769,508)	-	-	-
	425,720,132	436,384,194	-	20,797
Less: Amortisation	(1,869,946)	(1,894,554)	-	(20,797)
At end of the year	423,850,186	434,489,640	-	-

The long term leasehold land of the Group have an unexpired lease period of more than 50 years.

The long term leasehold land of the Group stated at valuation was revalued by the Directors in year 1984 based on valuation by independent professional valuers on the open market value basis. As allowed by the transitional provision of FRS 117, where the leasehold land had been previously revalued, the unamortised revalued amount of the leasehold land is retained as the surrogate cost of prepaid lease payments and is amortised over the remaining lease term of the leasehold land.

Certain long term leasehold land of the Group totalling RM389,810,971 (2009 : RM391,155,262) are pledged as securities for term loan facility granted to a subsidiary company as mentioned in note 40.

In previous year, one of the long term leasehold land of the Group totalling RM8,883,398 was pledged as securities for Promissory Note issued by the Company as mentioned in note 27. During the year, this long term leasehold land has been reclassified as non-current assets held for sale as mentioned in note 20.

6. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2010 RM	2009 RM
At cost,		
Leasehold land	649,127,898	610,331,570
Add: In respect of subsidiary companies acquired	-	40,501,544
Less: Disposals	-	(1,705,216)
Less: Reclassified as non-current assets held for sale (note 20)	(204,216,483)	-
Less: Transfer to property development costs (note 13)	(1,277,093)	-
	443,634,322	649,127,898
Leased land	47,218,375	47,218,375
Total land, at cost	490,852,697	696,346,273
Development costs		
At beginning of the year	107,275,378	98,377,705
Add: In respect of subsidiary companies acquired	-	14,397,014
Add: Additions	2,554,144	1,307,234
Less: Disposals	-	(2,510,615)
Less: Reversal	-	(4,295,960)
Less: Reclassified as non-current assets held for sale (note 20)	(52,844,461)	-
Less: Transfer to property development costs (note 13)	(4,793,525)	-
At end of the year	52,191,536	107,275,378
Total carrying amount of land and development costs	543,044,233	803,621,651

All the land held for property development are pledged as securities for Promissory Note issued by the Company as mentioned in note 27, term loan facility granted to the subsidiary companies as mentioned in note 40 and for other credit facilities of the Group and of the Company.

7. INVESTMENT IN SUBSIDIARY COMPANIES

(a)

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost		
At beginning of the year	369,056,337	364,935,920
Add: Transfer from interest in associated companies (note 8)	-	500,000
Add: Additional investments and acquisitions of subsidiary companies	-	3,620,417
At end of the year	369,056,337	369,056,337
Less: Accumulated impairment losses		
At beginning of the year	62,167,610	60,697,064
Add: Additions	-	1,470,546
At end of the year	(62,167,610)	(62,167,610)
	306,888,727	306,888,727

(b) The subsidiary companies are:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2010	Direct 2009	Indirect 2010	Indirect 2009
Held By The Company						
Alpha Terrace Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
Arosa Development Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
Bukit Unggul Golf and Country Resort Sdn. Bhd. ("BUGCR")	Malaysia	Golf club owner and investment holdings	75%	75%	25%	25%
FACBAerospace Sdn. Bhd.	Malaysia	Investment holdings	100%	100%	-	-
FACB Capital Sdn. Bhd.	Malaysia	Investment holdings, consultancy and money lending	100%	100%	-	-
FACB Construction Sdn. Bhd.	Malaysia	Construction	100%	100%	-	-
FACB Charter Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
FACB Land Sdn. Bhd. ("FACBLand")	Malaysia	Property development	100%	100%	-	-
FACB Management Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
FACBNET Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
First Holdings Sdn. Bhd. ("FHSB")	Malaysia	Investment holdings	100%	100%	-	-
First Multimedia Corporation Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-

notes to the financial statements

For the year ended 31 March 2010

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) The subsidiary companies are:- (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2010	Direct 2009	Indirect 2010	Indirect 2009
Held By The Company (cont'd)						
First Network (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
First Travel And Tours (M) Sdn. Bhd.	Malaysia	Travel & tours agency	95.69%	95.69%	-	-
Greagawarni Sdn. Bhd.	Malaysia	Project contractor	100%	100%	-	-
Ikhlas Perdana Sdn. Bhd. ("IPSB")	Malaysia	Investment holdings	90%	90%	-	-
Karambunai Residence (MM2H) Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
* Norasia Investments Ltd.	Hong Kong	Investment holdings	100%	100%	-	-
* Sunnyland Corporation Ltd.	Hong Kong	Dormant	100%	100%	-	-
* Sunnyland Industries Ltd.	Hong Kong	Investment holdings	100%	100%	-	-
Bukit Unggul Tele-Suburb Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
* Oakes Invest & Finance S.A.	British Virgin Islands	Investment holdings	100%	100%	-	-
* Karambunai Corp International Ltd.	Hong Kong	Dormant	100%	100%	-	-
* Nexus Hotels and Resorts Limited	Hong Kong	Dormant	100%	100%	-	-
* One Travel & Tours Ltd.	British Virgin Islands	Dormant	100%	100%	-	-
Beribu Ukiran Sdn. Bhd. ("BUSB")	Malaysia	Property development	100%	100%	-	-
@ CTRM-FACB Consortium Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
Held through Arosa Development Sdn. Bhd.						
Arosa Builders Sdn. Bhd.	Malaysia	Construction	-	-	100%	100%

notes to the financial statements

For the year ended 31 March 2010

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) The subsidiary companies are:- (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2010	Direct 2009	Indirect 2010	Indirect 2009
Held through Norasia Investment Ltd.						
@ ^ Scanply International Wood Products (Singapore) Pte. Ltd.	Singapore	Trading of wood products	-	-	100%	100%
Held through Sunnyland Industries Ltd.						
* Sunnyland Industries & Investments (Yunfu) Ltd.	China	Dormant	-	-	100%	100%
Held through FHSB						
Karambunai Resorts Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
Hartamas Group Berhad ("HGB")	Malaysia	Hotel resort operations, management and investment holdings	#42.91%	#42.91%	#57.09%	#57.09%
Held through Hartamas Group Berhad						
FACB Marketing and Sales Services Sdn. Bhd. ("FMSS")	Malaysia	Property development	-	-	100%	100%
Held through Ikhlas Perdana Sdn. Bhd.						
Composites Technology Development Corporation Sdn. Bhd. ("CTDC")	Malaysia	Property development	-	-	100%	100%
Held through Bukit Unggul Golf And Country Resort Sdn. Bhd.						
Karambunai Two Golf & Country Club Sdn. Bhd.	Malaysia	Dormant	-	-	100%	100%

notes to the financial statements

For the year ended 31 March 2010

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) The subsidiary companies are:- (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2010	Direct 2009	Indirect 2010	Indirect 2009
Held through Bukit Unggul Golf And Country Resort Sdn. Bhd. (cont'd)						
Bukit Unggul Country Club Bhd.	Malaysia	Golf and country club operation and management	-	-	100%	100%
Held through Karambunai Resorts Sdn. Bhd.						
Dapan Construction Sdn. Bhd.	Malaysia	Construction and project contractor	-	-	100%	100%
Dapan Holdings Sdn. Bhd. ("DHSB")	Malaysia	Property development and sales of quarry stone	-	-	100%	100%
Karambunai Golf Management Bhd.	Malaysia	Management and operation of golf club	-	-	100%	100%
Nexus Vacation Club Bhd.	Malaysia	Marketing of resort membership	-	-	100%	100%
Nexus Bay Resort Karambunai Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
Nexus Resort Karambunai Sdn. Bhd.	Malaysia	Resort hotel operation and management	-	-	100%	100%
* Nexus Naga S.A.	Panama	Dormant	-	-	100%	100%
Nexus Resorts and Hotels International Sdn. Bhd.	Malaysia	Dormant	-	-	100%	100%
* Sahara Red Incorporated	British Virgin Island	Investment holdings	-	-	100%	100%
Held through Scanply International Wood Products (Singapore) Pte. Ltd.						
^ Scanply Wood Products (Malaysia) Sdn. Bhd.	Malaysia	Purchasing and sourcing of timber for sale to related company	-	-	100%	100%

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

(b) The subsidiary companies are:- (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2010	2009	Indirect 2010	2009
Held through Nexus Hotels and Resorts Limited						
* Nexus Hotel Phnom Penh Limited	British Virgin Islands	Dormant	-	-	100%	100%

* The financial statements of these subsidiary companies are audited for consolidation purposes by the Company's auditors.

\# The equity interests held through the Company, FHSB and FACBLand are 42.91% (2009 : 42.91%), 53.03% (2009 : 53.03%) and 4.06% (2009 : 4.06%) respectively.

@ The financial statements of these subsidiary companies are not audited by the Company's auditors.

^ These subsidiary companies ceased operation during the financial year.

The investment in subsidiary companies relating to the investment in BUGCR by the Company and FMSS which was held through HGB amounting to RM7,500,000 (2009 : RM7,500,000) and RM310,000,000 (2009 : RM310,000,000) respectively are pledged for Promissory Note issued by the Company as mentioned in note 27.

The investment in subsidiary company relating to the investment in FMSS which was held through HGB amounting to RM310,000,000 (2009 : RM310,000,000) is further pledged for term loan facility granted to a subsidiary company as mentioned in note 40.

8. INTEREST IN ASSOCIATED COMPANY

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost	125,001	625,001	-	500,000
Group's share of post acquisition loss	(54,960)	(467)	-	-
	70,041	624,534	-	500,000
Less: Transfer to investment in subsidiary companies (note 7)	-	(500,000)	-	(500,000)
Less: Impairment loss	(70,041)	-	-	-
	-	124,534	-	-
Represented by:-				
Share of net assets of associated companies	-	54,415		
Goodwill	-	70,119		
	-	124,534		

8. INTEREST IN ASSOCIATED COMPANY (cont'd)

The associated company, incorporated in Malaysia, is as follow:-

Name of Company	Principal Activity	Effective Equity Interest Indirect 2010	2009
Held by the Company			
* Richpool Sdn. Bhd.	Investment holdings	25%	25%

* Interest in associated company included in the consolidated financial statements is based on unaudited management financial statements.

The summarised financial information of the associated company is as follows:-

	2010 RM	2009 RM
Total assets	-	261,111
Total liabilities	-	43,453
Operating revenue	-	-
Loss for the year	(217,972)	(467)

The associated company is currently under liquidation process.

9. OTHER INVESTMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost;				
Unquoted shares in Malaysia	1,702,000	1,702,000	310,000	310,000
Less: Impairment losses	(1,471,999)	(1,221,999)	(250,000)	-
Less: Written off	(170,000)	-	-	-
	60,001	480,001	60,000	310,000
Transferable contribution rights	140,000	140,000	-	-
Less: Impairment losses	(100,000)	(100,000)	-	-
	40,000	40,000	-	-
	100,001	520,001	60,000	310,000

The transferable contribution rights are in respect of rights to memberships of a golf club which are registered in the name of a director of the Company and a former director of a subsidiary company and are held in trust by them.

10. CAPITAL WORK-IN-PROGRESS

	Group	
	2010 RM	2009 RM
Development costs	54,668,405	54,668,405
Less: Impairment loss		
At beginning of the year	(8,612,453)	-
Addition	-	(8,612,453)
At end of the year	(8,612,453)	(8,612,453)
	46,055,952	46,055,952

These are incurred on the development of hotel resorts.

11. DEFERRED TAX ASSETS

	Group	
	2010	**2009**
	RM	**RM**
At beginning of the year	9,000	-
In respect of subsidiary companies acquired	-	9,800
Recognised in income statement (note 34)	-	(800)
At end of the year	9,000	9,000

This is in respect of deductible temporary differences in respect of expenses.

12. GOODWILL

	Group	
	2010	**2009**
	RM	**RM**
Cost		
At beginning of the year	19,820,764	18,468,226
Additions	-	1,352,538
At end of the year	19,820,764	19,820,764
Accumulated impairment loss		
At beginning of the year	761,459	9,370
Additions	1,629,510	752,089
At end of the year	2,390,969	761,459
Net carrying amount	17,429,795	19,059,305

Goodwill represents the excess of cost of acquisition over the fair value of the net assets of subsidiary companies acquired in prior years. Goodwill has been allocated to the Group's cash-generating unit ("CGU") identified that expected to benefit from the synergies of the acquisitions, which is in respect of property development and construction segment for both years 2010 and 2009 respectively.

The recoverable amount of this CGU is determined based on the fair value less costs to sell. The fair value less costs to sell is based on observable market price for similar assets. The fair value of the development properties is estimated, based on market value of comparable properties, at RM1,192,791,724 (2009 : RM1,170,840,328) and the carrying amount of tangible assets of the allocated CGU is recorded at RM1,035,004,096 (2009 : RM1,042,077,695). The board of director is of the opinion that no impairment of goodwill is required for those CGU where the fair value exceeded the carrying amount.

12. GOODWILL (cont'd)

Impairment loss recognised

The Group recognised impairment loss of RM1,629,510 (2009 : RM752,089) during the financial year in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies of which the development projects undertaken have no earnings potential as a result of certain unplanned events and no further development activities or other significant revenue generating activities are expected from these subsidiary companies, hence the related goodwill has been impaired accordingly.

13. PROPERTY DEVELOPMENT COSTS

	Group	
	2010 RM	2009 RM
Leasehold land, at cost		
At beginning of the year	34,877,831	30,099,375
Add: In respect of subsidiary company acquired	-	4,778,456
Add: Transfer from land held for property development (note 6)	1,277,093	-
At end of the year	36,154,924	34,877,831
Property development costs		
At beginning of the year	198,300,462	145,639,318
Add: In respect of subsidiary company acquired	-	45,230,494
Add: Additions	712,513	7,430,650
Add: Transfer from land held for property development (note 6)	4,793,525	-
Less: Transfer to property, plant and equipment (note 4)	(1,480,621)	-
At end of the year	202,325,879	198,300,462
	238,480,803	233,178,293
Less: Cost recognised as an expense		
- Previous years	(178,519,917)	(131,413,779)
- In respect of subsidiary company acquired	-	(39,653,994)
- Current year	(11,986,855)	(7,452,144)
Less: Transfer to inventories (note 14)	(10,384,448)	-
Total property development costs	37,589,583	54,658,376

Property development costs with carrying amount of RM25,909,409 (2009 : RM45,530,620) are pledged as securities for Promissory Note issued by the Company as mentioned in note 27 and for term loan facility granted to a subsidiary company as mentioned in note 40.

14. INVENTORIES

	Group	
	2010	2009
	RM	RM
At cost;		
Completed development properties	10,384,448	766,869
Consumables	522,771	1,107,255
Finished goods	2,845,943	2,487,709
	13,753,162	4,361,833
At net realisable value;		
Completed development properties	479,260	79,260
Finished goods	-	21,018
	479,260	100,278
	14,232,422	4,462,111

Inventories with carrying amount of RM2,668,422 (2009 : RM2,137,500) are pledged as securities for term loan facility granted to a subsidiary company as mentioned in note 40.

15. TRADE RECEIVABLES

	Group	
	2010	2009
	RM	RM
Third parties	45,624,547	44,855,337
Less: Allowance for doubtful debts	(11,860,849)	(11,192,664)
	33,763,698	33,662,673
Amount due from customers for contract works (note 39)	43,180,742	43,418,036
	76,944,440	77,080,709

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group are:-

(i) amounts of RM104,325 (2009 : RM15,282) owing by a related party in which certain directors of the Company are also directors and have substantial financial interest and RM116,569 (2009: RM41,607) owing by related parties in which a director of the Company is also a director and has substantial financial interest;

15. TRADE RECEIVABLES (cont'd)

Included in trade receivables of the Group are:- (cont'd)

(ii) amounts of RM17,335,171 (2009 : RM11,460,134) are pledged as securities for term loan facility granted to a subsidiary company as mentioned in note 40; and

(iii) staff loan amounting to RM10,595 (2009 : RM10,436) earns interest at a rate of 7% (2009 : 7%) per annum.

In previous year, included in trade receivables of the Group was bills receivables amounting to RM597,619 and bore interest at rates ranging from 2.93% to 5.00% per annum. The bills receivables were obtained from bank as part of the banking facilities granted to a subsidiary company, secured on the corporate guarantee of the Company as mentioned in note 47 and a subsidiary company.

The foreign currency exposure profile of trade receivable is as follows:-

	Group	
	2010 RM	2009 RM
Singapore Dollar	-	35,393
United States Dollar	431,400	4,493,603

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other reveivables	4,226,555	8,011,643	448,988	1,491,080
Less: Allowance for doubtful debts	(1,714,345)	(2,595,605)	(407,756)	(1,223,031)
	2,512,210	5,416,038	41,232	268,049
Deposits	26,941,954	27,350,489	202,685	202,685
Prepayments	5,465,375	7,183,614	-	-
	32,407,329	34,534,103	202,685	202,685
	34,919,539	39,950,141	243,917	470,734

Included in deposits of the Group is an amount of RM25,050,000 (2009 : RM25,050,000) deposited with an oversea developer for property development project in Karambunai Peninsular that the Group plan to carry out in the near future.

Included in other receivables, deposits and prepayments of the Group is an amount of RM5,440,215 (2009 : RM7,377,105) which are pledged as securities for term loan facility granted to a subsidiary company as mentioned in note 40.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Included in prepayments of the Group is prepayment of upfront fee and bank commissions for a bank facility granted to a subsidiary company amounting to RM4,498,972 (2009 : RM6,271,282).

The foreign currency exposure profile of other receivables is as follows:-

	Group	
	2010	2009
	RM	RM
Singapore Dollar	86,889	109,544
United States Dollar	3,689	93,561
Hong Kong Dollar	2,089	2,089
	92,667	205,194

17. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

	Company	
	2010	2009
	RM	RM
Amount owing by subsidiary companies	1,294,409,475	1,284,295,042
Amount owing to subsidiary companies	309,862,877	315,862,116

Amount owing by/to subsidiary companies are non-trade in nature, unsecured, interest free, repayable on demand and are to be settled in cash.

18. TAX ASSETS

This is in respect of tax recoverable from Inland Revenue Board.

19. CASH DEPOSITS WITH LICENSED BANKS

Included in cash deposits with licensed banks of the Group is an amount of RM224,541 (2009 : RM93,600) pledged as security for term loan facility granted to a subsidiary company as mentioned in note 40.

19. CASH DEPOSITS WITH LICENSED BANKS (cont'd)

The maturity profile and interest rates of the cash deposits with licensed banks are as follows:-

	Interest rate	Current Within 1 Year	Total
	%	RM	RM
Group			
2010			
Financial assets			
Cash deposits with licensed banks	0.01 - 3.50	4,212,955	4,212,955
2009			
Financial assets			
Cash deposits with licensed banks	0.07 - 3.50	4,491,722	4,491,722

The foreign currency exposure profile is as follows:-

	Group	
	2010	2009
	RM	RM
Singapore Dollar	-	698,136
United States Dollar	251,302	190,426

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Prepaid land lease and land held for property development that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

	Group	
	2010	2009
	RM	RM
Reclassified from prepaid land lease (note 5)	8,769,508	-
Reclassified from land held for property development (note 6)	257,060,944	-
	265,830,452	-

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

The prepaid land lease and land held for property development of the Group were charged as securities for Promissory Note issued by the Company as mentioned in note 27. Upon the maturity of Promissory Note on 28 December 2009, the Company has been granted with the rectification and Purchase Guarantee periods until 28 December 2010 to procure buyers to purchase these charged land. Should the Company fail to procure buyers to purchase these charged land, a director of the Company, who in turn is the major shareholder, via his personal guarantee as stated in the Purchase Guarantee Agreement, has unconditionally and irrevocably guarantees to acquire and complete the purchase of these charged land within four months (Purchase Guarantee Period) after the rectification period.

The board of director of the Company is of the view that the disposal is imminent in order to repay the Promissory Note. As such, the prepaid land lease and land held for property development are reclassified as non-current assets held for sale.

At the date of this report, the Company is still working towards procuring buyers for these charged land.

21. SHARE CAPITAL

	Group/Company	
	2010	**2009**
	RM	**RM**
Authorised:		
4,000,000,000 ordinary shares of RM0.50 each	2,000,000,000	2,000,000,000
Issued and fully paid:		
2,030,059,680 ordinary shares of RM0.50 each	1,015,029,840	1,015,029,840

22. RESERVES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
(Accumulated losses)/Retained earnings	(357,622,366)	(321,864,641)	(6,374,360)	905,991
Non-distributable				
Share premium	111,535,799	111,535,799	111,535,799	111,535,799
Foreign exchange translation reserve	668,486	958,559	-	-
	112,204,285	112,494,358	111,535,799	111,535,799
	(245,418,081)	(209,370,283)	105,161,439	112,441,790

22. RESERVES (cont'd)

The nature and purpose of each category of reserves are as follows:

(a) Share premium

This amount arose from premium on the issue of ordinary shares above par value.

(b) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

23. FINANCE LEASE PAYABLES

	Group	
	2010 RM	2009 RM
Hire purchase payables		
Payable within 1 year		
Total instalment payments	2,702,149	2,899,969
Less: Future finance charges	(303,061)	(169,726)
Present value of hire purchase liabilities	2,399,088	2,730,243
Payable after 1 year but not later than 5 years		
Total instalment payments	3,500,714	1,918,662
Less: Future finance charges	(274,742)	(125,735)
Present value of hire purchase liabilities	3,225,972	1,792,927
	5,625,060	4,523,170
Lease payables		
Payable within 1 year		
Mininum installment payments	13,971	13,971
Less: Future finance charges	(221)	(221)
Present value of lease payables	13,750	13,750
Total principal sum payable		
- within 1 year	2,412,838	2,743,993
- after 1 year but not later than 5 years	3,225,972	1,792,927
	5,638,810	4,536,920

23. FINANCE LEASE PAYABLES (cont'd)

The finance lease payables of the Group bear interest at rates ranging from 4.17% to 10.32% (2009 : 1.43% to 10.60%).

The maturity profile of hire purchase and lease payables of the Group and of the Company are as follows:-

Group	Current	Non-current					
	Within 1 Year	Within 1 - 2 Years	Within 2 - 3 Years	Within 3 - 4 Years	Within 4 - 5 Years	Sub Total	Total
2010	RM	RM	RM	RM	RM	RM	RM
Hire purchase payables	2,399,088	1,453,443	1,178,473	569,137	24,919	3,225,972	5,625,060
Lease payables	13,750	-	-	-	-	-	13,750
	2,412,838	1,453,443	1,178,473	569,137	24,919	3,225,972	5,638,810
2009							
Hire purchase payables	2,730,243	975,924	541,325	241,710	33,968	1,792,927	4,523,170
Lease payables	13,750	-	-	-	-	-	13,750
	2,743,993	975,924	541,325	241,710	33,968	1,792,927	4,536,920

24. BANK BORROWINGS - SECURED

	Group	
	2010 RM	2009 RM
Current		
Term loans (note 40)	37,258,162	46,633,162
Bills payables	45,243	650,556
	37,303,405	47,283,718
Non-current		
Term loans (note 40)	280,824,324	288,784,565
	318,127,729	336,068,283

The bills payables facility is secured and supported as follows:-

(a) assignment of export credit insurance policies; and

(b) corporate guarantee of the Company as mentioned in note 47 and a subsidiary company.

The interest rates, securities, repayment terms and the maturity profile of the term loans of the Group are disclosed in note 40.

24. BANK BORROWINGS - SECURED (cont'd)

The maturity profile and interest rates for bills payables of the Group are as follows:-

	Interest rate	Current Within 1 Year	Total
	%	RM	RM
Group			
2010			
Bills payables	2.93 - 5.00	45,243	45,243
2009			
Bills payables	2.93 - 5.00	650,556	650,556

The foreign currency exposure profile for bill payables in the year is as follows:-

	Group	
	2010	2009
	RM	RM
United States Dollar	45,243	650,556

25. DEFERRED TAX LIABILITIES

	Group	
	2010	2009
	RM	RM
At beginning of the year	125,330,997	122,540,197
Recognised in income statement (note 34)	1,146,400	2,790,800
At end of the year	126,477,397	125,330,997

25. DEFERRED TAX LIABILITIES (cont'd)

This is in respect of estimated tax liabilities/(assets) arising from temporary differences as follows:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Difference between the carrying amount of property, plant and equipment and their tax base	18,006,800	16,395,000	68,400	87,200
Fair value adjustment in respect of acquisition of subsidiary companies	112,957,797	112,957,797	-	-
Deductible temporary differences in respect of expenses	(321,800)	(152,600)	(34,000)	(23,900)
Unrelieved tax losses	(3,735,200)	(3,788,100)	-	-
Unabsorbed capital allowances	(430,200)	(81,100)	(34,400)	(63,300)
	126,477,397	125,330,997	-	-

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Difference between the carrying amount of property, plant and equipment and their tax base	12,600	5,400	-	-
Unrelieved tax losses	230,470,100	226,087,700	288,800	741,600
Unabsorbed capital allowances	13,851,800	13,384,700	2,251,200	2,146,600
Deductible temporary differences in respect of expenses and others	15,732,500	13,929,100	-	-
	260,067,000	253,406,900	2,540,000	2,888,200

26. LONG TERM PAYABLES

This amount is in respect of lease premium less advances on a subsidiary company's leased land and not expected to be settled within one year.

27. PROMISSORY NOTE – SECURED

	Group/Company	
	2010	2009
	RM	RM
Promissory Note	130,000,000	130,000,000
Interest accrual	21,173,973	14,673,973
	151,173,973	144,673,973

The Promissory Note was issued as partial settlement sum for the redemption of Bonds 2001/2005.

The Promissory Note which bears interest at a rate of 5% (2009 : 5%) per annum, matures on 28 December 2009 and is secured and supported as follows:-

(i) third party first legal charge over the prepaid land lease and land held for property development of certain subsidiary companies of the Company as mentioned in notes 5 and 6 respectively;

(ii) debenture comprising fixed and floating charges on all assets of the Company and of certain subsidiary companies of the Company as mentioned in notes 4 and 13 respectively;

(iii) memorandum of deposit and charge over the entire issued and paid-up shares capital of certain subsidiary companies of the Company as mentioned in note 7; and

(iv) Purchased Guarantee Agreement of a director of the Company in accordance to the settlement agreement on the settlement of the bonds 2001/2005.

Upon the maturity of Promissory Note on December 2009, the Company has been granted with the rectification and Purchase Guarantee periods until 28 December 2010 to repay the Promissory Note. The board of director intend to dispose the charged land as mentioned in item (i) above and to settle the Promissory Note against the proceed from the disposal of these charged land. The board of director is of the view that the disposal will take place either by procuring purchasers or to a director of the Company, who in turn is the major shareholder of the Company. Under the terms of the purchase guarantee agreement dated 29 November 2006 executed by the director, the director may purchase the charged land and/or the shares of BUGCR and FMSS during the Purchase Guarantee Period i.e. within four months after the rectification period as mentioned in the Purchase Guarantee Agreement. The purchase, if any shall be subject to the approvals from the shareholders of the Company, the Securities Commission and any other regulatory approvals if applicable.

28. TRADE PAYABLES

	Group	
	2010	2009
	RM	RM
Third parties	60,505,902	54,210,595
Progress billings in respect of property development costs	58,380,117	61,018,381
	118,886,019	115,228,976
Amount due to customers for contract works (note 39)	1,368,101	1,020,160
	120,254,120	116,249,136

Included in trade payables of the Group are retention sum amounting to RM6,046,503 (2009 : RM9,182,070).

The normal trade credit term granted to the Group ranges from 30 to 90 days.

The foreign currency exposure profile of trade payables is as follows:-

	Group	
	2010	2009
	RM	RM
United States Dollar	184,000	4,035,085

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other payables	57,566,059	47,016,568	10,029,615	2,937,057
Refundable deposits	489,866	546,272	451,000	500,501
Tax penalty and interest accrued	54,069,493	44,461,831	167,772	167,772
Accruals	25,666,089	23,427,725	8,876,481	7,938,560
Other payables and accruals	137,791,507	115,452,396	19,524,868	11,543,890
Amount owing to a director	1,011,311	-	981,311	-
	138,802,818	115,452,396	20,506,179	11,543,890

29. OTHER PAYABLES AND ACCRUALS (cont'd)

The foreign currency exposure profile of other payables is as follows:

	Group	
	2010	2009
	RM	RM
United States Dollar	121,145	27,174
Singapore Dollar	278,136	233,567
Hong Kong Dollar	2,271,458	2,289,851
	2,670,739	2,550,592

The tax penalty and interest accrued are payable to the Inland Revenue Board. The Group and the Company are currently negotiating with the Inland Revenue Board on instalment payments as the settlement made of these tax penalty and interest accrued, together with the outstanding tax liability as shown in the financial statements.

Included in other payables of the Group is an amount of RM29,202,740 (2009 : RM26,373,382) owing to a related party in which some directors of the Company are also directors and have substantial financial interest, arise from the novation of amount owing by a newly acquired subsidiary company in previous year to the related party.

No repayment was made by the Group during the year. Upon negotiation with the related party, the Group agreed to serve interest at rates ranging from 6.75% to 8.75% (2009 : Nil) as late payment charges until the full settlement. During the year, an amount of RM2,829,358 was accrued as late interest charges owing to the related party in the financial statements.

Included in other payables of the Company is an amount of RM1,950,741 (2009 : RM1,398,677) owing to a related party in which certain directors of the Company are also directors and have substantial financial interest. This amount is unsecured, interest free, repayable on demand and is to be settled in cash.

Included in refundable deposits of the Company is rental deposits received from subsidiary companies amounted to RM30,000 (2009 : RM37,500).

The amount owing to a director of the Group and of the Company is unsecured, interest free, repayable on demand and is to be settled in cash.

30. PROVISIONS

This is in respect of provision made for short-term accumulating compensated absences for the Group and for the Company as follows:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At beginning of the year	435,135	444,955	95,474	125,864
Add: Additional provision	-	-	40,497	-
Less: Utilisation	(46,589)	(9,820)	-	(30,390)
At end of the year	388,546	435,135	135,971	95,474

31. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Attributable revenue from construction contract	2,178,400	400,472	-	-
Attributable revenue from development properties	54,311,997	107,010,479	-	-
Sales of goods and services	10,311,954	16,586,529	-	-
Hotel and golfing revenue	72,777,388	74,164,671	-	-
Management fee	-	-	4,000,000	12,000,000
Rental revenue	97,614	228,297	97,614	228,297
	139,677,353	198,390,448	4,097,614	12,228,297

32. DIRECT COSTS

	Group	
	2010 RM	2009 RM
Attributable construction contract cost	135,118	-
Attributable property development costs	39,791,366	80,052,027
Cost of sales and services	63,078,734	72,124,120
	103,005,218	152,176,147

33. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging/(crediting):-

(a) Other items

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Amortisation of prepaid land lease payments	1,869,946	1,894,554	-	20,797
Amortisation of upfront fee for a bank facility	1,738,406	1,841,473	-	-
Allowance for doubtful debts	752,189	10,849,911	-	815,275
Reversal of allowance for doubtful debts	-	(1,505,086)	-	-
Auditors' remuneration				
- current year	288,170	298,454	40,000	40,000
- over provision in prior year	(23,525)	(5,475)	-	-
Bad debt written off	66,588	8,834,832	-	8,241,071
Depreciation of property, plant and equipment	9,632,554	10,694,250	181,198	223,824
Deposits written off	-	3,039,673	-	-
Impairment loss				
- investment in subsidiary companies	-	-	-	1,470,546
- investment in associated company	70,041	-	-	-
- other investments	250,000	2,000	250,000	-
- goodwill	1,629,510	752,089	-	-
- capital work-in-progress	-	8,612,453	-	-
Interest expenses				
- current year	29,646,580	31,294,210	6,506,405	6,509,800
- over provision in prior year	-	(3,884,651)	-	(3,383,358)
Interest revenue	(236,069)	(321,913)	-	-
Inventories written off	5,881	28,570	-	-
Inventories write down	366,869	-	-	-
Leaseback rental	10,241,594	635,985	-	-
Other investment written off	170,000	-	-	-
Property, plant and equipment written off	1,566,943	191,715	-	-
(Utilisation of)/Provision for employee benefits	(46,589)	(9,820)	40,497	(30,390)
Rental of equipment	230,684	351,038	-	-
Rental of motor vehicles	16,800	17,009	-	-
Rental of premises	1,037,235	1,005,194	259,974	165,629
Gain on disposal of leasehold land and land held for property development	-	(4,050,723)	-	(3,914,288)

33. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

(Loss)/Profit before taxation is arrived at after charging/(crediting):- (cont'd)

(a) Other items (cont'd)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Loss/(Gain) on disposal of property, plant and equipment	37,969	(2,933,278)	(4,668)	(3,317,706)
(Gain)/Loss on foreign exchange				
- realised	(55,145)	(97,764)	-	-
- unrealised	62,970	265,895	-	-
Rental of motor vehicles revenue	(14,844)	(4,576)	-	-
Rental of premises revenue	(546,400)	(94,720)	(97,614)	(228,298)
Employee benefits expenses (note 33(b))	29,032,424	29,046,219	2,571,349	2,563,969

(b) Employees benefits expenses

Included in employees benefits expenses are:-

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Remuneration of full time directors				
- of the Company	1,148,900	1,056,900	334,500	334,500
- of the subsidiary company	-	607,703	-	-
Contribution to defined contribution plan	2,004,403	2,165,670	223,745	240,839

(c) Directors' Remuneration

The Directors of the Company in office since the date of last report are as follows:-

Non-Independent Executive Directors

Tan Sri Dr. Chen Lip Keong
Datuk Robin Loh Hoon Loi
Chen Yiy Fon
Chen Yiy Hwuan

33. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

(c) Directors' Remuneration (cont'd)

The Directors of the Company in office since the date of last report are as follows:- (cont'd)

Independent Non-Executive Directors

Datuk Wan Kassim bin Ahmed
Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir
Leow Ming Fong @ Leow Min Fong
Dato' Dr Mohd Aminuddin bin Mohd Rouse (Appointed on 9 October 2010)

The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-Independent Executive Directors				
- Other emoluments	1,148,900	1,020,900	334,500	334,500
- Fees	-	36,000	-	-
Independent Non-Executive Directors				
- Fees	342,983	342,000	342,983	342,000

34. TAXATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Based on result for the year	1,060,700	3,336,191	-	-
Origination and reversal of temporary differences (note 11 and 25)	1,146,400	2,791,600	-	-
	2,207,100	6,127,791	-	-
Over provision of taxation in prior year	(9,434,311)	(6,633,452)	-	(6,707,168)
Reassessment of prior year's tax	(25,000)	(49,548)	-	-
Tax credit	(7,252,211)	(555,209)	-	(6,707,168)

34. TAXATION (cont'd)

The reconciliation of the tax amount at statutory tax rate to the Group's and the Company's tax credit are as follows:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
(Loss)/Profit before taxation	(43,009,936)	(35,952,213)	(7,280,351)	230,942
Tax at the Malaysian statutory income tax rate of 25%	(10,752,500)	(8,988,100)	(1,820,100)	57,600
Tax effect on non-deductible expenses	12,131,300	15,388,191	1,907,100	3,110,600
Tax effect on non-taxable revenue	(394,100)	(2,714,000)	-	(1,700,300)
Notional allowance claimed	-	8,700	-	-
Deferred tax assets not recognised during the year	1,818,100	3,579,300	-	-
Utilisation of deferred tax assets not recognised in previous year	(612,500)	(2,224,300)	(87,000)	(1,467,900)
Reassessment of prior year's tax	(25,000)	(49,548)	-	-
(Over)/Under provision in prior year				
- current taxation	(9,434,311)	(6,633,452)	-	(6,707,168)
- deferred taxation	16,800	1,078,000	-	-
Tax credit	(7,252,211)	(555,209)	-	(6,707,168)

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 March 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2010 and 2009, the Company has sufficient credit in the Section 108 and tax exempt account balances to pay franked dividends out of its future profits.

34. TAXATION (cont'd)

The Group and the Company have the following estimated unrelieved tax losses and unabsorbed capital allowances available for set-off against future taxable profits:-

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Unrelieved tax losses	245,410,900	245,585,700	288,800	741,600
Unabsorbed capital allowances	15,640,500	17,327,400	2,388,800	2,399,800
	261,051,400	262,913,100	2,677,600	3,141,400

35. LOSS PER ORDINARY SHARE

The basic loss per ordinary share has been calculated based on the Group's loss attributable to shareholders of RM35,757,725 (2009 : RM35,397,004) divided by the number of ordinary share in issue during the financial year of 2,030,059,680 (2009 : 2,030,059,680) ordinary shares of RM0.50 each.

36. ACQUISITION OF SUBSIDIARY COMPANIES

(A) Additional Investment in Subsidiary Company

In previous year, a subsidiary company of the Company, IPSB, has acquired the existing 300,000 ordinary shares of RM1 each, representing 30% of the entire issue and paid-up share capital of CTDC, for a total cash consideration of RM300,000 from Composites Technology Research Malaysia Sdn. Bhd..

(B) Acquisitions of Subsidiary Companies

In previous year,

(i) the Company acquired 600,000 ordinary shares of RM1 each, representing 60% of the issued and paid-up share capital of BUSB, for a total cash consideration of RM3,160,934; and

(ii) the Company acquired 450,000 ordinary shares of RM1 each, representing 60% of the issued and paid-up share capital of CTRM-FACB Consortium Sdn. Bhd., for a total cash consideration of RM450,000.

36. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

(a) Effect of acquisition of subsidiary companies, net of cash acquired

The fair value of the assets and liabilities assumed were as follows:-

	Group	
	2010 RM	2009 RM
Land held for property development	-	54,898,558
Deferred tax assets	-	9,800
Property development costs	-	10,354,956
Trade receivables	-	5,086,919
Other receivables and deposits	-	7,366,159
Cash deposits with a licensed bank	-	905,000
Cash and bank balances	-	147,603
Trade payables	-	(13,104,926)
Other payables and accruals	-	(27,178,283)
Amount owing to former holding company	-	(33,373,444)
Taxation	-	(831,485)
Interest in associated company	-	(1,712,978)
Goodwill on consolidation	-	1,052,538
Total purchase consideration	-	3,620,417
Cash and cash equivalents of subsidiary companies acquired	-	(1,052,603)
Effect of acquisition of subsidiary company, net of cash acquired	-	2,567,814

(b) Effect on Consolidated Income Statement

The effects on the consolidated results of the Group from their effective date of acquisition were as follows:-

	Group	
	2010 RM	2009 RM
Operating revenue	-	2,534,253
Direct operating costs	-	(2,259,050)
	-	275,203
Other operating revenue	-	10,246
Administrative costs	-	(65,540)
Profit from operations	-	219,909
Finance costs	-	(68)
Profit before taxation	-	219,841
Taxation	-	(6,076)
Profit for the year	-	213,765

36. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

(c) Effect on Consolidated Balance Sheet

The effect on the consolidated financial position of the Group as at year end were as follows:-

	Group	
	2010	2009
	RM	RM
Land held for property development	-	10,889,794
Deferred tax assets	-	9,000
Property development costs	-	8,473,658
Amount owing by related companies	-	7,659,233
Trade receivables	-	3,372,167
Other receivables and deposits	-	388,691
Cash deposits with a licensed bank	-	2,167,000
Cash and bank balances	-	172,210
Amount owing to holding company	-	(4,252)
Trade payables	-	(12,052,208)
Other payables and accruals	-	(16,315,180)
Taxation	-	(265,492)
	-	4,494,621

The land held for property development and property development costs as disclosed in the effect of acquisition of subsidiary companies in (a) above were lower compare to the land held for property developments and property development costs disclosed in the effects on consolidated balance sheet in (c) above as part of the land held for property development, together with its property development costs in BUSB were disposed to a fellow subsidiary company, DHSB in the year where the Company acquired BUSB.

37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM10,962,248 (2009 : RM2,855,584) and RM20,073 (2009 : RM52,824) respectively which are satisfied as follows:-

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Hire purchase financing	4,762,886	1,374,707	-	-
Cash payments	6,199,362	1,480,877	20,073	52,824
	10,962,248	2,855,584	20,073	52,824

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balance sheet amounts:-

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash held under housing development accounts	3,482	10,381	-	-
Cash and bank balances	2,844,744	10,140,333	128,740	491,316
	2,848,226	10,150,714	128,740	491,316
Cash deposits with licensed banks (note 19)	4,212,955	4,491,722	-	-
	7,061,181	14,642,436	128,740	491,316
Less: Cash deposits under lien	(3,737,112)	(3,699,475)	-	-
	3,324,069	10,942,961	128,740	491,316

Cash and cash equivalents of the Group which are not freely available for the Group's use are as follows:-

(a) cash held under housing development accounts are maintained pursuant to the requirements of the Housing Developers (Housing Development Account) Regulations, 1991, therefore these monies are for the purpose of payment of expenses incurred on the housing development and are restricted from use in other operations;

(b) cash deposits amounting to RM3,388,239 (2009 : RM3,272,118) which are pledged for bank guarantee facility given to Ministry of Local Government and Housing in respect for the developer's license granted to certain subsidiary companies; and

(c) cash deposits amounting to RM348,873 (2009 : RM427,357) which are pledged for bank guarantee facility granted to certain subsidiary companies.

The foreign currency exposure profile for cash and cash equivalents is as follows:

	Group	
	2010	2009
	RM	RM
Hong Kong Dollar	5,191	5,191
United States Dollar	353,302	-
Singapore Dollar	59,299	193,003
	417,792	198,194

39. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2010 RM	2009 RM
Contract costs	55,929,573	105,438,005
Add: Portion of profit attributable to contract work performed to date	6,353,792	12,024,448
	62,283,365	117,462,453
Less: Progress billings	(20,470,724)	(75,064,577)
	41,812,641	42,397,876
Represented by:-		
Amount due from customers for contract works (note 15)	43,180,742	43,418,036
Amount due to customers for contract works (note 28)	(1,368,101)	(1,020,160)
	41,812,641	42,397,876

The total retention sums included in the progress billings amounted to RM22,829 (2009 : RM1,691,972).

40. TERM LOANS – SECURED

	Group	
	2010 RM	2009 RM
Term Loan I		
7.75% to 8.40% (2009 : 7.75% to 8.40%) term loan	18,133,162	18,133,162
Term Loan II		
Base lending rate ("BLR") + 0.325% per annum financing charges repayable		
- in 12 half yearly instalments commencing in June 2007	103,500,000	120,000,000
- by sale proceeds of Nexus Residence Karambunai project	150,000,000	150,000,000
	253,500,000	270,000,000
Term Loan III (under Al Bai' Bithaman Ajil arrangement)		
BLR + 4.0% financing charges repayable in July 2014	43,104,022	43,939,263
Term Loan IV (under Al Bai' Bithaman Ajil arrangement)		
Internal rate of return of 9% (2009 : 9%) per annum financing charges repayable in February 2015	3,345,302	3,345,302
	318,082,486	335,417,727
Repayment due within twelve months (note 24)	(37,258,162)	(46,633,162)
Repayment due after twelve months (note 24)	280,824,324	288,784,565

40. TERM LOANS – SECURED (cont'd)

These term loans are secured as follows:-

(a) fixed charges on certain development properties of certain subsidiary companies, as mentioned in note 13;

(b) debenture comprising fixed and floating charges over all present and future assets of certain subsidiary companies, as mentioned in notes 4, 5, 14, 16 and 19 respectively;

(c) deed of mortgage on the Company's entire investment in the shares of a subsidiary company as mentioned in note 7;

(d) corporate guarantee of the Company as mentioned in note 47 and of a subsidiary company;

(e) personal guarantee by a director of the Company;

(f) Syndicated Standby Letter of Credit ("SBLC") for up to RM300 million; and

(g) deed of assignment on all rights, interest and benefits of project revenue accounts, finance service reserve account and project operating account of a subsidiary company opened and maintained with the bank.

The SBLC facility is secured and supported as follow:-

(a) fixed and floating charge over the assets and undertaking of the subsidiary company. However, the Syndicated Lenders shall disclaim all its right over the subsidiary company and the assets including landed properties of the subsidiary company as mentioned in note 4;

(b) charge over shares (and all rights thereto) issued by the subsidiary company, but excluding shares currently charged to Malaysian Assurance Alliance and PT Bank Mandiri as mentioned in note 7;

(c) first ranking, fixed charge and registered mortgage by the subsidiary company over the Nexus Resort Karambunai Hotel as mentioned in note 4;

(d) first ranking, third party fixed charge and registered mortgage by a subsidiary company over its land bank in Karambunai as mentioned in note 6;

(e) assignment of the rights and benefits of sales proceeds under the Sale and Purchase Agreement entered into between the subsidiary companies with purchasers of the Nexus Residences project;

(f) assignment of all project insurance and proceeds thereof;

(g) assignment of the designated accounts (subsidiary company's revenue and operating account, Nexus Residences project account, Debts Service Reserve accounts);

(h) assignment of the rights title, interest and benefit of the subsidiary companies over the joint venture agreement;

(i) corporate guarantee of the Company as mentioned in note 47; and

(j) corporate guarantee of the subsidiary companies.

40. TERM LOANS – SECURED (cont'd)

The term loans of the Group bear interest at rates ranging from 4.25% to 7.95% (2009 : 4.25% to 7.95%) per annum.

The foreign currency exposure profile of secured term loans is as follows:-

	Group	
	2010 RM	2009 RM
United States Dollar	18,133,162	18,133,162

The maturity profile of term loans for the Group is as follows:-

	Current	Non-current						
Group	Within 1 Year	Within 1 - 2 Years	Within 2 - 3 Years	Within 3 - 4 Years	Within 4 - 5 Years	After 5 years	Sub Total	Total
2010	RM	RM	RM	RM	RM	RM	RM	RM
Term loan								
I	18,133,162	-	-	-	-	-	-	18,133,162
II	19,125,000	24,375,000	60,000,000	150,000,000	-	-	234,375,000	253,500,000
III *	-	-	-	-	43,104,022	-	43,104,022	43,104,022
IV *	-	-	-	-	-	3,345,302	3,345,302	3,345,302
	37,258,162	24,375,000	60,000,000	150,000,000	43,104,022	3,345,302	280,824,324	318,082,486
2009								
Term loan								
I	18,133,162	-	-	-	-	-	-	18,133,162
II	16,500,000	19,125,000	24,375,000	60,000,000	150,000,000	-	253,500,000	270,000,000
III	11,550,000	10,875,000	10,200,000	9,525,000	1,789,263	-	32,389,263	43,939,263
IV	450,000	450,000	450,000	450,000	450,000	1,095,302	2,895,302	3,345,302
	46,633,162	30,450,000	35,025,000	69,975,000	152,239,263	1,095,302	288,784,565	335,417,727

* During the year, the Group has restructured the repayment term for term loan III and IV. Arising from the restructuring, the maturity profile and the financing charges have been revised as per disclosed above.

41. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) Significant inter-company transactions are as follows:-

	Company	
	2010 RM	2009 RM
Purchase of air tickets and tour from a subsidiary company	121,311	127,058
Employee benefits expenses allocated to subsidiary companies	770,863	638,015
Meals and accomodation charges paid and payable to subsidiary companies	289,258	85,908
Management fee received and receivable from a subsidiary company	(4,000,000)	(12,000,000)

Information regarding outstanding balances arising from inter-company transactions as at 31 March 2010 is mentioned in note 17.

(b) The significant transactions with companies in which certain directors of the Company have substantial financial interests are as follows:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Paid and payable to/(Received and receivable from) a related party in which certain directors of the Company have substantial financial interest and are also directors				
- Rental of premises	259,974	165,629	259,974	165,629
- Rental revenue	-	(108,871)	-	(108,871)
- Ticketing and tour revenue	(73,396)	(38,804)	-	-
- Interest payable	2,829,358	-	-	-
Received and receivable from related parties in which a director of the Company has substantial financial interest and is also director				
- Ticketing and tour revenue	(509,610)	(572,144)	-	-
- Office rental revenue	-	(15,003)	-	(15,003)

Information regarding outstanding balances arising from transactions with the related party as at 31 March 2010 is mentioned in notes 15 and 29 respectively.

notes to the financial statements

For the year ended 31 March 2010

41. SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

(c) Compensation of key management personnel

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employee benefits expenses	1,694,983	1,965,872	642,983	642,000
Post employment benefits expenses	173,220	132,731	34,500	34,500

Included in the total compensation of key management personnel is:-

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors' remuneration	1,868,203	2,098,603	677,483	676,500

42. OPERATING LEASE COMMITMENTS

As at the balance sheet date, the Group was committed to making the following payments in respect of an operating lease:-

	Group	
	2010 RM	2009 RM
Payable within one year	7,650,896	7,778,756
Payable after one year but not more than 5 years	23,464,126	31,115,022
	31,115,022	38,893,778

43. SIGNIFICANT EVENT

On 24 July 2009, a subsidiary company of the Company, FACBLand, has entered into Sales & Purchase Agreement to dispose approximately 8,790 square metres of leasehold land for a cash consideration of RM1,655,000 to Majurama Developments Sdn. Bhd. ("Majurama"), a wholly-owned subsidiary of a related party in which certain directors of the Company have substantial financial interest and are also directors. On 21 May 2010, Majurama has granted extension of time to FACBLand in order for FACBLand to fulfil certain conditions precedent in the Sales & Purchase Agreement before the disposal can be concluded. At the date of this report, the disposal has not been finalised.

44. SUBSEQUENT EVENT

On 3 May 2010, the Company incorporated a wholly owned subsidiary, Nexus Funding Company Ltd. (now known as Nexus First Company Limited) in Labuan, with issued and paid up share capital of USD100 comprising 100 ordinary shares of USD1 each.

45. SEGMENT INFORMATION - GROUP

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

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest bearing loans and expenses and other items that cannot be reasonably allocated to any segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business Segments

The Group comprises the following main business segments:-

Management services, venture capital, investment holdings and others	Investment holding, provision of management services, consultancy and money lending.
Property development and construction	Property development, construction and project contractor.
Leisure and tourism	Travel and tours agency, golf and country club operation and management, resort hotel operation and management.
Trading	Trading of wood products, purchasing and sourcing of timber for sale.

Geographical Segments

The businesses of the Group are solely operated in Malaysia except for the trading of wood products, purchasing and sourcing of timber for sale which are operated in Asia Pacific.

45. SEGMENT INFORMATION - GROUP (cont'd)

(a) Primary Reporting Format - Major Business Segments

	Management Services, Venture Capital, Investment Holding & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
2010						
Revenue						
External revenue	7,251,182	89,782,454	74,602,353	8,353,660	(40,312,296)	139,677,353
Inter-segment revenue	(5,276,470)	(33,049,577)	(1,986,249)	-	40,312,296	-
Total revenue	1,974,712	56,732,877	72,616,104	8,353,660	-	139,677,353
Result						
Segment result	(9,635,873)	(5,982,275)	3,546,607	(1,473,391)	-	(13,544,932)
Interest expenses	(6,509,229)	(15,509,444)	(7,627,907)	-	-	(29,646,580)
Interest revenue	277	235,848	231	(287)	-	236,069
Share of results of associated companies	-	(54,493)	-	-	-	(54,493)
Taxation						7,252,211
Loss for the year						(35,757,725)
Minority interest						-
Loss attributable to shareholders						(35,757,725)

45. SEGMENT INFORMATION - GROUP (cont'd)

(a) Primary Reporting Format - Major Business Segments (cont'd)

	Management Services, Venture Capital, Investment Holding & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
2010						
Other information						
Segment Assets	36,402,916	1,368,736,467	328,191,387	986,148	-	1,734,316,918
Deferred tax assets	-	9,000	-	-	-	9,000
Unallocated corporate assets						21,642,750
Consolidated total assets						1,755,968,668
Segment liabilities	25,577,636	204,716,286	34,809,867	602,685	-	265,706,474
Taxation	453,457	117,920,311	6,497,568	-	-	124,871,336
Deferred tax liabilities	16,600	109,256,097	17,204,700	-	-	126,477,397
Unallocated corporate liabilities						469,301,702
Consolidated total liabilities						986,356,909
Capital expenditure	142,343	3,005,532	7,814,373	-	-	10,962,248
Depreciation of property, plant and equipment	507,181	947,786	8,159,130	18,457	-	9,632,554

45. SEGMENT INFORMATION - GROUP (cont'd)

(a) Primary Reporting Format - Major Business Segments (cont'd)

	Management Services, Venture Capital, Investment Holding & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
2010						
Significant non-cash expenses other than depreciation						
Property, plant and equipment written off	-	4,525	1,562,418	-	-	1,566,943
Amortisation of prepaid land lease payments	411,765	1,427,906	30,275	-	-	1,869,946
Bad debts written off	-	11,370	55,218	-	-	66,588
Allowance for doubtful debts	2,061	750,128	-	-	-	752,189
Impairment loss on goodwill	1,629,510	-	-	-	-	1,629,510
Inventories written off	-	-	5,881	-	-	5,881
Other investment written off	170,000	-	-	-	-	170,000
Amortisation of upfront fee	-	-	1,738,406	-	-	1,738,406
Impairment loss on investment in associated company	70,041	-	-	-	-	70,041
Inventories write down	-	366,869	-	-	-	366,869
(Gain)/Loss on disposal of property, plant and equipment	(4,688)	-	42,657	-	-	37,969

45. SEGMENT INFORMATION - GROUP (cont'd)

(a) Primary Reporting Format - Major Business Segments (cont'd)

	Management Services, Venture Capital, Investment Holding & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
2009						
Revenue						
External revenue	13,925,174	190,122,895	75,430,297	15,041,846	(96,129,764)	198,390,448
Inter-segment revenue	(12,993,600)	(81,708,373)	(1,427,791)	-	96,129,764	-
Total revenue	931,574	108,414,522	74,002,506	15,041,846	-	198,390,448
Result						
Segment result	11,136,115	(6,633,077)	(11,033,319)	(1,493,194)	-	(8,023,475)
Interest expenses	(3,128,598)	(14,306,959)	(9,974,002)	-	-	(27,409,559)
Interest revenue	955	311,869	-	9,089	-	321,913
Share of results of associated companies	-	(841,092)	-	-	-	(841,092)
Taxation						555,209
Loss for the year						(35,397,004)
Minority interest						-
Loss attributable to shareholders						(35,397,004)

45. SEGMENT INFORMATION - GROUP (cont'd)

(a) Primary Reporting Format - Major Business Segments (cont'd)

	Management Services, Venture Capital, Investment Holding & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
2009						
Other information						
Segment Assets	45,262,357	1,378,128,898	336,781,911	5,688,167	-	1,765,861,333
Interest in associated companies	-	124,534	-	-	-	124,534
Deferred tax assets	-	9,000	-	-	-	9,000
Unallocated corporate assets						23,551,027
Consolidated total assets						1,789,545,894
Segment liabilities	15,600,109	191,576,226	26,407,751	3,711,681	-	237,295,767
Taxation	169,551	134,106,298	6,241,468	-	-	140,517,317
Deferred tax liabilities	-	109,238,697	16,092,300	-	-	125,330,997
Unallocated corporate liabilities						480,742,256
Consolidated total liabilities						983,886,337
Capital expenditure	71,904	977,615	1,794,852	11,213	-	2,855,584
Depreciation of property, plant and equipment	540,803	792,769	9,339,665	21,013	-	10,694,250

45. SEGMENT INFORMATION - GROUP (cont'd)

(a) Primary Reporting Format - Major Business Segments (cont'd)

	Management Services, Venture Capital, Investment Holding & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
2009						
Significant non-cash expenses other than depreciation						
Property, plant and equipment written off	6,198	31,159	154,358	-	-	191,715
Amortisation of prepaid land lease payments	432,560	1,431,718	30,276	-	-	1,894,554
Bad debts written off	8,245,373	510,452	79,007	-	-	8,834,832
Allowance for doubtful debts	1,249,262	4,543	9,552,385	43,721	-	10,849,911
Impairment loss on goodwill	752,089	-	-	-	-	752,089
Impairment loss on capital work-in-progress	-	8,612,453	-	-	-	8,612,453
Amortisation of upfront fee	-	-	1,841,473	-	-	1,841,473
Reversal of allowance for doubtful debts	11,691	1,399,275	94,120	-	-	1,505,086
Gain on disposal of leasehold land and land held for property development	3,914,288	136,435	-	-	-	4,050,723
Gain on disposal of property, plant and equipment	2,861,824	69,039	2,415	-	-	2,933,278

Inter-segment revenue which are eliminated upon consolidation, are entered in the ordinary course of business and have been established under terms mutually agreed between the parties concerned.

45. SEGMENT INFORMATION - GROUP (cont'd)

(b) Secondary Reporting Format - Geographical Segments

	Malaysia RM	Asia Pacific RM	Eliminations RM	Consolidated RM
2010				
Total revenue from external customers	131,323,693	8,353,660	-	139,677,353
Segments assets	1,733,021,346	1,304,572	-	1,734,325,918
Unallocated corporate assets				21,642,750
Consolidated total assets				1,755,968,668
Capital expenditure	10,962,248	-	-	10,962,248
2009				
Total revenue from external customers	183,348,602	15,041,846	-	198,390,448
Segments assets	1,758,570,268	7,300,065	-	1,765,870,333
Interest in associated companies	124,534	-	-	124,534
Unallocated corporate assets				23,551,027
Consolidated total assets				1,789,545,894
Capital expenditure	2,844,371	11,213	-	2,855,584

All inter-segment revenue comprises inter-segment sales which were priced at cost plus a percentage profit mark-up.

46. MATERIAL LITIGATIONS

Group

(i) A minority shareholder of a subsidiary company ("Petitioners") has presented a legal petition against the subsidiary company, the Company and a director of the Company to wind-up the subsidiary company pursuant to Section 181 of the Companies Act, 1965, on allegation that the affairs of the subsidiary company were being conducted in a manner oppressive to him and in disregard of his interest as shareholder.

The Petitioner's solicitor has applied to the High Court to set a hearing date for the case. It is now pending for the High Court to fix a hearing date for the case.

No provision has been made for possible losses arising from the above legal proceedings as the legal proceedings are still in process.

46. MATERIAL LITIGATIONS (cont'd)

Group (cont'd)

(ii) The PT Bank Mandiri (Persero) Tbk, Singapore branch ("the Petitioner") has presented a winding up petition ("the Petition") against the Company. The Company is a corporate guarantor for the loan granted to a wholly-owned subsidiary company of the Company. The subject amount being claimed is USD5,357,151 inclusive of interest.

The High Court of Sabah and Sarawak at Kota Kinabalu had on 20 June 2007 dismissed the winding-up petition filed by the Petitioner with costs and further ordered that the said Petitioner pay damages to be assessed to the Company.

On 2 July 2007, the Petitioner has applied for an appeal to the Court of Appeal of Sabah and Sarawak ("Court of Appeal") against the decision made by the High Court in dismissing their petition with damages on 20 June 2007. The Court of Appeal fixed the date of hearing for the Petitioner's appeal on 25 May 2009.

The Court of Appeal had on 25 May 2009 dismissed the Petitioner's appeal and made a court order that the decision made by the High Court on 20 June 2007 in dismissing their Petition with damages is to be maintained.

No provision has been made for possible losses arising from the above legal proceedings as it has been fully accounted for in the Group's financial statements, although the amount is being disputed.

47. CONTINGENT LIABILITIES – UNSECURED

	Company	
	2010	**2009**
	RM	**RM**
Corporate guarantee given by the Company to financial institutions and third parties for banking and outstanding credit facilities granted to the subsidiary companies as mentioned in notes 15, 24 and 40 respectively	347,330,468	362,441,665

48. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

48. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:-

i. Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currencies. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

ii. Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities.

- Interest bearing financial assets
  Cash on deposits with licensed banks are short term in nature and are not held for speculative purposes but are placed to satisfy conditions for bank guarantee and borrowing facilities granted to the Group and for better yield returns than cash at banks.

- Interest bearing financial liabilities
  Interest bearing financial liabilities included term loans, bills payable, Promissory Note, hire purchase and lease payables.

The Group manages its interest exposure by maintaining of prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The Company had significant concentration of credit risks arises from amount owing by the subsidiary companies.

iii. Credit Risk

The Group's exposure to credit risk arises from its receivable and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer.

The Company has significant concentration of credit risks arising from amount owing by subsidiary companies.

48. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

iv. Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

As part of overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. On the matured Promissory Note, the ability to meet its repayment obligations is dependent on the successful disposal of the land currently classified as held for sale of the Group, by procuring a purchaser or to a director who in turn is the major shareholder of the Company.

(b) Fair Values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:-

i. Cash and Cash Equivalents

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets.

ii. Long Term Payables

The carrying amount of long term payables is reasonable estimate of fair values because they are based on agreed settlement sum.

iii. Trade and Other Receivables and Payables

The carrying amounts of trade receivables and payables are subject to normal trade credit terms. The carrying amounts of these receivables and payables are reasonable estimate of fair values due to the relatively short term maturities of these financial assets and liabilities.

iv. Lease and Hire Purchase Payables

The fair values of lease and hire purchase are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangement.

v. Borrowings

The carrying amounts of Promissory Note, and bills payables approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of floating rate term loans approximate fair values.

The fair values of fixed rate term loans is estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.

48. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair Values (cont'd)

The carrying amounts of financial assets and liabilities recognised in the balance sheet approximate to their fair values except for the following:-

	Group		Company	
	Carrying Amount RM	Fair Values RM	Carrying Amount RM	Fair Values RM
2010				
Financial Asset				
Other investment (note 9)	100,001	# -	60,000	# -
Financial Liabilities				
Hire purchase and lease payables (note 23)	5,638,810	5,596,712	-	-
2009				
Financial Asset				
Other investment (note 9)	520,001	# -	310,000	# -
Financial Liabilities				
Hire purchase and lease payables (note 23)	4,536,920	4,493,308	-	-

It is not practical to estimate the fair value of golf club membership and unquoted shares in other investments due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

48. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair Values (cont'd)

The nominal amount and fair value of financial instruments not recognised in the Company's balance sheets are as follows:-

	Nominal Value RM	Fair Values RM
2010		
Contingent liabilities (note 47)	347,330,468	# -
2009		
Contingent liabilities (note 47)	362,441,665	# -

\# It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

group properties

As at 31 March 2010

	Location	Area (Hectares)	Description	Tenure	Year of Expiry	Age of Building	Carrying Value RM'000
1	CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	242.81	Resort Development	Leasehold : 99 years	2897	-	810,989
2	CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	420.80	Resort Development	Leased : 99 years	2093	-	287,117
3	Lots PT 2180,2181 & 2182 Mukim Dengkil District of Sepang Selangor	551.59	Resort Development	Leasehold : 99 years	2087	-	375,104
4	H.S (D) 38228 Lot PT 6 Mukim Ampang District of Ulu Langat Selangor	0.05	Mixed Development	Leasehold : 99 years	2078	-	767
5	Country Lease No 015414972 Miles 13 Tuaran Road District of Kota Kinabalu Sabah	168.06	Mixed Development	Leasehold : 99 years	2905	-	73,403
							1,547,380

shareholders' information

As at 30 July 2010

Authorised Share Capital	:	RM2,000,000,000.00 divided into 4,000,000,000 ordinary shares of RM0.50 each
Issued & Fully Paid-up	:	RM1,015,029,840.00 divided into 2,030,059,680 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	Every member present in person or by proxy has one (1) vote on a show of hands and on a poll, every member present in person or by proxy has one (1) vote for each share he holds.

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1-99	418	0.733	16,913	0.001
100 -1,000	11,563	20.285	11,299,756	0.557
1,001 - 10,000	33,635	59.006	154,989,772	7.635
10,001 - 100,000	10,065	17.657	323,909,174	15.956
100,001 to less than 5% of issued shares	1,318	2.312	648,721,549	31.956
5% and above of issued shares	4	0.007	891,122,516	43.896
TOTAL	**57,003**	**100.000**	**2,030,059,680**	**100.000**

TOP THIRTY SHAREHOLDERS AS AT 30 JULY, 2010

	Name of Shareholders	No. of Shares	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Lip Keong	327,794,566	16.147
2	HSBC Nominees (Tempatan) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Chen Lip Keong)	253,481,763	12.486
3	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Lip Keong	156,000,033	7.685
4	Chen Lip Keong	153,846,154	7.578
5	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	23,446,900	1.155
6	Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Pte Ltd	19,407,015	0.956
7	Thzew Bee Choo	17,772,000	0.875
8	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	13,839,000	0.682
9	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for River Estates Incorporated	10,000,000	0.493
10	Quah Kay Leong	10,000,000	0.493

shareholders' information

As at 30 July 2010

TOP THIRTY SHAREHOLDERS AS AT 30 JULY, 2010 (cont'd)

	Name of Shareholders	No. of Shares	%
11	Teh Hean It	8,975,100	0.442
12	TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chai Hock	8,265,000	0.407
13	Quantum Symbol Sdn Bhd	8,150,000	0.401
14	CIMSEC Nominees (Asing) Sdn Bhd Exempt an for CIMB Securities (Singapore) Pte Ltd	7,109,568	0.350
15	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	6,839,800	0.337
16	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Beng Chuan	6,020,500	0.297
17	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan	6,000,000	0.296
18	Song Phaik Gim	6,000,000	0.296
19	Ng Chee Peng	5,978,400	0.294
20	Yeoh Kean Hua	5,600,000	0.276
21	How Ley Hun	5,000,000	0.246
22	How Lea Peng	5,000,000	0.246
23	Lim Seong Joo	4,950,000	0.244
24	Lee Chin Yong	4,710,700	0.232
25	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ah Cham	4,137,900	0.204
26	HSBC Nominees (Asing) Sdn Bhd Exempt an for the Bank of New York Mellon	3,970,400	0.196
27	Lembaga Tabung Angkatan Tentera	3,619,000	0.178
28	OSK Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd	3,419,600	0.168
29	Jimmy Thomas @ James Abraham Thomas	3,245,000	0.160
30	HLG Nominee (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/c Clients)	3,225,095	0.159
	TOTAL	**1,095,803,494**	**53.979**

shareholders' information

As at 30 July 2010

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JULY, 2010

	Direct No. of Ordinary Shares Held	%	Indirect No. of Ordinary Shares Held	%
Tan Sri Dr Chen Lip Keong	891,122,516 [a]	43.90	-	-

[a] Held through CIMB Group Nominees (Tempatan) Sdn Bhd, OSK Nominees (Tempatan) Sdn Bhd and HSBC Nominees (Tempatan) Sdn Bhd.

directors' shareholdings

As at 30 July 2010

Name of Directors	Direct No. of Ordinary Shares Held	%	Indirect No. of Ordinary Shares Held	%
1. Tan Sri Datuk Sri Panglima Abdul Kadir bin Haji Sheikh Fadzir	-	-	-	-
2. Tan Sri Dr Chen Lip Keong	891,122,516 [(a)]	43.90	-	-
3. Datuk Robin Loh Hoon Loi	-	-	-	-
4. Chen Yiy Fon	-	-	-	-
5. Datuk Wan Kassim bin Ahmed	-	-	-	-
6. Chen Yiy Hwuan	-	-	-	-
7. Leow Ming Fong @ Leow Min Fong	-	-	-	-
8. Dato' Dr Mohd Aminuddin Bin Mohd Rouse	-	-	-	-

Notes :

(a) Held through CIMB Group Nominees (Tempatan) Sdn Bhd, OSK Nominees (Tempatan) Sdn Bhd and HSBC Nominees (Tempatan) Sdn Bhd.

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request form

KARAMBUNAI CORP BHD (6461-P)
(Incorporated in Malaysia)

Dear Shareholders,

Please complete your particulars below and return this form through mail or fax to +6088 412 111 or +603 7958 8013 should you wish to receive a hardcopy of the Annual Report 2010 of Karambunai Corp Bhd. You may also contact Mr Goh Chin Khoon at Tel No. +603 7968 1001 / email: ckgoh@semangatcorp.com or Ms Candice Lo at Tel No. +6088 411 111 / 499 934 / email: cosec@karambunaicorp.com.

The hardcopy of the Annual Report will be posted to you within four (4) market days from the date of receipt of your verbal or written request.

Particulars of Shareholders

Name of Shareholder	
I/C No./Passport No. or Company No.	
CDS Account No.	
Correspondence Address	
Telephone Number	

Dated this ______________ day of ______________, 2010

____
Signature

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AFFIX STAMP

THE COMPANY SECRETARIES

KARAMBUNAI CORP BHD (6461-P)
1 Nexus Drive East, Karambunai
PPM No. 200, Menggatal
88450 Kota Kinabalu
Sabah, Malaysia

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proxy form

KARAMBUNAI CORP BHD (6461-P)
(Incorporated in Malaysia)

Number of Shares	
CDS Account No.	

I/We, ____
(Please use block letters)

of ____
(Full address)

being a member/members of **KARAMBUNAI CORP BHD** hereby appoint ______________________________

NRIC ______________________________ of ______________________________

or ____

failing him/her ______________________________ NRIC ______________________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Forth Annual General Meeting of the Company to be held at Balingoi, Nexus Resort Karambunai, off Jalan Sepangar, No. 1, Nexus Drive West, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Tuesday, 28 September 2010 at 10.00 a.m. and any adjournment thereof.

Please indicate with "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of the Annual General Meeting. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Adoption of Audited Financial Statements and Reports		
2	Approval of Directors' fees		
3	Re-election of Tan Sri Dr Chen Lip Keong as Director		
4	Re-election of Mr Chen Yiy Hwuan as Director		
5	Re-election of Dato' Dr Mohd Aminuddin Bin Mohd Rouse as Director		
6	Re-appointment of Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir as Director		
7	Re-appointment of Messrs Moore Stephens AC as Auditors		
8	Authority pursuant to Section 132D of the Companies Act, 1965		

Signed this ____________________ day of ____________________, 2010

____
Signature/Seal of Shareholder

____
Telephone No. (during office hours)

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under seal, or the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power or authority, shall be deposited at the Company's Registered Office, No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

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AFFIX STAMP

THE COMPANY SECRETARIES

KARAMBUNAI CORP BHD (6461-P)
1 Nexus Drive East, Karambunai
PPM No. 200, Menggatal
88450 Kota Kinabalu
Sabah, Malaysia

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