www.karambunaicorp.com

Karambunai Corp Bhd 6461-P
No. 9020, Nexus Drive West
Karambunai, Menggatal
88450 Kota Kinabalu
Sabah, Malaysia

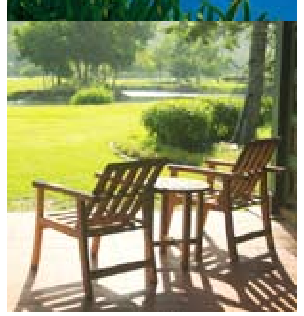
Tel : +6088-411 111
Fax : +6088-412 111
e mail : cosec@karambunaicorp.com

www.nexusresort.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



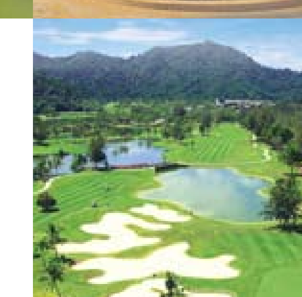
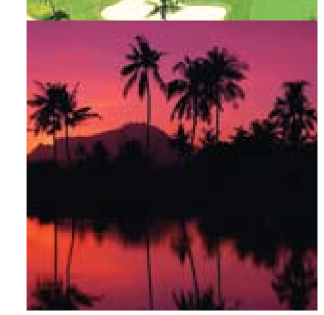


KARAMBUNAI CORP BHD 6461-P

annual report 2011

annual report 2011

LIFE ENRICHMENT

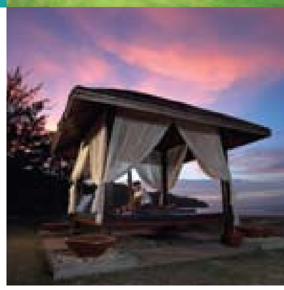
Karambunai Corp Bhd 6461-P




www.karambunaicorp.com
www.nexusresort.com
www.bandarsierra.com
www.nexusresidence.com
www.karambunaigolf.com
www.bukitunggul.com

Contents 2011

Corporate Profile



Karambunai is located 30 kilometres north-east of Kota Kinabalu City and consists of 3,835 acres 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 ("Nexus Resort"), 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 vistas of beach and cobalt blue seas. 6 Royal and Presidential Villas, with their private gardens and most with private swimming pools, offers 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.

In September 2010, the Government has earmarked Karambunai under the Economic Transformation Programme ("ETP") as an Entry Point Project ("EPP") which involves the development of a multi-billion Ringgit eco-tourism integrated resort ("IR") project. The Group is now implementing the project and targets to launch the IR by phases.

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 of residential, commercial and recreational components amidst the scenic and centuries-old tropical forest situated in the Multimedia Super Corridor area.

Notice of 45th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting of Karambunai Corp Bhd will be held at Magibah, Nexus Resort & Spa Karambunai, No. 1, Nexus Drive West, Karambunai, Off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Wednesday, 28 September 2011 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 2011 together with the Reports of Directors and Auditors. — Resolution 1

2. To approve Directors' fees for the financial year ended 31 March 2011. — Resolution 2

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

   Under Article 107
   Datuk Wan Kassim bin Ahmed — Resolution 3
   Chen Yiy Fon — Resolution 4
   Datuk Robin Loh Hoon Loi — 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

As Special Business:-

6. To consider and, if thought fit, pass with or without modifications the following 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 2011

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. 9020, Nexus Drive West, 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 2011 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 1222 & Fax: 03 7958 8013 or Ms Candice Lo at Tel: 088 480 870 / 411 111 & Fax: 088 480 899 / 412 111 or e-mail to 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.

No proceeds were raised from the previous mandate.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities for the purpose of funding further investment project(s), working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Name of Directors standing for re-election / re-appointment

(a)	Datuk Wan Kassim bin Ahmed	Resolution 3
(b)	Chen Yiy Fon	Resolution 4
(c)	Datuk Robin Loh Hoon Loi	Resolution 5
(d)	Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	Resolution 6

2. Information on the above Directors is 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 2011 for the above Directors are set out on page 39 of this Annual Report.

Chairman's Statement

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 2011.

ECONOMIC REVIEW

In the year 2010, the world economy improved significantly as compared to the previous year. This was mainly contributed by emerging economies, underpinned by strong domestic demand and the recovery in world trade.

In Malaysia, the economy expanded by 7.2% in 2010, with encouraging trends experienced in private economic activity and continued improvements in employment conditions. The positive development were supported by sound macroeconomic fundamentals, continued access to financing in an environment of ample liquidity and a resilient financial sector.

As a highly open economy, Malaysia will continue to be affected by the spillover effects of global developments. These will include the effects of developments and policies being pursued by the advanced economies, the geo-political tensions in the Middle East and more recently, the tragic developments in Japan. The continued strengthening of our economic structure and the financial system, the enhancement of institutional arrangements and the improvement in our macroeconomic fundamentals will increase the resilience of our economy to the global economic development.

FINANCIAL REVIEW

For the financial year ended 31 March 2011, the Group reported revenue of RM125.3 million (as compared to RM139.7 million in the previous corresponding period).

The lower revenue was mainly due to lower contribution from the property development segment as some of the development projects have reached the completion stage. The Group is now embarking on an exciting phase of growth and is expected to launch new property projects in the coming months.

DIVIDEND

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

STRATEGIC FOCUS

The Group remains committed to its focus and vision as a leading resort operator and developer. The maturity of the Group's 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 that is on par with other world-class resort destinations across the globe.

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 RM1,655,000.00 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. The proposed transaction was mutually terminated by both parties on 23 November 2010 as one of the conditions relating to approvals could not be met within the stipulated timeframe.

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 7 October 2010 that both parties have mutually agreed to extend the payment due by DHSB to FACBII amounting to RM16,956,007.00 to be paid on or before 6 October 2011.

The RM130.0 million Promissory Note ("Promissory Note") issued by KCB to Abrar Discounts Berhad ("ADB") had matured on 29 December 2009. The Group is now finalizing a Settlement Agreement with ADB.

On 17th March 2011, Karambunai Resorts Sdn. Bhd. ("KRSB"), a wholly-owned subsidiary of the Group signed a Joint-Venture Agreement with China Central Asia Group Co. Ltd ("CCAG") to undertake the proposed development of "Karambunai Beachfront Mixed Development" ("KBMD"), which will be the pilot phase of the Karambunai Intergrated Resort City ("KIRC") development.

Chairman's Statement (cont'd)

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 its hotel operations and property development 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 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 Malaysian economy is projected to grow by 5–6% in 2011. Growth is likely to improve during the course of the year with better growth performance in the second half of the year. The growth momentum will be underpinned by strong domestic demand, emanating primarily from private sector activity. Private consumption will be supported by favourable labour market conditions, higher disposable incomes, sustained consumer confidence and ready access to financing.

Private investment is expected to remain strong, supported by capital spending by the domestic oriented industries given the high levels of capacity utilisation and positive business confidence, as well as the implementation of key initiatives announced by the Government under the Economic Transformation Programme ("ETP"). Meanwhile, the public sector will remain supportive of growth, with higher capital spending projected in the second half of 2011. This is mainly resulting from the implementation of new projects and the acceleration of on-going projects to promote private sector activity.

"the Group adopts an 'environment-friendly' approach for its hotel operations and property development projects"

ACKNOWLEDGEMENT

We would like to put on record our sincere gratitude and appreciation to Datuk Robin who has helmed the position of Chief Executive Officer since 1 August 2007 to 29 September 2010. Under his leadership, the Group has achieved several significant milestones and has put in place the necessary foundation for the Group's future expansion plans.

At the same time, we also welcome the appointment of Mr. Chen Yiy Fon as Chief Executive Officer (formerly the Group's Chief Operating Officer) on 29 September 2010. During that period, Mr. Chen was in charge of several key aspects of the business including strategy, finance, sales, marketing and operations and we are confident that he will be able to lead the Group towards greater success and realize the Group's vision in the years to come.

We also take this opportunity to welcome the appointment of our new director, Mr. Lim Mun Kee, who joined the Board on 25th August 2010. With his invaluable experience in the corporate sector, we believe that Mr. Lim will be able to contribute significantly to the Board by providing guidance and sharing his experience with the Board and the management.

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
29 July 2011
Kota Kinabalu

CEO's Statement

Dear Shareholders,

It is my pleasure to report on the performance of Karambunai Corp Bhd ("KCB") for the financial year ended 31 March 2011.

BUSINESS MANAGEMENT

In the year 2010, the world economy had gradually recovered from the global recession whereby the resumption of growth was helped by the timely implementation of supportive fiscal and monetary measures around the world.

The international environment remains highly uncertain, weighed down by structural weaknesses in the advanced economies and large swings in global financial markets. Meanwhile, the emerging economies experienced strong economic growth albeit facing challenges such as volatile capital flows and rising inflationary pressures.

On the domestic front, the Malaysian economy resumed its growth path, underpinned by a strong expansion in domestic activity and greater integration with the region. After the downturn in 2009, the Malaysian economy experienced a strong resumption of growth in 2010 with an expansion of 7.2%. Growth was driven mainly by robust domestic demand, with strong expansion in private sector activity. At the same time, the public sector continued to support the domestic economy through the implementation of programmes to further enhance the country's infrastructure and the public sector delivery system.

External demand rebounded strongly in the first half of the year, underpinned by strong regional demand but moderated in the second half-year in tandem with the slowdown in global trade.

Meanwhile, tourism activities in Sabah continued to enjoy a healthy growth of 11.1% whereby tourist arrivals for 2010 reached the 2.5 million mark (vs. 2.25 million in 2009). We are confident that the tourist arrival numbers will continue to grow further upon completion of the expansion plans in the Kota Kinabalu International Airport, which is currently the second busiest airport in Malaysia after Kuala Lumpur International Airport. This bodes well for the Group as significant percentage of our customers are foreign tourists coming to enjoy the natural beauty and surroundings of Karambunai, including our 5-star Nexus Resort, Nexus Golf and development projects.

In terms of its financial performance, KCB recorded a decline in its revenue to RM125.3 million in the current financial year (from RM139.7 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. The Group recorded a pre-tax loss of RM372.7 million mainly attributable to the write-down of valuation of the 1,363 acres of development land in Bukit Unggul, whereby the proposed development were affected by the ruling to stop developments on hilly areas by the Selangor state government.

The Group is now planning a few initiatives which shall improve the financial performance of the Company.

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 recognized as one of the leading resort destination in Sabah and attracts many visitors from all over the world including Europe, Japan, South Korea, Hong Kong, China, Russia and Australia. With the refurbishment of the Ocean Wing block in end-2009, business continued to improve during the year under review.

CEO's Statement (cont'd)

Nexus Resort has been certified as ISO14001:2004 compliant (Environmental Management System) since October 2009. The overall aim of the certification is to support environmental protection and prevention of pollution in balance with socio-economic needs as part of the Group's corporate social responsiblity. 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. As a result, Nexus Resort was awarded the ASEAN Green Hotel Standard Recognition Awards 2009 – 2010.

We are committed to uphold a high standard of service catering to our diversified pool 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 Malaysian Junior Open, the country's premier junior competition and 10th Karambunai Golf Open, both in September 2010.

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

The Government has earmarked Karambunai under the Economic Transformation Programme ("ETP") as an Entry Point Project ("EPP") which involves the development of a multi-billion Ringgit eco-tourism integrated resort ("IR") project.

Amongst others, the Group is now implementing the project and targets to launch the IR by phases.

CONCLUSION

I would like to record my sincere appreciation and thank you to Datuk Robin, who has been instrumental in the many positive developments and achievements of the Group to-date. Going forward, we believe that qualities such as meticulous planning, teamwork and execution will enable the Group to achieve its goals and ambitions in the near future.

Finally, I would also 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.

CHEN YIY FON
Chief Executive Officer

29 July 2011
Kota Kinabalu

Corporate Information

BOARD OF DIRECTORS

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

Tan Sri Dr Chen Lip Keong
(President)

Chen Yiy Fon
(Chief Executive Officer)

Datuk Robin Loh Hoon Loi

Datuk Wan Kassim bin Ahmed

Chen Yiy Hwuan

Dato' Dr Mohd Aminuddin bin Mohd Rouse

Lim Mun Kee

COMPANY SECRETARIES

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

AUDIT COMMITTEE

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

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

Lim Mun Kee
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

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

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

Chen Yiy Fon
(Non-Independent Executive Director)

NOMINATION COMMITTEE

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

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

AUDITORS

Moore Stephens AC

SOLICITORS

Yap Chin & Tiu
Ben & Partners
Lim Guan Sing & Co

BANKERS

DBS Bank Ltd, Labuan Branch
Oversea-Chinese Banking Corporation Ltd, Labuan Branch
Malaysian Assurance Alliance Berhad
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

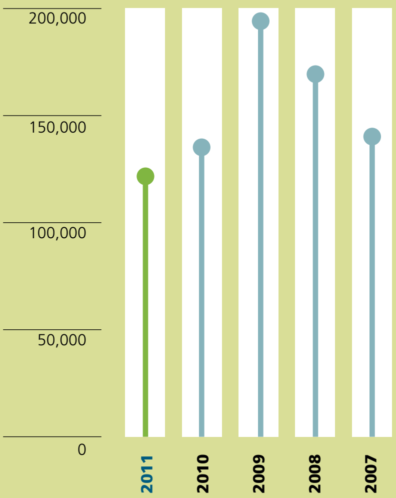
REGISTERED OFFICE

No. 9020, Nexus Drive West,
Karambunai, Menggatal,
88450 Kota Kinabalu,
Sabah, Malaysia
Tel : 088-411 111
Fax : 088-412 111

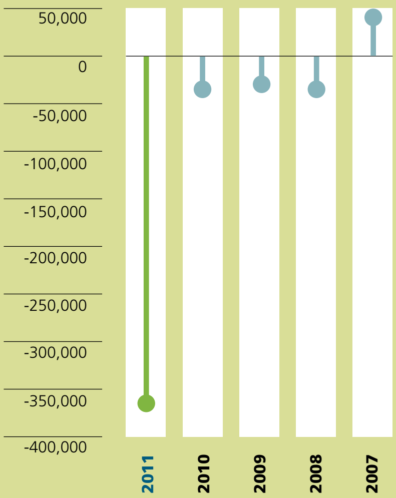
Financial Summary

RM'000	2011	2010	2009	2008	2007
Turnover	125,288	139,677	198,390	172,474	143,623
(Loss) / Profit Before Taxation	(372,740)	(43,010)	(35,952)	(41,453)	49,201
Total Equity	698,779	769,612	805,660	841,120	873,212
Total Assets	1,836,389	1,755,969	1,789,546	1,824,124	1,859,542
RM					
Net Tangible Asset Per Share	0.34	0.37	0.39	0.41	0.42
(Loss) / Earnings Per Share	(0.185)	(0.018)	(0.017)	(0.016)	0.03

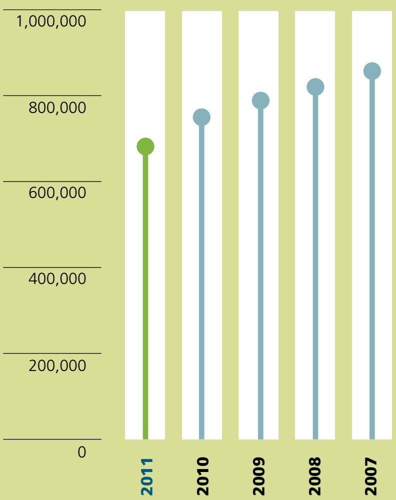
TURNOVER (RM'000)



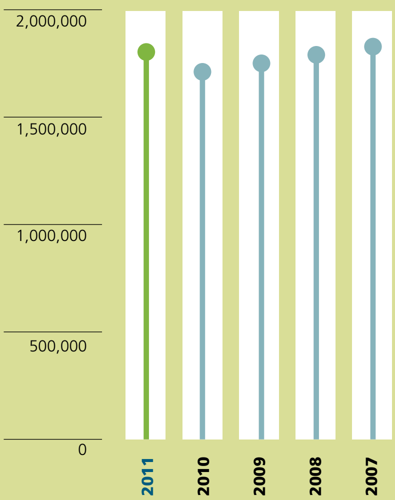
(LOSS) / PROFIT BEFORE TAXATION (RM'000)



TOTAL EQUITY (RM'000)



TOTAL ASSETS (RM'000)



Directors' Profile

TAN SRI DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR
Chairman
Independent Non-Executive Director
Aged 72, 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.
- Practiced 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 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 64, Malaysian

- Appointed to the Board on 31 January 1991.
- Appointed as President on 1 August 2007.
- Controlling shareholder of Karambunai Corp Bhd.
- Bachelor of Medicine and Surgery from University of Malaya 1973 (M.B.B.S. Malaya) and extensive corporate, managerial and business experiences and exposure since 1976.
- Currently, controlling shareholder, President and Executive Director of Petaling Tin Berhad and controlling shareholder and Executive Director of FACB Industries Incorporated Berhad.

CHEN YIY FON
Chief Executive Officer
Non-Independent Executive Director
Aged 30, Malaysian

- Appointed to the Board as Director and Chief Operating Officer on 1 August 2007. He was appointed as Chief Executive Officer on 29 September 2010.
- Graduated with a Bachelor of Arts 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 Karambunai Corp Bhd in 2005 as Project Planning Manager and was promoted to Executive Director in 2006.
- Currently, he serves as Chief Executive Officer and Executive Director of Petaling Tin Berhad, Executive Director of FACB Industries Incorporated Berhad and also as a Director for subsidiaries of Karambunai Corp Bhd Group.

DATUK ROBIN LOH HOON LOI
Non-Independent Non-Executive Director
Aged 50, Malaysian

- Appointed to the Board as Director and Chief Operating Officer of Karambunai Corp Bhd (KCB) on 1 May 2004.
- Promoted as Chief Executive Officer on 1 August 2007. He relinquished his position as Chief Executive Officer on 29 September 2010.
- 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 and a Committee Member of the Malaysia Developers' Council.

Directors' Profile (cont'd)

DATUK WAN KASSIM BIN AHMED
Independent Non-Executive Director
Aged 62, 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, he is also an Independent and Non-Executive Director of FACB Industries Incorporated Berhad, Petaling Tin Berhad and Octagon Consolidated Berhad.

CHEN YIY HWUAN
Non-Independent Executive Director
Aged 32, 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 an Executive Director of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE
Independent Non-Executive Director
Aged 66, Malaysian

- Appointed to the Board on 9 October 2009.
- A member of the Audit, Remuneration and Nomination Committees.
- 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 a Trustee of STAR Foundation, the charitable arm of the STAR. He also a council member of Universiti Tunku Abdul Rahman (UTAR).

LIM MUN KEE
Independent Non-Executive Director
Aged 44, Malaysian

- Appointed to the Board on 25 August 2010.
- A member of the Audit Committee.
- Registered Accountant. A member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).
- He started his career in KPMG Peat Marwick in 1989 and obtained his professional qualification in 1995. He has over 20 years of experience in auditing, finance and accountancy field where he worked in several listed companies as Accountant, Financial Controller and Head of Internal Audit. Currently, he is a Commissioned Dealer registered with Bursa Malaysia and Director in a few non-listed companies in Malaysia.
- Currently, he also serves as an Independent Non-Executive Director of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

In the News

Karambunai's RM6.5b resort plan gets Sabah govt backing
By Roy Goh
Govt to spend RM100m on Karambunai resort
THE EDGE FINANCIAL DAILY
Home business
RM11.2b new investments under the fifth ETP update
Investors reduce asset holdings on debt concerns
首相再啓動12計劃
總值逾111億 增7萬餘就業機會
2011年4月20日（星期三）
Wonderful Sabah
沙批准佳南汶莱建65亿度假中心
Business Times
PM unveils seven new ETP projects
发展生态综合酒店
佳南汶莱：未签协议
佳南汶莱渲清度假村计划 未参股特别用途工具
Cambodian firm to invest in Karambunai Corp
经济转型执行方案
纳吉：更环保及现代化
326万投资电子政府计划
Karambunai gets foreign investor for resort project
Karambunai unit inks agreement with China Central Asia


Daily Express
INDEPENDENT NATIONAL NEWSPAPER OF EAST
Corporate Malaysia Says No to Co
ECONOMIC TRANSFORMATION PROGRAMME
Progress Update 5
Karambunai resort potential for 50,000 jobs: CM
Barnard Yaang
DEVELOPER and operator Karambunai Corp Bhd will build a RM6.5 bill integrated eco-nature res in Karambunai that will create thousands of emp ment for the locals.
CM Datuk Seri Musa President of Karamb Corp, Tan Sri Dr Chen Keong, briefed the Ca about the project on Tue
He said the Government agreed to th posed billion-ringgit proj
"However, the com must fulfil the regul already set," he said.
Given Sabah as a t destination State, he sa project over 3,339 acr single location is ce huge and that over a p 10 years, would between 20 jobs.
He said requested t give priority Sabah with employment showed Government assist Saba nature desti
See P
財經 BUSINESS
分3階段・2020竣工
沙生態度假村 總投資96億
THE BORNEO POST
Karambunai project to generate huge income
Premier world-class ecotourism destination will also create 11,
BERNAMA
BERNAMA.COM
Karambunai Eco Resort Expected To Create Over 15,000 Jobs In Sabah
Other News
亞洲時報
ASIA TIMES
65亿生态渡假村计划
州内阁原则上批准
Karambunai project to generate huge income
Premier world-class ecotourism destination will also create 11,000 jobs — Najib
Socso claim brings relief
南洋商報
NANYANG SIANG PAU
12启动计划总投资111亿
纳吉:外资对我国深感兴趣
经济转型执行方案

Calendar of Events

May 2010
Marketing Roadshow in Shenzhen, China

June 2010
2010 China Low Carbon Real Estate Award
- Model Villa

June 2010
South East Asia's 20 Best Resort
Developments 2010

June 2010
Environmental Week

Calendar of Events (cont'd)

Sept 2010
Visit by Overseas Investors

Sept 2010
Karambunai Golf Open 2010

Nov 2010
World Amateur Inter-Team Golf Championship (WAITGC) Grand Finals

Mar 2011
Blood Donation Campaign

March 2011
Malaysia Spa & Wellness Award 2011

March 2011
World Luxury Spa Awards 2011 – Runner-Up

Apr 2011
Earth Day

Our Awards

i ii iii

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

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

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

2008
SAGA Holidays, Travellers World
Good Food Award

2008
SAGA Holidays, Travellers World
Top Stay Award

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

2010
Best Resort Spa by Malaysia Spa & Wellness Award 2009

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

2010
China Low Carbon Real Estate Award - Model Villa

2011
World Luxury Spa Awards 2011
– Runner-Up

March 2011
Best Resort Spa by Malaysia Spa & Wellness Award 2011

June 2010
South East Asia's 20 Best Resort Developments 2010

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 key focus, Karambunai Resorts will continue to drive the Group's development activities. The completed developments include the Nexus Resort & Spa Karambunai, the Nexus Golf Resort Karambunai and Nexus Residences. Under the Economic Transformation Program, Karambunai has been earmarked as an Entry Point Project ("EPP") which involves the development of a multi-billion Ringgit eco-tourism integrated resort ("IR") project.

NEXUS RESORT & SPA KARAMBUNAI

Nexus Resort & Spa Karambunai ("Nexus Resort"), 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. The award-winning 18-hole championship golf course and exclusive Borneo Spa complements the comprehensive facilities of Nexus Resort including eight restaurants and bars as well as sports and recreational activities for its guests.

The newly opened wing, Villas & Suites at Nexus Resort Karambunai ("VSNRK") of 2-bedroom duplex Pool Villas and 1- and 2-bedroom Spa Suites located approximately 2km from the main Nexus Resort wing is an oasis of luxury living.

The Pool Villa has a lap pool, spacious living and dining area and a private garden. A master bedroom, second bedroom with 2 single beds and a fully equipped kitchen to provide complete privacy and flexibility of a home-away-from-home.

The Spa Suites are cozy dens created specially in low density design and serviced by private lifts. The balcony affords breath-taking views of the ocean and surrounding rainforest.

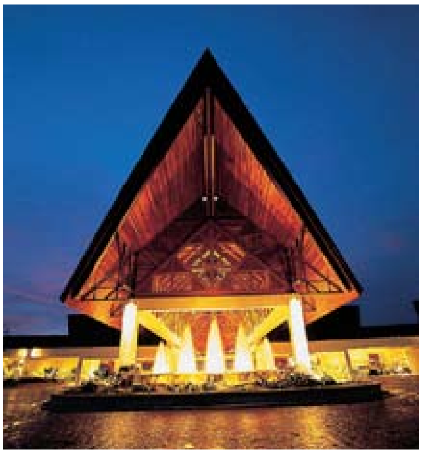
Nexus Resort has won many accolades over the years including:-

1. **2011** - World Luxury Spa Awards 2011 (Runner-Up)
2. **2011** - Malaysian Spa & Wellness Awards 2011 (Best Resort Spa)
3. **2010** - South East Asia's 20 Best Resort Developments 2010 - Property Report South East Asia
4. **2010** - 2010 China Low Carbon Real Estate Award- Model Villa
5. **2010** - ASEAN Green Hotel Standard Recognition Awards 2009 - 2010
6. **2010** - Malaysian Spa & Wellness Awards 2009 (Best Resort Spa)
7. **2009** - 12th Sabah Hospitality Fiesta (Champion - Hotel/Resort Category)
8. **2008** - Fastbooking Asia Pvt Ltd (Best Performance - Hotel Internet Revenue Malaysia Market)
9. **2008** - HAPA (Hospitality Asia Platinum Award) 2008-2010 Regional Series Top 5 HAPA Signature Leisure & Recreation Resort
10. **2008** - SAGA Holidays (Travellers World, Good Food Award)
11. **2008** - SAGA Holidays (Travellers World, Top Stay Award)
12. **2008** - ASEAN Green Hotel Recognition Award (ASEAN Green Hotel Standard Recognition Award 2008 - 2009)
13. **2007** - Sabah Tourism Awards 2007 Winner - Excellence in Hotel Services (3, 4 & 5 Stars)
14. **2007** - HAPA (Hospitality Asia Platinum Award) 2007-2008 Top 5 HAPA MICE Hotel of the Year

    Top 5 HAPA Golf Resort of the Year

    Top 10 HAPA Luxury Resort of the Year
15. **2007** - Virgin Holidays Silver Award 2007 (Best Resort in the Far East & Australasia)
16. **2007** - SAGA Holidays (Travellers World, Good Food Award)
17. **2007** - SAGA Holidays (Travellers World, Top Stay Award)
18. **2007** - Expat Lifestyle - Best of Malaysia Awards October 2007 Excellence Award for Best Beach Resort and Best Beach
19. **2007** - China Golf Award 2006 (My Favourite Overseas Golf Travel Destination)
20. **2006** - Virgin Holidays Gold Award 2006 (Best Resort in the Far East & Australasia)
21. **2006** - SAGA Holidays (Travellers World, Top Ten Award)
22. **2006** - SAGA Holidays (Travellers World, Good Food Award)
23. **2005** - World Travel Awards (Malaysia's Leading Golf Resort)
24. **2004** - World Travel Awards (Malaysia's Leading Golf Resort)
25. **2004** - SAGA Holidays (Travellers World, Top Ten Award)
26. **2004** - SAGA Holidays (Travellers World, Good Food Award)
27. **2004** - SAGA Holidays (Travellers World, Top Extension Award)
28. **2003** - Malaysia Tourism Award (The Minister's Special Award)
29. **2003** - SAGA Holidays (Travellers World, Top Ten Award)
30. **2003** - SAGA Holidays (Travellers World, Good Food Award)
31. **2002** - SAGA Holidays (Travellers World, Top Ten Award)
32. **2002** - SAGA Holidays (Travellers World, Good Food Award)
33. **2001/2002** - Malaysia Tourism Awards (Excellence in Hotel Services, 5 Star (Resort Hotel))
34. **2001** - SAGA Holidays (Travellers World, Top Ten Award)
35. **2001** - SAGA Holidays (Travellers World, Good Food Award)
36. **2001** - FIABCI (Prix d'Excellence Finalist in Leisure Category)
37. **2000** - FIABCI (Award of Distinction in Leisure & Resort Category)
38. **1999** - The Finest Golf Resorts Collection (Award for Distinguished Status)

Core Business (cont'd)



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

Bukti 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.

BANDAR SIERRA

Bandar Sierra comprises of 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 of double storey link, semi-detached houses, bungalows and shop lots) and Phase 3A1 (apartment units). The Group is now developing Phase 3A2, comprising of apartment units 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. Six (6) Board meetings were held during the financial year ended 31 March 2011 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 2011, the Directors attended talks on Corporate Tax Planning, The Challenges Of Implementing FRS 139, Powering Business Sustainability and an In-house seminar on Transfer Pricing.

Apart from the above, Board members were 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 (Resigned 24 August 2010)
3. Dato' Dr Mohd Aminuddin Bin Mohd Rouse (Appointed 24 August 2010)

During the financial year, the full Committee met twice on 25/05/2010 & 25/08/2010.

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 (Resigned 25 August 2010)
3. Datuk Robin Loh Hoon Loi (Resigned 25 August 2010)
4. Dato' Dr Mohd Aminuddin Bin Mohd Rouse (Appointed 25 August 2010)
5. Chen Yiy Fon (Appointed 25 August 2010)

During the financial year, the Committee met once on 25/5/2010.

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.

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 29 July 2011.

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.

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 29 July 2011 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

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

- Dato' Dr Mohd Aminuddin bin Mohd Rouse
  Member, Independent Non-Executive Director

- Leow Ming Fong @ Leow Min Fong (Resigned 25 August 2010)
  Member, Independent Non-Executive Director

- Lim Mun Kee (Appointed 25 August 2010)
  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.

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 seven (7) times during the financial year and details of attendances are as follows:-

Datuk Wan Kassim bin Ahmed	7/7
Dato' Dr Mohd Aminuddin bin Mohd Rouse	6/7
Leow Ming Fong @ Leow Min Fong (Resigned 25 August 2010)	4/4
Lim Mun Kee (Appointed 25 August 2010)	3/3

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 29 July 2011.

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 29 July 2011.

1. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held six (6) meetings, the attendance of which were as follows:-

	Directors	Attendance
1.	Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	5/6
2.	Tan Sri Dr Chen Lip Keong	6/6
3.	Datuk Wan Kassim bin Ahmed	5/6
4.	Chen Yiy Fon	6/6
5.	Datuk Robin Loh Hoon Loi	6/6
6.	Dato' Dr Mohd Aminuddin bin Mohd Rouse	4/6
7	Chen Yiy Hwuan	6/6
8	Lim Mun Kee (Appointed 25 August 2010)	3/4
9	Leow Ming Fong @ Leow Min Fong (Resigned 25 August 2010)	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	36,000	900,000	120,900	1,056,900
Non - Executive	360,000	-	-	360,000
Total	**396,000**	**900,000**	**120,900**	**1,416,900**

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	4
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	1	0
300,001 to 350,000	0	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	1	0
Total	**4**	**5**

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 2011, 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 amounted to RM38,500.

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 29 July 2011.

Financial Statements

for the year ended 31 March 2011

Directors' Report

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2011.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are set out in Note 12 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 net of tax	(376,371,491)	(426,078,533)
Loss attributable to shareholders:-		
Equity holders of the Company	(376,371,491)	
Minority interest	-	
	(376,371,491)	

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous 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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets 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
CHEN YIY HWUAN
CHEN YIY FON
DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE
LIM MUN KEE (Appointed on 25 August 2010)
LEOW MING FONG @ LEOW MIN FONG (Resigned on 25 August 2010)

DIRECTORS' INTERESTS

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 1.4.10**	**Purchased/ (Sold)**	**At 31.3.11**
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.

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 father, Tan Sri Dr. Chen Lip Keong, are also deemed interested in the shares of the subsidiaries disclosed in Note 12 to the financial statements, to the extent the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in Note 6 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.

SIGNIFICANT EVENTS

Significant events arising during the financial year are disclosed in Note 42 to the financial statements.

SUBSEQUENT EVENT

Subsequent event is disclosed in Note 43 to the financial statements.

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 29 July 2011.

DATUK WAN KASSIM BIN AHMED **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, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 50 to 138, 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 financial position of the Group and of the Company as at 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 51 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 July 2011.

DATUK WAN KASSIM BIN AHMED

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 50 to 138, 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 29 July 2011

LIM TIONG JIN

Before me

NORDIN HASSAN (W321)
Commissioner for Oaths

Independent Auditors' Report

to the members of Karambunai Corp Bhd.

Report on the Financial Statements

We have audited the financial statements of Karambunai Corp Bhd., which comprise statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 138.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with 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 2011 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 RM376,371,491and RM426,078,533 respectively for the financial year ended 31 March 2011 and the financial statements show that the Group and the Company have net current liabilities of RM355,412,491 and RM155,024,254 respectively; and

ii) the Promissory Note matured on 28 December 2010 and the Group intend to dispose the charged land pursuant to the Purchase Guarantee Agreement by a major shareholder to settle the Promissory Note as mentioned in Note 32 to the financial statements.

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 concern. The ability of the Group and of the Company to continue as going concern 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 the successful implementation of future corporate restructuring and fund raising exercise to be undertaken by the Group in order to generate sufficient cash flow to repay their bank borrowings and creditors, and receiving continued support from their bankers, creditors and major shareholder.

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 subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, except for the unaudited financial statements of certain subsidiaries and we have considered their unaudited financial statements thereon, which are indicated in Note 12 to the financial statements.
c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company is in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 51 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

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

DATO' CHONG KWONG CHIN, DIMP., JP
707/04/12 (J/PH)
Chartered Accountant

Kuala Lumpur
29 July 2011

Statements of Comprehensive Income

for the year ended 31 March 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Revenue	4	125,288,380	139,677,353	3,338	4,097,614
Direct costs	5	(112,913,492)	(115,614,878)	-	-
Gross profit		12,374,888	24,062,475	3,338	4,097,614
Other income		10,028,634	4,965,819	8,816,928	4,668
Selling and distribution costs		(2,820,922)	(3,318,642)	-	-
Administrative costs		(19,934,137)	(21,572,160)	(6,918,255)	(4,563,241)
Other costs		(335,074,243)	(9,939,663)	(421,478,592)	(250,000)
		(357,829,302)	(34,830,465)	(428,396,847)	(4,813,241)
Loss from operations		(335,425,780)	(5,802,171)	(419,576,581)	(710,959)
Finance costs		(37,314,150)	(37,153,272)	(6,501,952)	(6,569,392)
Share of associates results		-	(54,493)	-	-
Loss before tax	6	(372,739,930)	(43,009,936)	(426,078,533)	(7,280,351)
Income tax (expense)/credit	7	(3,631,561)	7,252,211	-	-
Loss net of tax		(376,371,491)	(35,757,725)	(426,078,533)	(7,280,351)
Other comprehensive income:					
Revaluation of land and buildings		395,174,842	-	-	-
Foreign currency translation		9,057,661	(290,073)	-	-
Income tax relating to components of other comprehensive income	7	(98,793,711)	-	-	-
Other comprehensive income, net of tax		305,438,792	(290,073)	-	-
Total comprehensive income		(70,932,699)	(36,047,798)	(426,078,533)	(7,280,351)
Loss attributable to:-					
Owners of the parent		(376,371,491)	(35,757,725)		
Minority interest		-	-		
		(376,371,491)	(35,757,725)		
Total comprehensive income attributable to:-					
Owners of the parent		(70,932,699)	(36,047,798)		
Minority interest		-	-		
		(70,932,699)	(36,047,798)		
Loss per ordinary share attributable to owners of the parent	8	(0.1854)	(0.0176)		

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

Consolidated Statement of Financial Position

as at 31 March 2011

	Note	31.3.2011 RM	31.3.2010 RM restated	1.4.2009 RM restated
ASSETS				
Non-current assets				
Property, plant and equipment	9	1,119,014,845	711,962,563	721,788,087
Prepaid land lease payments	10	-	-	-
Land held for property development	11	391,537,290	543,044,233	803,621,651
Interest in associate	13	-	-	124,534
Available-for-sale financial assets	14	200,000	100,001	520,001
Capital work-in-progress	15	-	46,055,952	46,055,952
Deferred tax assets	16	9,000	9,000	9,000
Goodwill	17	14,937,416	17,429,795	19,059,305
		1,525,698,551	1,318,601,544	1,591,178,530
Current assets				
Property development costs	18	24,005,590	37,589,583	54,658,376
Inventories	19	10,017,357	14,232,422	4,462,111
Trade receivables	20	47,910,174	76,944,440	77,080,709
Other receivables, deposits and prepayments	21	35,698,383	34,919,539	39,950,141
Tax assets	23	-	789,507	7,573,591
Cash deposits with licensed banks	24	2,956,829	4,212,955	4,491,722
Cash and bank balances		68,165,076	2,848,226	10,150,714
		188,753,409	171,536,672	198,367,364
Non-current assets classified as held for sale	25	121,936,688	265,830,452	-
		310,690,097	437,367,124	198,367,364
TOTAL ASSETS		1,836,388,648	1,755,968,668	1,789,545,894

Consolidated Statement of Financial Position (cont'd)

as at 31 March 2011

	Note	31.3.2011 RM	31.3.2010 RM restated	1.4.2009 RM restated
EQUITY AND LIABILITIES				
Equity				
Share capital	26	1,015,029,840	1,015,029,840	1,015,029,840
Reserves	27	(316,250,780)	(245,418,081)	(209,370,283)
Total Equity		698,779,060	769,611,759	805,659,557
Non-current liabilities				
Finance lease payables	28	1,876,589	3,225,972	1,792,927
Bank borrowings - secured	29	243,868,903	280,824,324	288,784,565
Deferred tax liabilities	30	225,761,508	126,477,397	125,330,997
Long term payables	31	-	622,180	622,180
		471,507,000	411,149,873	416,530,669
Current liabilities				
Promissory note - secured	32	152,673,973	151,173,973	144,673,973
Trade payables	33	99,754,834	120,254,120	116,249,136
Other payables and accruals	34	143,976,260	137,791,507	114,441,085
Amount owing to director	35	45,384,294	1,011,311	1,011,311
Finance lease payables	28	1,975,428	2,412,838	2,743,993
Bank borrowings - secured	29	99,440,136	37,303,405	47,283,718
Provisions	36	257,429	388,546	435,135
Taxation		122,640,234	124,871,336	140,517,317
		666,102,588	575,207,036	567,355,668
Total Liabilities		1,137,609,588	986,356,909	983,886,337
TOTAL EQUITY AND LIABILITIES		1,836,388,648	1,755,968,668	1,789,545,894

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

Statement of Financial Position

as at 31 March 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	203,727	339,826
Subsidiaries	12	848,873,273	306,888,727
Available-for-sale financial assets	14	60,000	60,000
		849,137,000	307,288,553
Current assets			
Other receivables, deposits and prepayments	21	404,571	243,917
Amounts owing by subsidiaries	22	72,222,900	1,294,409,475
Cash and bank balances		891,663	128,740
		73,519,134	1,294,782,132
TOTAL ASSETS		922,656,134	1,602,070,685
EQUITY AND LIABILITIES			
Equity			
Share capital	26	1,015,029,840	1,015,029,840
Reserves	27	(320,917,094)	105,161,439
Total Equity		694,112,746	1,120,191,279
Current liabilities			
Promissory note - secured	32	152,673,973	151,173,973
Other payables and accruals	34	19,505,615	19,524,868
Amount owing to director	35	11,360,764	981,311
Amounts owing to subsidiaries	22	44,666,659	309,862,877
Provisions	36	135,971	135,971
Taxation		200,406	200,406
		228,543,388	481,879,406
TOTAL EQUITY AND LIABILITIES		922,656,134	1,602,070,685

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 2011

	← Attributable to Equity Holders of the Company →							
		← Non-distributable →						
	Share Capital RM	Share Premium RM Note 27(a)	Asset Revaluation Reserve RM Note 27(b)	Foreign Currency Translation Reserve RM Note 27(c)	Accumulated Losses RM	Sub-total RM	Minority Interest RM	Total Equity RM
At 1.4.09	1,015,029,840	111,535,799	-	958,559	(321,864,641)	805,659,557	-	805,659,557
Total comprehensive income 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
At 1.4.10, as previously stated	1,015,029,840	111,535,799	-	668,486	(357,622,366)	769,611,759	-	769,611,759
Effect of adopting FRS 139	-	-	-	-	100,000	100,000	-	100,000
At 1.4.10, as restated	1,015,029,840	111,535,799	-	668,486	(357,522,366)	769,711,759	-	769,711,759
Total comprehensive income for the year	-	-	296,381,131	9,057,661	(376,371,491)	(70,932,699)	-	(70,932,699)
At 31.3.11	1,015,029,840	111,535,799	296,381,131	9,726,147	(733,893,857)	698,779,060	-	698,779,060

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 2011

	Share Capital RM	Non-distributable Share Premium RM Note 27(a)	Distributable Retained Profits/ (Accumulated Losses) RM	Total Equity RM
At 1.4.09	1,015,029,840	111,535,799	905,991	1,127,471,630
Total comprehensive income	-	-	(7,280,351)	(7,280,351)
At 31.3.10	1,015,029,840	111,535,799	(6,374,360)	1,120,191,279
Total comprehensive income	-	-	(426,078,533)	(426,078,533)
At 31.3.11	1,015,029,840	111,535,799	(432,452,893)	694,112,746

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

Statements of Cash Flows

for the year ended 31 March 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash Flows from Operating Activities					
Loss before tax		(372,739,930)	(43,009,936)	(426,078,533)	(7,280,351)
Adjustments for:-					
Amortisation of upfront fee for a bank facility		1,617,567	1,738,406	-	-
Depreciation of property, plant and equipment		11,790,092	11,502,500	146,467	181,198
Loss/(Gain) on disposal of property, plant and equipment		(14,518)	37,969	-	(4,668)
Gain on disposal in subsidiaries		(8,633,948)	-	-	-
Impairment loss on:					
- amounts owing by subsidiaries		-	-	269,482,312	-
- available-for-sale financial assets		-	250,000	-	250,000
- goodwill		2,492,379	1,629,510	-	-
- investment in subsidiaries		-	-	71,652,578	-
- investment in associate		-	70,041	-	-
- land held for property development		64,687,887	-	-	-
- non-current assets held for sales		219,794,868	-	-	-
- property, plant and equipment		22,507,133	-	-	-
- receivables		5,841,919	752,189	-	-
Interest expenses		28,178,292	29,646,580	6,501,952	6,506,405
Interest income		(167,222)	(236,069)	-	-
Inventories written down		-	366,869	-	-
(Utilisation of)/Provision for employee benefits		(131,117)	(46,589)	-	40,497
Waiver of amounts owing to subsidiaries		-	-	(8,816,928)	-
Written off of:					
- amounts owing by customers		22,515,428	-	-	-
- amounts owing by subsidiaries		-	-	80,313,882	-
- available-for-sale financial assets		1	170,000	-	-
- bad debts		1,681,852	66,588	-	-
- deposits		336,656	-	16,500	-
- inventories		49,841	5,881	-	-
- property, plant and equipment		174,392	1,566,943	-	-
- property development cost		654,098	-	-	-
Unrealised loss on foreign exchange		-	62,970	13,320	-
Share of losses in associated companies		-	54,493	-	-
Operating profit/(loss) before working capital changes carried down		635,670	4,628,345	(6,768,450)	(306,919)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash Flows from Operating Activities (cont'd)					
Operating profit/(loss) before working capital changes brought down		635,670	4,628,345	(6,768,450)	(306,919)
Decrease in land and development expenditure and amount due for contract works		23,847,847	9,305,433	-	-
Decrease in inventories		4,165,224	241,387	-	-
(Decrease)/Increase in receivables		(1,694,020)	4,047,830	(177,153)	226,817
(Decrease)/Increase in payables		(9,544,216)	14,570,445	(19,254)	8,962,289
Cash generated from/(used in) operations		17,410,505	32,793,440	(6,964,857)	8,882,187
Income tax paid		(1,729,333)	(463,286)	-	-
Interest paid		(27,768,209)	(12,447,966)	(5,001,952)	(6,405)
Interest received		167,222	236,069	-	-
Net cash (used in)/generated from operating activities		(11,919,815)	20,118,257	(11,966,809)	8,875,782
Cash Flows from Investing Activities					
Advances to subsidiaries		-	-	(14,484,481)	(3,227,542)
Incorporation of a new subsidiary	12	-	-	(320)	-
Placement of cash deposits		(59,489,552)	(37,637)	-	-
Proceeds from disposal of subsidiaries, net of cash disposed	12	(788)	-	1	-
Proceeds from disposal of property, plant and equipment		32,275	391,473	-	8,496
Purchase of property, plant and equipment	9	(187,409)	(6,199,362)	(10,368)	(20,073)
Net cash used in investing activities		(59,645,474)	(5,845,526)	(14,495,168)	(3,239,119)
Balance carried down		(71,565,289)	14,272,731	(26,461,977)	5,636,663

Statements of Cash Flows (cont'd)

for the year ended 31 March 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Balance brought down		(71,565,289)	14,272,731	(26,461,977)	5,636,663
Cash Flows from Financing Activities					
Advances from a director		44,372,983	-	-	-
Drawdown of term loan		60,500,000	-	-	-
Repayment to subsidiaries		-	-	16,845,447	(5,999,239)
Advance from subsidiary		-	-	10,379,453	-
Payments of finance lease payables		(2,348,876)	(3,660,996)	-	-
Repayment of term loans		(31,780,688)	(17,940,554)	-	-
Net cash generated from /(used in) financing activities		70,743,419	(21,601,550)	27,224,900	(5,999,239)
		(821,870)	(7,328,819)	762,923	(362,576)
Translation exchange difference		5,393,042	(290,073)	-	-
Net increase/(decrease) in cash and cash equivalents		4,571,172	(7,618,892)	762,923	(362,576)
Cash and cash equivalents at beginning of the year		3,324,069	10,942,961	128,740	491,316
Cash and cash equivalents at end of the year	37	7,895,241	3,324,069	891,663	128,740

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

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. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia.

The Company is principally engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiaries are set out in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 29 July 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 April 2010 as described in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to nearest RM, unless otherwise stated.

The Group and the Company have incurred a net loss of RM376,371,491 (2010: RM35,757,725) and RM426,078,533 (2010: RM7,280,351) respectively for the financial year ended 31 March 2011. As at that date, the Group and the Company's current liabilities exceeded current assets by RM355,412,491 (2010: RM137,839,912) and RM155,024,254 (2010: Nil).

As mentioned in Note 32, the Promissory Note matured on 28 December 2010 and the Group intend to dispose the charged land pursuant to the Purchase Guarantee Agreement by a major shareholder to settle 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 of the Company to continue as going concern 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 concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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 the successful implementation of future corporate restructuring and fund raising exercise to be undertaken by the Group in order to generate sufficient cash flow to repay their bank borrowings and creditors, and receiving continued support from their bankers, creditors and major shareholder.

2.2 Change in accounting policies

New and revised FRSs, Amendments to FRS, Issues Committee ("IC") Interpretations and Technical Releases ("TR") adopted

At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs, Amendments to FRS, IC Interpretations and TR as follows:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
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
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Change in accounting policies (cont'd)

The adoption of the above FRSs, Amendments, Interpretations and TR does not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

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

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

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 44.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line labeled as total comprehensive income.

The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements.

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

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

The revised Standard was adopted retrospectively by the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Change in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the reporting date reflects the designation of the financial instruments.

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost using the effective interest method, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Available-for-sale financial asset (Golf club membership)

Available-for-sale financial assets of the Group and the Company have been measured at fair value and changes in fair value are recognised directly in equity as "Fair Value Reserve" until investment is derecognised, at which time the cumulative gain or loss is removed from the Fair Value Reserve and recognised in statement of comprehensive income. In the event the investment is determined to be impaired, the cumulative loss is recognised in profit or loss and removed from the Fair Value Reserve.

In accordance with the transitional provision of FRS 139, the above changes are applied prospectively and the comparatives as at 31 March 2010 are not restated. Instead, the changes have been accounted for by restating the opening balance of the financial position as at 1 April 2010.

	As previously stated as at 1.4.2010 RM	Effects of adopting FRS 139 RM	As restated as at 1.4.2010 RM
Group			
Assets			
Available-for-sale financial asset	40,000	100,000	140,000
Equity			
Accumulated losses	(357,622,366)	100,000	(357,522,366)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Change in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

Impairment of trade receivables and other receivables

Prior to 1 April 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 April 2010, the Group has remeasured the allowance for impairment losses in accordance with FRS 139 and the differences are immaterial.

Interest-free loans to subsidiaries

During the current and prior years, interest-free loans and advances were made between its holding company and fellow subsidiaries. Prior to 1 April 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS139, the interest-free loans or advances continue be recorded initially at cost as the Company takes these loans in a form of short-term advances and payable on demand. Therefore, the effect is considered as immaterial and fair value of the loans is equal to the amount of the advances given or received. No adjustments were made to the opening balance of retained earnings as at 1 April 2010.

Amendments to FRSs: Improvement to FRSs (2009) – FRS 117: Leases

Prior to 1 April 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease. The amendments to FRS 117 require an entity with existing leases of land and buildings to reassess the classification of land as a finance or operating lease.

The Group has reclassified the existing long term leasehold land to property, plant and equipment following this reassessment. The Group has adopted the amendments to FRS 117 retrospectively. Comparative balances have been restated as follow:-

	As previously stated as at 1.4.2010 RM	Effects of adopting Amendments to FRS 117 RM	As restated as at 1.4.2010 RM
Property, plant and equipment	288,112,377	423,850,186	711,962,563
Prepaid land lease payments	423,850,186	(423,850,186)	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

New and revised FRSs, Amendments to FRS, IC Interpretations and TR issued but not yet effective

At the date of authorisation of these financial statements, 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 124	Related Party Disclosures (Revised)	1 January 2012
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)		1 January 2011
Additional Exemptions for First-time Adopters (Amendments to FRS 1)		1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)		1 January 2011
Amendments to FRS 2 Share-based Payment		1 July 2010
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions		1 January 2011
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations		1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation		1 March 2010
Amendments to FRS 138 Intangible Assets		1 July 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"		1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Arrangements for the Construction of Real Estate	1 January 2012
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
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 4: Prepayments of a Minimum Funding Requirement		1 July 2011
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives		1 July 2010
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

New and revised FRSs, Amendments to FRS, IC Interpretations and TR issued but not yet effective (cont'd)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of the revised FRS3, the amendments to FRS 127 and IC Interpretation 15 are described below.

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

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

IC Interpretations 15 Agreements for the Construction of Real Estate

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

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenue at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.7. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

2.7 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.10 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset of, and only if, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment and depreciation (cont'd)

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such part as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset valuation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement of disposal of the asset.

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:-

Long term leasehold land	Over remaining leasehold period of 99 to 999 years
Hotel property	2 %
Office buildings, shoplots, 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 carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful live and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to the completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development are 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.

2.12 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.

2.13 Impairment of non-financial assets

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

An asset's recoverable amount is higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [cash-generating units ("CGU")].

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

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and 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, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

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

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials, consumables: Costs of dry goods are determined on weighted average basis. Costs of wet goods are determined on first-in-first-out basis.
- Finished goods: Costs are determined on first-in-first-out basis.
- Completed development properties: Costs are stated at the lower of cost and net realisable value. Cost of unsold completed properties is determined on specific identification basis and comprises attributable land and development expenditure incurred up to completion of the properties.

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

2.16 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Financial assets (cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

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

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

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

The Group and the Company classifies the following financial assets as loans and receivables:
- cash and bank balances;
- trade and other receivables, including amounts owing by subsidiaries

(b) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in financial assets at fair value through profit or loss or loans and receivables.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.18 Cash and cash equivalents

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

2.19 Non-Current Assets 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 (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value costs to sell. Any differences are included in the profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.20 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between then finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

(a) As lessee (cont'd)

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.26.

2.21 Borrowings Costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.22 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 profit or loss on a systematic basis over the period of financing.

2.23 Financial liabilities

Financial liabilities with the scope of FRS 139 are recognised on the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities, gain and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially modified terms, such an exchange or medications is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.25 Income taxes

i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

ii. Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Income taxes (cont'd)

ii. Deferred tax (cont'd)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.26 Revenue Recognition

Revenue from sales of properties under development and from contract works undertaken are recognised in profit or loss 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.

Revenue from sales of finished goods and merchandise and from services are recognised in profit or loss when the goods are delivered and services are rendered respectively.

Hotel and golfing revenue is recognised in profit or loss on accruals basis.

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

Rental revenue is recognised in profit or loss 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 profit or loss when the significant risk and reward of ownership have been transferred to the buyer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Employee benefits

i. Short Term Employee 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 profit or loss when incurred. Certain of the Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes.

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.30 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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;

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

(v) Impairment of receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Debts that are past due but not impaired are disclosed in Note 20.

(vi) Non-current asset held for sale

The property, plant and equipment 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 property, plant and equipment 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 will be able to repay the Settlement Sum of the Promissory Note as mentioned in Note 32.

(vii) Repayment of Promissory Note

The Promissory Note matured on 28 December 2010. 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. The Promissory Note holder has allowed an extension of time until 30 September 2011 to dispose the said land to repay the Settlement Sum of RM110 million 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.

(viii) Impairment of available-for-sale investments

The Group reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. During the year, the Group impaired quoted and unquoted equity instruments with "significant" decline in fair value greater than 20% and "prolonged" period as greater than 12 months or more.

For the financial year ended 31 March 2011, the amount of impairment loss recognised for available-for-sale financial assets was RM Nil (2010: RM250,000).

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

(x) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that have been initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(xi) Amounts due from subsidiaries

The Company determines the recoverability of the amounts due from certain subsidiaries when these debts exceeded their capital investments. The Directors are of the opinion that adequate allowance for impairment has been made for the debts due from these subsidiaries to the extent the Company is able to realise these debts through internal group restructuring including possible offsets against debt owed by the Company to certain other subsidiaries, should such need arises.

(xii) Material litigations

The Group determines whether a present obligation in relation to a material litigation exists at the reporting date by taking into account all available evidence, including the opinion of its solicitors and subsequent events after the reporting date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements. Further details of the material litigations involving the Group are disclosed in Note 45.

(xiii) Estimation of fair values of property, plant and equipment

During the financial year, the Group adopts revaluation policy for its land and buildings. The Group engaged independent valuation specialists to determine the fair values as at 31 March 2011. The fair values were determined primarily using the following valuation method:

(a) Hotel property - the fair value was determined using discounted cash flow analysis. The principal assumptions underlying this valuation are average daily room rates, occupancy and growth rates, revenue and cost assumptions, and discount rate.

(b) Leasehold land at Karambunai, Sabah - the Group estimates the fair values of these leasehold lands using the comparison method of valuation, which entails comparing recorded transactions of similar properties in the vicinity. The board of directors estimate the fair values of the leasehold lands based on the range of value provided by the independent valuation specialists for the land transacted in the surrounding vicinity.

4. REVENUE

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Attributable revenue from construction contracts and development properties	23,669,680	56,490,397	-	-
Hotel and golfing revenue	78,230,176	72,777,388	-	-
Sales of completed units	4,943,827	-	-	-
Sales of goods and services	444,697	10,311,954	-	-
Sales of vacant land	18,000,000	-	-	-
Management fee	-	-	-	4,000,000
Rental revenue	-	97,614	3,338	97,614
	125,288,380	139,677,353	3,338	4,097,614

5. DIRECT COSTS

	Group	
	2011	2010
	RM	RM
Attributable construction contracts and property development costs	19,438,424	39,926,484
Cost of completed units	4,204,714	-
Cost of sales and services	75,678,925	75,688,394
Cost of vacant land and incidental costs	13,591,429	-
	112,913,492	115,614,878

6. LOSS BEFORE TAX

(a) Loss before tax is arrived at after charging/(crediting):-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Amortisation of upfront fee for a bank facility	1,617,567	1,738,406	-	-
Auditors' remuneration				
- current year	282,833	288,170	50,000	40,000
- overprovision in prior year	-	(23,525)	-	-
- other services	46,000	25,000	-	-
Depreciation of property, plant and equipment	11,790,092	11,502,500	146,467	181,198
(Gain)/Loss on foreign exchange:				
- realised	-	(55,145)	-	-
- unrealised	-	62,970	13,320	-
(Gain)/Loss on disposal of property, plant and equipment	(14,518)	37,969	-	(4,668)
Gain on disposal of subsidiaries	(8,633,948)	-	-	-
Impairment loss on:				
- amounts owing by subsidiaries	-	-	269,482,312	-
- available-for-sale financial assets	-	250,000	-	250,000
- goodwill	2,492,379	1,629,510	-	-
- investment in subsidiaries	-	-	71,652,578	-
- investment in associate	-	70,041	-	-
- land held for property development	64,687,887	-	-	-
- non-current asset held for sales	219,794,868	-	-	-
- property, plant and equipment	22,507,133	-	-	-
- receivables	5,841,919	752,189	-	-
Interest expenses	28,178,292	29,646,580	6,501,952	6,506,405
Interest income	(167,222)	(236,069)	-	-
Inventories write down	-	366,869	-	-
Leaseback rental	16,180,487	10,241,594	-	-
(Utilisation of)/Provision for employee benefits	(131,117)	(46,589)	-	40,497
Staff costs				
- Contribution to defined plan	1,731,396	2,004,403	199,916	223,745
- Salaries and others	22,646,373	27,028,021	2,337,473	2,347,604
Rental of equipment	107,539	230,684	-	-
Rental of motor vehicles	-	16,800	-	-
Rental of premises	445,382	1,037,235	259,974	259,974

6. LOSS BEFORE TAX (CONT'D)

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Rental of motor vehicles revenue	(14,844)	(14,844)	-	-
Rental of premises revenue	(461,236)	(546,400)	(3,338)	(97,614)
Waiver of amounts owing to subsidiaries	-	-	(8,816,928)	-
Written off of:				
- amounts owing by customers	22,515,428	-	-	-
- amounts owing by subsidiaries	-	-	80,313,882	-
- available-for-sale financial assets	1	170,000	-	-
- bad debts	1,681,852	66,588	-	-
- deposits	336,656	-	16,500	-
- inventories	49,841	5,881	-	-
- property, plant and equipment	174,392	1,566,943	-	-
- property development cost	654,098	-	-	-

(b) Directors' remuneration

Included in staff costs were aggregate amount of remuneration (excluding benefit-in-kind) received and receivable by the Directors during the financial year end as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-Independent Executive Directors				
- fees	36,000	36,000	-	-
- other emoluments	1,020,900	1,112,900	334,500	334,500
Independent Non-Executive Directors				
- fees	360,000	342,983	360,000	342,983

6. LOSS BEFORE TAX (CONT'D)

(b) Directors' remuneration (cont'd)

The number of directors of the Group and the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of directors	
	2011	2010
Executive:		
Below RM50,000	1	1
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	1	-
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	-	-
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	-
RM600,001 - RM650,000	-	1
Non-Executive:		
Independent		
Below RM50,000	4	3
RM50,001 - RM100,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	1

7. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current income tax:				
Based on result for the year	2,311,900	1,060,700	-	-
Under/(Over)provision of taxation in prior year	829,261	(9,434,311)	-	-
Reassessment of prior year's tax	-	(25,000)	-	-
	3,141,161	(8,398,611)	-	-
Deferred tax (Note 30):				
Origination and reversal of temporary differences	496,000	1,146,400	-	-
Overprovision in prior year	(5,600)	-	-	-
Income tax recognised in profit or loss	3,631,561	(7,252,211)	-	-
Deferred income tax related to other comprehensive income				
Net surplus on revaluation of land and buildings	98,793,711	-	-	-

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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Loss before tax	(372,739,930)	(43,009,936)	(426,078,533)	(7,280,351)
Tax at the Malaysian statutory income tax rate of 25%	(93,185,000)	(10,752,500)	(106,519,600)	(1,820,100)
Tax effect on non-deductible expenses	19,299,300	12,131,300	108,709,400	1,907,100
Tax effect on non-taxable income	(3,376,600)	(394,100)	(2,204,200)	-
Deferred tax assets not recognised during the year	80,070,200	1,818,100	14,400	-
Utilisation of deferred tax assets not recognised in previous year	-	(612,500)	-	(87,000)
Reassessment of prior year's tax	-	(25,000)	-	-
Under/(Over)provision in prior year				
- income tax expense	829,261	(9,434,311)	-	-
- deferred taxation	(5,600)	16,800	-	-
Income tax recognised in profit or loss	3,631,561	(7,252,211)	-	-

7. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 31 March 2011 and 2010, the Company has sufficient credit in the Section 108 and tax exempt account balances amounting to RM27,711,072 (2010: RM27,711,072) and RM758,000 (2010: RM758,000) respectively to pay franked dividends out of its future retained earnings.

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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unrelieved tax losses	225,448,000	210,199,800	655,600	655,600
Unabsorbed capital allowances	14,585,400	14,174,600	2,370,000	2,312,600
	240,033,400	224,374,400	3,025,600	2,968,200

8. LOSS PER ORDINARY SHARE

The basic loss per ordinary share has been calculated based on the Group's loss attributable to shareholders of RM376,371,491 (2010: RM35,757,725) divided by the number of ordinary share in issue during the financial year of 2,030,059,680 (2010: 2,030,059,680) ordinary shares of RM0.50 each.

9. PROPERTY, PLANT AND EQUIPMENT

	Long term Leasehold Land RM	Hotel Property RM	Shoplots, Office Buildings & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Group							
Cost or valuation	**◄── At valuation ──►**		**◄── At cost ──►**				
At 1.4.10	-	307,123,864	3,842,724	14,909,658	50,119,163	7,647,721	383,643,130
Effect of adopting Amendments to FRS 117	403,212,536	27,084,162	-	-	-	-	430,296,698
At 1.4.10, restated	403,212,536	334,208,026	3,842,724	14,909,658	50,119,163	7,647,721	813,939,828
Additions	-	-	-	1,200	560,883	187,409	749,492
Disposals	(100,348)	-	-	-	(23,210)	(3,890)	(127,448)
Reclassify to prepayment	-	-	-	-	(438,630)	-	(438,630)
Written-off	-	-	-	(18,857)	(3,822,926)	-	(3,841,783)
Reclassified from capital work-in-progress (Note 15)	46,055,952	-	-	-	-	-	46,055,952
Revaluation surplus	224,000,000	171,174,842	-	-	-	-	395,174,842
Elimination of accumulated depreciation on revaluation	(6,472,970)	(52,982,868)	-	-	-	-	(59,455,838)
At 31.3.11	666,695,170	452,400,000	3,842,724	14,892,001	46,395,280	7,831,240	1,192,056,415

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

	Long term Leasehold Land RM	Hotel Property RM	Shoplots, Office Buildings & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Group							
Accumulated Depreciation	At valuation		At cost				
At 1.4.10	-	46,580,452	347,082	10,200,219	33,136,514	5,266,486	95,530,753
Effect of adopting Amendments to FRS 117	6,216,849	229,663	-	-	-	-	6,446,512
	6,216,849	46,810,115	347,082	10,200,219	33,136,514	5,266,486	101,977,265
Charge for the year	1,725,781	6,172,753	6,661	157,533	3,173,268	554,096	11,790,092
Disposals	(97,110)	-	-	-	(8,692)	(3,889)	(109,691)
Written off	-	-	-	(10,897)	(3,656,494)	-	(3,667,391)
Elimination of accumulated depreciation on revaluation	(6,472,970)	(52,982,868)	-	-	-	-	(59,455,838)
At 31.3.11	1,372,550	-	353,743	10,346,855	32,644,596	5,816,693	50,534,437
Accumulated Impairment Loss							
At 1.4.10	-	-	-	-	-	-	-
Charge for the year	22,507,133	-	-	-	-	-	22,507,133
At 31.3.11	22,507,133	-	-	-	-	-	22,507,133
Net Carrying Amount							
At 31.3.11	642,815,487	452,400,000	3,488,981	4,545,146	13,750,684	2,014,547	1,119,014,845

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

	Long term Leasehold Land RM	Hotel Property RM	Shoplots, Office Buildings & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Group							
Cost							
At 1.4.09	-	307,123,864	3,842,724	14,705,137	45,468,793	7,693,904	378,834,422
Effect of adopting Amendments to FRS 117	441,099,437	-	-	-	-	-	441,099,437
	441,099,437	307,123,864	3,842,724	14,705,137	45,468,793	7,693,904	819,933,859
Transfer from property development costs (Note 18)	-	-	-	-	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)
Reclassified to non-current assets held for sale (Note 25)	(10,705,629)	-	-	-	-	-	(10,705,629)
At 31.3.10	430,393,808	307,123,864	3,842,724	14,909,658	50,119,163	7,647,721	814,036,938

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

	Long term Leasehold Land RM	Hotel Property RM	Shoplots, Office Buildings & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Group							
Accumulated Depreciation							
At 1.4.09	-	40,437,975	288,221	10,032,670	35,853,113	4,923,996	91,535,975
Effect of adopting Amendments to FRS 117	6,609,797	-	-	-	-	-	6,609,797
	6,609,797	40,437,975	288,221	10,032,670	35,853,113	4,923,996	98,145,772
Charge for the year	1,869,946	6,142,477	58,861	167,549	2,578,430	685,237	11,502,500
Disposals	-	-	-	-	(1,571,426)	(335,662)	(1,907,088)
Written off	-	-	-	-	(3,723,603)	(7,085)	(3,730,688)
Reclassified to non-current assets held for sale (Note 25)	(1,936,121)	-	-	-	-	-	(1,936,121)
At 31.3.10	6,543,622	46,580,452	347,082	10,200,219	33,136,514	5,266,486	102,074,375
Net Carrying Amount							
At 31.3.10	423,850,186	260,543,412	3,495,642	4,709,439	16,982,649	2,381,235	711,962,563

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

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.

One of the long term leasehold land of the Group with the carrying amount of RM8,883,398 was pledged as securities for Promissory Note issued by the Company as mentioned in Note 32. This long term leasehold land was reclassified as non-current assets held for sale as mentioned in Note 25 in the last financial year ended 31 March 2010.

	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Company			
Cost			
At 1.4.10	1,237,882	1,006,056	2,243,938
Additions	10,368	-	10,368
At 31.3.11	1,248,250	1,006,056	2,254,306
Accumulated Depreciation			
At 1.4.10	987,755	916,357	1,904,112
Charge for the year	60,624	85,843	146,467
At 31.3.11	1,048,379	1,002,200	2,050,579
Net Carrying Amount			
At 31.3.11	199,871	3,856	203,727

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

	Furniture & Fittings, Partition & Renovation, Computer & Other Equipment RM	Motor Vehicles RM	Total RM
Company			
Cost			
At 1.4.09	1,224,107	1,309,777	2,533,884
Additions	20,073	-	20,073
Written off	(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
Written off	(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

Assets held under finance leases

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM749,492 (2010: RM10,962,248) and RM10,368 (2010: RM20,073) respectively which are satisfied as follows:-

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash payments	187,409	6,199,362	10,368	20,073
Finance lease arrangement	562,083	4,762,886	-	-
	749,492	10,962,248	10,368	20,073

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

Assets held under finance leases (cont'd)
Included in the property, plant and equipment of the Group are assets acquired under finance leases at the reporting date as follows:-

	Group 2011 RM	Group 2010 RM
Cost		
Motor vehicles	2,364,389	2,763,664
Plant & machinery	3,270,703	3,270,703
Furniture & fittings, partition & renovation, computer & other equipment	5,732,802	5,900,200
	11,367,894	11,934,567
Net carrying amount		
Motor vehicles	839,191	1,015,226
Plant & machinery	1,954,537	1,960,237
Furniture & fittings, partition & renovation, computer & other equipment	4,611,914	5,423,435
	7,405,642	8,398,898

Assets pledged as security
In addition to assets held under finance leases, the Group's property, plant and equipment are pledged as securities for term loan facility granted to subsidiaries as mentioned in Note 39 are as follows:-

	Group 2011 RM	Group 2010 RM
Net carrying amount		
Long term leasehold land	631,695,170	389,810,971
Hotel property	452,400,000	260,543,412
Motor vehicles	320,439	529,732
Furniture & fittings, partition & renovation, computer & other equipment	11,183,161	12,865,292
	1,095,598,770	663,749,407

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

Assets pledged as security (cont'd)

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 32 are as follows:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Net carrying amount				
Motor vehicles	20,960	145,682	3,856	89,699
Plant & machinery	201	201	-	-
Furniture & fittings, partition & renovation, computer & other equipment	199,944	250,213	199,871	250,127
	221,105	396,096	203,727	339,826

Revaluation of leasehold land and buildings

Leasehold land and buildings have been revalued at the reporting date based on valuations performed by accredited independent valuers.

Details of the independent professional valuations are as follows:-

	Valuation method	Valuation amount RM
Description of Properties		
Hotel property	Discounted cash flow analysis	452,400,000
Leasehold land at Karambunai	Comparable method	631,695,170
Leasehold land at Bukit Unggul	*	11,120,317
		1,095,215,487

* Leasehold land at Bukit Unggul was revalued based on an indicative sale price of RM110 million for leasehold land at Bukit Unggul held for sale as mentioned in Note 25.

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

Revaluation of leasehold land and buildings (cont'd)

If the Group's leasehold land and buildings were measured using the cost model, the carrying amounts would be as follows:-

	Group Net carrying amount	
	At valuation 2011 RM	At historical cost 2011 RM
Hotel property	452,400,000	281,225,158
Leasehold land at Karambunai	631,695,170	361,639,218
Leasehold land at Bukit Unggul	11,120,317	33,627,450
	1,095,215,487	676,491,826

10. PREPAID LAND LEASE PAYMENTS

	Group	
	2011 RM	2010 RM
Cost:		
At beginning of the year	430,296,698	441,099,437
Effects of adopting the Amendments to FRS 117	(430,296,698)	(441,099,437)
At end of the year	-	-
Accumulated amortisation:		
At beginning of the year	6,446,512	6,609,797
Effects of adopting the Amendments to FRS 117	(6,446,512)	(6,609,797)
At end of the year	-	-
	-	-

These lands have been reclassified as property, plant and equipment during the financial year as a result of the adoption of the Amendments to FRS 117 Leases.

11. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2011 RM	Group 2010 RM
Leasehold land		
Cost		
At beginning of the year	443,634,322	649,127,898
Less: Disposals	(10,326,523)	-
Less: Transfer to property development costs (Note 18)	-	(1,277,093)
Less: Reclassified as non-current assets held for sale (Note 25)	(58,150,329)	(204,216,483)
	375,157,470	443,634,322
Leased land	47,218,375	47,218,375
Total land, at cost at end of the year	422,375,845	490,852,697
Accumulated impairment loss		
At beginning of the year	-	-
Impairment loss for the year	58,813,214	-
At end of the year	58,813,214	-
Total land, at carrying amount at end of the year	363,562,631	490,852,697
Development costs		
At beginning of the year	52,191,536	107,275,378
Add: Additions	1,323,716	2,554,144
Less: Disposals	(1,915,145)	-
Less: Transfer to property development costs (Note 18)	-	(4,793,525)
Less: Reclassified as non-current assets held for sale (Note 25)	(17,750,775)	(52,844,461)
At end of the year	33,849,332	52,191,536
Accumulated impairment loss		
At beginning of the year	-	-
Impairment loss for the year	5,874,673	-
At end of the year	5,874,673	-
Total development cost, at carrying amount at end of the year	27,974,659	52,191,536
Total carrying amount at end of the year	391,537,290	543,044,233

11. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

Land pledged as securities
Certain land held for property development with the carrying amount of RM361,537,289 (2010: RM 394,952,509) are pledged as securities for Promissory Note issued by the Company as mentioned in Note 32, term loan facility granted to the subsidiaries as mentioned in Note 39 and for other credit facilities of the Group and of the Company.

Transfer to non-current assets held for sale
During the financial year, the land held for property development pledged as security for Promissory Note with carrying amount of RM75,901,104 was reclassified as non-current assets held for sale as mentioned in Note 25.

Impairment loss
An impairment loss of RM64,687,887 representing the write-down of one of the leasehold land to the indicative sale value as per the settlement arrangement with the Promissory Note holder as disclosed in Note 25.

12. SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Unquoted shares, at cost		
At beginning of the year	369,056,337	369,056,337
Add: Additions	320	-
Less: Disposals	(34,155,872)	-
At end of the year	334,900,785	369,056,337
Less: Accumulated impairment losses		
At beginning of the year	62,167,610	62,167,610
Add: Additions	71,652,578	-
Less: Disposals	(34,155,871)	-
At end of the year	(99,664,317)	(62,167,610)
	235,236,468	306,888,727
Amounts owing by subsidiaries (non-trade)	613,636,805	-
	848,873,273	306,888,727

Amounts owing by subsidiaries are non-trade in nature, unsecured, and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the entity's net investment in the subsidiaries, it is stated at cost less accumulated impairment.

12. SUBSIDIARIES (CONT'D)

The subsidiaries are:-

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2011	Direct 2010	Indirect 2011	Indirect 2010
	Held By The Company						
	Alpha Terrace Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
	Arosa Development Sdn. Bhd.	Malaysia	Property development	-	100%	-	-
	Bukit Unggul Golf and Country Resort Sdn. Bhd. ("BUGCR")	Malaysia	Golf club owner and investment holdings	75%	75%	25%	25%
	FACB Aerospace 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%	-	-
	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%	-	-

12. SUBSIDIARIES (CONT'D)

The subsidiaries are:- (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2011	Direct 2010	Indirect 2011	Indirect 2010
	Held By The Company (cont'd)						
*	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	Travel and tours agency	100%	100%	-	-
	Beribu Ukiran Sdn. Bhd. ("BUSB")	Malaysia	Property development	100%	100%	-	-
@	CTRM-FACB Consortium Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
©	Nexus First Company Ltd.	Labuan	Investment holdings	100%	-	-	-
	Held through Arosa Development Sdn. Bhd.						
	Arosa Builders Sdn. Bhd.	Malaysia	Construction	-	-	-	100%
	Held through FACBLand						
	Arosa Builders Sdn. Bhd.	Malaysia	Construction	-	-	100%	-
	Held through Norasia Investment Ltd.						
@ ^	Scanply International Wood Products (Singapore) Pte. Ltd.	Singapore	Ceased operation	-	-	100%	100%
	Held through Sunnyland Industries Ltd.						
*	Sunnyland Industries & Investments (Yunfu) Ltd.	China	Dormant	-	-	100%	100%

12. SUBSIDIARIES (CONT'D)

The subsidiaries are:- (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest			
				Direct		Indirect	
				2011	2010	2011	2010
	Held through FHSB						
©	Karambunai Resorts Sdn. Bhd. ("KRSB")	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 HGB						
	FACB Marketing and Sales Services Sdn. Bhd. ("FMSS")	Malaysia	Property development	-	-	100%	100%
	Held through IPSB						
	Composites Technology Development Corporation Sdn. Bhd. ("CTDC")	Malaysia	Property development	-	-	-	100%
	Held through Bukit Unggul Golf And Country Resort Sdn. Bhd.						
	Karambunai Two Golf & Country Club Sdn. Bhd.	Malaysia	Dormant	-	-	100%	100%
©	Bukit Unggul Country Club Bhd.	Malaysia	Golf and country club operation and management	-	-	100%	100%
	Held through KRSB						
	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%

12. SUBSIDIARIES (CONT'D)

The subsidiaries are:- (cont'd)

	Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest Direct 2011	Direct 2010	Indirect 2011	Indirect 2010
	Held through KRSB (cont'd)						
©	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	Ceased operation	-	-	100%	100%
	Held through Nexus Hotels and Resorts Limited						
*	Nexus Hotel Phnom Penh Limited	British Virgin Islands	Dormant	-	-	100%	100%

* The financial statements of these subsidiaries are audited for consolidation purposes by the Company's auditors.
\# The equity interests held through the Company, FHSB and FACBLand are 42.91% (2010: 42.91%), 53.03% (2010: 53.03%) and 4.06% (2010: 4.06%) respectively.
@ Unaudited and was consolidated using management financial statements. The financial statements of these subsidiaries are not audited by the Company's auditors.
^ This subsidiary ceased operation during the financial year.
© The auditors' reports of these subsidiaries contain the audit emphasis of matter on the appropriateness of going concern basis of accounting despite doubts as to the subsidiaries' ability to operate as a going concern as these subsidiaries suffered significant losses during the year, had net current liabilities or deficit in shareholders' equity. The ability of the subsidiaries to continue as a going concern is dependent on the continued financial support of the Company.

The investment in subsidiaries relating to the investment in BUGCR by the Company and FMSS which was held through HGB amounting to RM7,500,000 (2010: RM7,500,000) and RM310,000,000 (2010: RM310,000,000) respectively are pledged for Promissory Note issued by the Company as mentioned in Note 32.

12. SUBSIDIARIES (CONT'D)

The investment in subsidiaries relating to the investment in FMSS which was held through HGB amounting to RM310,000,000 (2010: RM310,000,000) is further pledged for term loan facility granted to a subsidiary as mentioned in Note 39.

Incorporation of a new subsidiary

On 3 May 2010, the Company incorporated a new subsidiary, Nexus First Company Limited ("NFCL") in Labuan. The principal activity of NFCL is engaged in investment holdings. The authorised share capital is United States Dollar ("USD") 100 divided into 100 ordinary shares of par value of USD1 each and the paid up share capital of NCFL is USD100, comprising 100 ordinary shares of par value of USD 1 each.

Disposal of subsidiaries

On 27 October 2010, the Company disposed entire 2,410,000 ordinary shares of RM1 each representing 100% equity interest in Arosa Development Sdn Bhd ("ADSB") for a cash consideration of RM1.

On 27 October 2010, the Company disposed entire 1,000,000 ordinary shares of RM1 each representing 100% equity interest in Composites Technology Development Corporation Sdn Bhd ("CTDC") for a cash consideration of RM1.

Profits attributable to the disposal of subsidiaries were as follows:-

Results of disposed subsidiaries:

	Group 2011 RM
Revenue	310,000
Direct operating costs	(400,000)
	(90,000)
Other income	10,716,405
Administrative costs	(6,403)
Other costs	(747,246)
Profit from operations	9,872,756
Finance costs	(90)
Profit before tax	9,872,666
Taxation	-
Profit net of tax	9,872,666

12. SUBSIDIARIES (CONT'D)

Effect of disposal on the financial position of the Group:-

The financial positions of the subsidiaries as at the effective date of disposal were as follows:-

	Group 2011 RM
Sundry deposits	12,217
Bank balances	790
Trade payables	(69,000)
Other payables and accruals	(1,272,473)
Amount owing to former ultimate holding company	(2,771,912)
Amount owing to related companies	(1,714,412)
Taxation	(2,819,156)
Net liabilities of subsidiaries	(8,633,946)
Gain on disposal of subsidiaries	8,633,948
Proceeds from disposal of subsidiaries	2
Less: Cash and cash equivalents of subsidiaries disposed of	(790)
Cash flow on disposal, net of cash disposed of	(788)

13. INTEREST IN ASSOCIATE

	Group 2011 RM	Group 2010 RM
Unquoted shares, at cost	125,001	125,001
Group's share of post acquisition loss	(54,960)	(54,960)
	70,041	70,041
Less: Written off	(70,041)	-
Less: Impairment loss	-	(70,041)
	-	-

The associate, incorporated in Malaysia, is as follow:-

Name of Company	Principal Activity	Effective Equity Interest Indirect 2011	Effective Equity Interest Indirect 2010
Held through First Holdings Sdn. Bhd.			
* Richpool Sdn. Bhd.	Investment holdings	25%	25%

* Interest in associate included in the consolidated financial statements was based on unaudited management financial statements.

13. INTEREST IN ASSOCIATE (CONT'D)

The summarised financial information of the associate is as follows:-

	2011 RM	2010 RM
Total assets	-	-
Total liabilities	-	-
Revenue	-	-
Loss for the year	-	(217,972)

The associate is currently under liquidation process. The associate has been struck off subsequent to financial year end on 24 May 2011.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Equity instruments (unquoted shares in Malaysia) #	1,262,000	1,702,000	60,000	310,000
Less: Impairment losses	-	(1,471,999)	-	(250,000)
Less: Written off	(1,202,000)	(170,000)	-	-
	60,000	60,001	60,000	60,000
Transferable contribution rights	140,000	140,000	-	-
Less: Impairment losses	(100,000)	(100,000)	-	-
Effect of adopting FRS139	100,000	-	-	-
	140,000	40,000	-	-
	200,000	100,001	60,000	60,000

The fair value information has not been disclosed for this financial instrument as its fair value cannot be measured reliably.

The fair value of the unquoted investment securities has not been disclosed as its fair value cannot be measured reliably due to the lack of quoted market price in an active market. The assumptions required for valuing these financial instruments using valuation techniques by management would results that the range of fair value estimates to be significant and the probability of the various estimates cannot be reasonably assessed. Accordingly the carrying amount of the investment continues to be stated at cost.

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 and are held in trust by them.

15. CAPITAL WORK-IN-PROGRESS

	Group 2011 RM	Group 2010 RM
Development costs	54,668,405	54,668,405
Less: Accumulated Impairment loss	(8,612,453)	(8,612,453)
	46,055,952	46,055,952
Reclassified to property, plant and equipment (Note 9)	(46,055,952)	-
	-	46,055,952

These are incurred on the development of the areas adjacent to the hotel resorts.

16. DEFERRED TAX ASSETS

	Group 2011 RM	Group 2010 RM
At beginning of the year/end of the year	9,000	9,000

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

17. GOODWILL

	Group 2011 RM	Group 2010 RM
Cost		
At beginning of the year/ end of the year	19,820,764	19,820,764
Accumulated impairment loss		
At beginning of the year	2,390,969	761,459
Additions	2,492,379	1,629,510
At end of the year	4,883,348	2,390,969
Net carrying amount	14,937,416	17,429,795

Goodwill represents the excess of cost of acquisition over the fair value of the net assets of subsidiaries 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 2011 and 2010 respectively.

17. GOODWILL (CONT'D)

Impairment testing of goodwill

The carrying amounts of goodwill arising from acquisition of subsidiaries are as follows:

	2011 RM	2010 RM
Property development and construction segment:		
Bukit Unggul land	-	2,492,379
Karambunai land	14,937,416	14,937,416
	14,937,416	17,429,795

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 prices for similar assets. The fair values of the development properties are estimated based on market values of comparable properties for Karambunai land and the indicative sale value for Bukit Unggul land as disclosed in Note 25.

The board of directors is of the opinion that no impairment of goodwill allocated to Karambunai land where the fair value exceeded the carrying amount.

Impairment loss recognised

In prior year, the Group recognised impairment loss of RM1,629,510 in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiaries 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 subsidiaries, hence the related goodwill has been impaired accordingly.

During the financial year, an impairment loss of RM2,492,379 was recognised to write-down the carrying amount of goodwill due to the significant impairment loss made on the property owned by a subsidiary of the Group as disclosed in Note 25.

18. PROPERTY DEVELOPMENT COSTS

	Group 2011 RM	Group 2010 RM
Leasehold land, at cost		
At beginning of the year	33,998,223	34,877,831
Add: Transfer from land held for property development (Note 11)	-	1,277,093
Less: Transfer to inventories (Note 19)	(77,702)	-
Less: Reversal of completed projects	(5,154,856)	(2,156,701)
At end of the year	28,765,665	33,998,223
Property development costs		
At beginning of the year	104,168,709	198,300,462
Add: Additions	4,407,822	712,513
Add: Transfer from land held for property development (Note 11)	-	4,793,525
Less: Transfer to property, plant and equipment (Note 9)	-	(1,480,621)
Less: Transfer to inventories (Note 19)	(785,651)	-
Less: Reversal of completed projects	(54,241,639)	(98,157,170)
At end of the year	53,549,241	104,168,709
Cumulative costs recognised in profit or loss		
At beginning of the year	(100,577,349)	(178,519,917)
Additional costs incurred during the year	(16,474,364)	(11,986,855)
Reversal of completed projects	59,396,495	89,929,423
Written off	(654,098)	-
At end of the year	(58,309,316)	(100,577,349)
Total property development costs at end of the year	24,005,590	37,589,583

Property development costs with carrying amount of RM24,005,590 (2010: RM25,909,409) are pledged as securities for term loan facilities granted to subsidiaries as mentioned in Note 39.

19. INVENTORIES

	Group 2011 RM	Group 2010 RM
At cost;		
Completed development properties	7,541,125	10,384,448
Consumables	559,361	522,771
Finished goods	1,916,871	2,845,943
	10,017,357	13,753,162
At net realisable value;		
Completed development properties	-	479,260
	10,017,357	14,232,422

Inventories with carrying amount of RM9,456,071 (2010: RM2,668,422) are pledged as securities for term loan facilities granted to subsidiaries as mentioned in Note 39.

20. TRADE RECEIVABLES

	Group 2011 RM	Group 2010 RM
Third parties	43,990,190	45,624,547
Less: Allowance for impairment loss	(16,681,475)	(11,860,849)
	27,308,715	33,763,698
Amount owing by customers for contract works (Note 38)	20,601,459	43,180,742
	47,910,174	76,944,440

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

	Group 2011 RM	Group 2010 RM
Singapore Dollar	110,290	-
United States Dollar	291,939	431,400

Included in trade receivables of the Group are:-

(i) amounts of RM111,906 (2010: RM104,325) owing by related parties in which certain directors of the Company are also directors and have substantial financial interest and RM52,000 (2010: RM116,569) owing by related parties in which a director of the Company is also a director and has substantial financial interest; and

(ii) amounts of RM15,373,398 (2010: RM17,335,171) are pledged as securities for term loan facility granted to a subsidiary as mentioned in Note 39.

20. TRADE RECEIVABLES (CONT'D)

(a) Credit terms of trade receivables

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.

(b) Ageing analysis of trade receivables

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

	Group 2011 RM
Neither past due nor impaired	21,811,720
1 to 30 days past due not impaired	129,060
31 to 60 days past due not impaired	34,767
61 to 90 days past due not impaired	184,602
91 to 120 days past due not impaired	782,857
More than 121 days past due not impaired	4,365,709
	27,308,715
Impaired	16,681,475
	43,990,190

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. However, the directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date is as follows:-

	Individually Impaired RM
Trade receivables (nominal amounts)	16,681,475
Less: Allowance for impairment	(16,681,475)
	-

20. TRADE RECEIVABLES (CONT'D)

(b) Ageing analysis of trade receivables (cont'd)

Movement in allowance account:

	Group 2011 RM
At beginning of the year	11,860,849
Charge for the year	5,839,242
Written off	(973,013)
Disposal of subsidiary	(45,603)
At end of the year	16,681,475

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

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Third parties	6,549,370	4,226,555	721,333	448,988
Less: Allowance for impairment	(846,481)	(1,714,345)	(407,756)	(407,756)
	5,702,889	2,512,210	313,577	41,232
Deposits	26,294,388	26,941,954	90,994	202,685
Prepayments	3,701,106	5,465,375	-	-
	29,995,494	32,407,329	90,994	202,685
	35,698,383	34,919,539	404,571	243,917

Included in deposits of the Group is an amount of RM25,050,000 (2010: RM25,050,000) deposited with an oversea developer for property development project in Karambunai Peninsular. During the financial year, the Group has terminated the agreement to develop the said property development project and outstanding deposit will be used to set-off against the machinery cost for new project under KIRC development as disclosed in Note 42(c).

Included in other receivables of the Group and the Company are amount of RM1,721,573 (2010: RM Nil) and RM7,161 (2010: RM Nil) respectively due from former subsidiaries.

Included in other receivables, deposits and prepayments of the Group is an amount of RM3,459,410 (2010: RM5,440,215) which are pledged as securities for term loan facility granted to a subsidiary as mentioned in Note 39.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Movement in allowance account as follows:

	Group 2011 RM
At beginning of the year	1,714,345
Charge for the year (Note 6)	2,677
Written off	(870,541)
At end of the year	846,481

Included in prepayments of the Group are prepayment of upfront fee and bank commission of RM 2,360,515 (2010: RM3,978,082) and RM674,229 (2010: RM520,890) respectively for a bank facility granted to a subsidiary.

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

	Group	
	2011 RM	2010 RM
Singapore Dollar	84,635	86,889
United States Dollar	1,367	3,689
Hong Kong Dollar	1,667	2,089
	87,669	92,667

22. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Amounts owing by subsidiaries	341,705,212	1,294,409,475
Less: Allowance for impairment	(269,482,312)	-
	72,222,900	1,294,409,475
Amounts owing to subsidiaries	(44,666,659)	(309,862,877)

These amounts are non-trade in nature, unsecured, interest free and repayable on demand by cash.

23. TAX ASSETS

In prior year this was in respect of tax recoverable from Inland Revenue Board.

24. CASH DEPOSITS WITH LICENSED BANKS

Included in cash deposits with licensed banks of the Group is an amount of RM230,165 (2010: RM224,541) pledged as security for term loan facility granted to a subsidiary as mentioned in Note 39. The Group bear effective interest rates ranging from 2.50% to 2.90% (2010: 0.01% to 3.50%) per annum and mature within one year.

The foreign currency exposure profile is as follows:-

	Group	
	2011	2010
	RM	RM
United States Dollar	-	251,302

25. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Leasehold land that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

	Group	
	2011	2010
	RM	RM
At carrying value:		
At beginning of the year	265,830,452	-
Reclassified from property, plant and equipment (Note 9)	-	8,769,508
Reclassified from land held for property development (Note 11)	75,901,104	257,060,944
Less: Impairment loss	(219,794,868)	-
	121,936,688	265,830,452

The leasehold land of the Group was charged as securities for Promissory Note issued by the Company as mentioned in Note 32. 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 leasehold land is reclassified as non-current assets held for sale and has been impaired to the indicative sale price pursuant to the Purchase Guarantee Agreement, being the higher of the forced sale value of the charged land or the Settlement Sum as mentioned in Note 32.

On 22 March 2011 and 23 May 2011, the Company entered into Sale and Purchase Agreements ("SPAs") to dispose two vacant lands at net carrying amount of RM11,936,688 for cash consideration of RM14,500,000 and RM20,100,000 respectively. Subsequently the deposits have been received. The completions of the sales are pending the fulfilment of certain terms and conditions of the SPA. These lands were pledged to term loan facility granted to a subsidiary as mentioned in Note 39 and part of the disposal proceeds received will be utilised to redeem the term loan facility.

26. SHARE CAPITAL

	Group/Company 2011 RM	Group/Company 2010 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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

27. RESERVES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Accumulated losses	(733,893,857)	(357,622,366)	(432,452,893)	(6,374,360)
Non-distributable				
Share premium	111,535,799	111,535,799	111,535,799	111,535,799
Asset valuation reserve	296,381,131	-	-	-
Foreign exchange translation reserve	9,726,147	668,486	-	-
	417,643,077	112,204,285	111,535,799	111,535,799
	(316,250,780)	(245,418,081)	(320,917,094)	105,161,439

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) Asset revaluation reserve

The asset revaluation reserve represents increases in fair value of leasehold land and buildings, net of tax.

(c) 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.

28. FINANCE LEASE PAYABLES

	Group 2011 RM	Group 2010 RM
Total instalment payments	4,145,507	6,216,834
Less: Future finance charges	(293,490)	(578,024)
Present value of finance lease payables	3,852,017	5,638,810
Finance lease payables		
Payable within 1 year		
Total instalment payments	2,160,357	2,716,120
Less: Future finance charges	(184,929)	(303,282)
Present value of finance lease payables	1,975,428	2,412,838
Payable after 1 year but not later than 5 years		
Total instalment payments	1,985,150	3,500,714
Less: Future finance charges	(108,561)	(274,742)
Present value of finance lease payables	1,876,589	3,225,972
	3,852,017	5,638,810

The finance lease payables of the Group bear interest at rates ranging from 4.84% to 8.51% (2010: 4.17% to 10.32%).

29. BANK BORROWINGS - SECURED

	Group 2011 RM	Group 2010 RM
Current		
Term loans (Note 39)	99,440,136	37,258,162
Bill payables	-	45,243
	99,440,136	37,303,405
Non-current		
Term loans (Note 39)	243,868,903	280,824,324
	343,309,039	318,127,729

29. BANK BORROWINGS - SECURED (CONT'D)

The bill payables facility was secured and supported as follows:-
(a) assignment of export credit insurance policies; and
(b) corporate guarantee of the Company as mentioned in Note 46 and a subsidiary.

The bill payables bore interest rates range from 2.93% - 5.00% per annum. The interest rates, securities, repayment terms and the maturity profile of the term loans of the Group are disclosed in Note 39.

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

	Group	
	2011	2010
	RM	RM
United States Dollar	-	45,243

30. DEFERRED TAX LIABILITIES

	Group	
	2011	2010
	RM	RM
At beginning of the year	126,477,397	125,330,997
Recognised in profit or loss (Note 7)	490,400	1,146,400
Recognised in other comprehensive income	98,793,711	-
At end of the year	225,761,508	126,477,397

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Difference between the carrying amount of property, plant and equipment and their tax base	18,890,800	18,006,800	41,500	68,400
Fair value adjustment in respect of acquisition of subsidiaries	112,957,797	112,957,797	-	-
Deductible temporary differences in respect of expenses	(226,000)	(321,800)	(34,000)	(34,000)
Revaluation surplus	98,793,711	-	-	-
Unrelieved tax losses	(4,082,300)	(3,735,200)	-	-
Unabsorbed capital allowances	(572,500)	(430,200)	(7,500)	(34,400)
	225,761,508	126,477,397	-	-

30. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unrelieved tax losses	225,448,000	210,199,800	655,600	655,600
Unabsorbed capital allowances	14,585,400	14,174,600	2,370,000	2,312,600
Deductible temporary differences in respect of expenses and others	315,000,448	10,675,618	-	-
	555,033,848	235,050,018	3,025,600	2,968,200

31. LONG TERM PAYABLES

In prior year, this amount was in respect of lease premium less advances on a subsidiary's leased land.

32. PROMISSORY NOTE – SECURED

	Group/Company	
	2011	2010
	RM	RM
Promissory Note	130,000,000	130,000,000
Interest accrual	22,673,973	21,173,973
	152,673,973	151,173,973

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% (2010: 5%) per annum, matures on 28 December 2010 and is secured and supported as follows:-

(i) third party first legal charge over the leasehold land and land held for property development of certain subsidiaries of the Company as mentioned in Notes 9, 10, and 11 respectively;

(ii) debenture comprising fixed and floating charges on all assets of the Company and of certain subsidiaries of the Company as mentioned in Notes 9 and 18 respectively;

(iii) memorandum of deposit and charge over the entire issued and paid-up shares capital of certain subsidiaries of the Company as mentioned in Note 12; 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.

32. PROMISSORY NOTE – SECURED (CONT'D)

Upon the maturity of Promissory Note on 29 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) at page 117 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 by the director will be subjected to the approvals from the shareholders of the Company, the Securities Commission and any other regulatory approvals if applicable.

On 26 May 2011, Abrar Discounts Berhad ("ADB") has agreed to accept the sale of the charged land for RM110 million, being the reduced Settlement Sum of the Promissory Note ("the Settlement Sum"), on or before 30 September 2011. The Settlement Agreement is currently being finalised as at the date of this report.

33. TRADE PAYABLES

	Group	
	2011	2010
	RM	RM
Third parties	46,710,931	60,505,902
Progress billings in respect of property development costs	51,752,401	58,380,117
	98,463,332	118,886,019
Amount owing to customers for contract works (Note 38)	1,291,502	1,368,101
	99,754,834	120,254,120

Included in trade payables of the Group are retention sum amounting to RM5,411,789 (2010: RM6,046,503).

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	
	2011	2010
	RM	RM
Chinese Renminbi	1,138,948	-
Singapore Dollar	417,537	-
United States Dollar	76,310	184,000
	1,632,795	184,000

34. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Other payables	59,085,612	57,566,059	4,299,510	10,029,615
Refundable deposits	6,864,497	489,866	6,817,907	451,000
Tax penalty and interest accrued	58,636,713	54,069,493	167,772	167,772
Accruals	19,389,438	25,666,089	8,220,426	8,876,481
	143,976,260	137,791,507	19,505,615	19,524,868

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

	Group	
	2011	2010
	RM	RM
Hong Kong Dollar	52,012	2,271,458
Singapore Dollar	398,918	278,136
United States Dollar	1,843,861	121,145
	2,294,791	2,670,739

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 RM31,444,477 (2010: RM29,202,740) 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 in prior years 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% (2010: 6.75% to 8.75%) as late payment charges until the full settlement. During the year, an amount of RM2,241,737 (2010: RM2,829,358) was accrued as late interest charges owing to the related party in the financial statements.

Included in other payables of the Group and the Company are amount of RM35,020,632 (2010: RM30,196,352) and RM2,586,636 (2010: RM8,644,660) owing to related parties in which certain directors of the Company are also directors and have substantial financial interest. This amount is unsecured, interest free, repayable on demand by cash.

Included in refundable deposits of the Group and the Company is rental deposits received from subsidiaries amounted to RM37,500 (2010: RM37,500).

Included in refundable deposits of the Company is rental deposits received from related parties in which certain directors of the Company are also directors and have substantial financial interest amounted to RM71,500 (2010: RM71,500).

35. AMOUNT DUE TO DIRECTOR

This amount owing to director is non-trade in nature, unsecured, interest free, repayable on demand by cash.

36. 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	
	2011	2010	2011	2010
	RM	RM	RM	RM
At beginning of the year	388,546	435,135	135,971	95,474
Add: Additional provision	397,471	-	-	40,497
Less: Utilisation	(528,588)	(46,589)	-	-
At end of the year	257,429	388,546	135,971	135,971

37. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following at the reporting date:-

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash held under housing development accounts	155,551	3,482	-	-
Cash and bank balances	68,009,525	2,844,744	891,663	128,740
	68,165,076	2,848,226	891,663	128,740
Cash deposits with licensed banks (Note 24)	2,956,829	4,212,955	-	-
	71,121,905	7,061,181	891,663	128,740
Less: Cash under escrow	(60,500,000)	-	-	-
Less: Cash deposits under lien	(2,726,664)	(3,737,112)	-	-
Cash and cash equivalents	7,895,241	3,324,069	891,663	128,740

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 RM2,353,631 (2010: RM3,388,239) 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 subsidiaries;

37. CASH AND CASH EQUIVALENTS (CONT'D)

(c) cash deposits amounting to RM373,033 (2010: RM348,873) which are pledged for bank guarantee facility granted to certain subsidiaries; and

(d) cash at banks amounting to RM60,500,000 (2010: RM Nil) are held under Escrow Account pursuant to Term Loan V (Note 39) and therefore it is restricted from use in other operations.

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

	Group	
	2011	2010
	RM	RM
Hong Kong Dollar	4,142	5,191
Singapore Dollar	2,554	353,302
United States Dollar	66,773	59,299
	73,469	417,792

38. AMOUNT OWING BY/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2011	2010
	RM	RM
Contract cost		
At beginning of the year	55,929,573	105,438,005
Additions during the year	4,943,323	624,754
Adjustments for completed projects	-	(50,133,186)
Written off	(23,096,204)	-
At end of the year	37,776,692	55,929,573
Add: Attributable profits		
At beginning of the year	6,353,792	12,024,448
Additions during the year	-	2,043,283
Over-recognition in prior year	(4,930,579)	-
Adjustments for completed projects	(45,203)	(7,713,939)
At end of the year	1,378,010	6,353,792
	39,154,702	62,283,365
Less: Progress billings		
At beginning of the year	20,470,724	75,064,577
Additions during the year	-	3,332,354
Reversal of over billings	(63,856)	(79,079)
Adjustments for completed projects	(562,123)	(57,847,128)
At end of the year	(19,844,745)	(20,470,724)
	19,309,957	41,812,641

38. AMOUNT OWING BY/(TO) CUSTOMERS FOR CONTRACT WORKS (CONT'D)

	Group 2011 RM	Group 2010 RM
Represented by:-		
Amount owing by customers for contract works (Note 20)	20,601,459	43,180,742
Amount owing to customers for contract works (Note 33)	(1,291,502)	(1,368,101)
	19,309,957	41,812,641

The total retention sums included in the progress billings amounted to RM Nil (2010: RM22,829).

39. TERM LOANS – SECURED

	Group 2011 RM	Group 2010 RM
Term Loan I		
7.75% to 8.40% (2010: 7.75% to 8.40%)	14,468,543	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	84,344,976	103,500,000
- by sale proceeds of Nexus Residence Karambunai project	150,000,000	150,000,000
	234,344,976	253,500,000
Term Loan III		
Under Al Bai' Bithaman Ajil arrangement		
BLR + 4.0% financing charges repayable in July 2014	30,274,113	43,104,022
Term Loan IV		
Under Al Bai' Bithaman Ajil arrangement		
Internal rate of return of 9% (2010: 9%) per annum financing charges repayable in February 2015	3,594,790	3,345,302
Term Loan V		
United States Dollar ("USD") Singapore Interbank Offered Rate ("SIBOR") + 1.25% (2010: Nil) per annum	60,626,617	-
	343,309,039	318,082,486
Repayment due within twelve months (Note 29)	(99,440,136)	(37,258,162)
Repayment due after twelve months (Note 29)	243,868,903	280,824,324

39. TERM LOANS – SECURED (CONT'D)

These term loans are secured as follows:-

Term loan I

(i) corporate guarantee from the Company; and
(ii) charge over shares (and all rights thereto) issued by a subsidiary.

Term loan II

(i) fixed and floating charge over the assets and undertaking of the subsidiary. However, the Syndicated Lenders shall disclaim all its right over the subsidiary and the assets including landed properties of the subsidiary as mentioned in Note 9;
(ii) debenture comprising fixed and floating charges over all present and future assets of certain subsidiaries, as mentioned in Notes 9, 10, 19, 21 and 24 respectively;
(iii) charge over shares (and all rights thereto) issued by the subsidiary, but excluding shares currently charged to Malaysian Assurance Alliance and Term loan I as mentioned in Note 12;
(iv) first ranking, fixed charge and registered mortgage by the subsidiary over the Nexus Resort Karambunai Hotel as mentioned in Note 9;
(v) first ranking, third party fixed charge and registered mortgage by a subsidiary over its land bank in Karambunai as mentioned in Note 11;
(vi) assignment of the rights and benefits of sales proceeds under the Sale and Purchase Agreement entered into between the subsidiaries with purchasers of the Nexus Residences project;
(vii) assignment of all project insurance and proceeds thereof;
(viii) assignment of the designated accounts (subsidiary's revenue and operating account, Nexus Residences project account, Debts Service Reserve accounts);
(ix) assignment of the rights title, interest and benefit of the subsidiaries over the joint venture agreement;
(x) corporate guarantee of the Company as mentioned in Note 46; and
(xi) corporate guarantee of the subsidiaries.

Term loan III and IV

(i) fixed charges on certain development properties of certain subsidiaries, as mentioned in Note 18;
(ii) deed of assignment on all rights, interest and benefits of project revenue accounts, finance service reserve account and project operating account of a subsidiary opened and maintained with the bank;
(iii) corporate guarantee of the Company as mentioned in Note 46.

Term loan V

(i) third party 2nd legal charge over the Nexus Resort Karambunai Hotel as mentioned in Note 9;
(ii) third party 2nd legal charge by a subsidiary over its land bank in Karambunai as mentioned in Note 11;
(iii) assignment of Karambunai Corp Bhd. ("KCB") Group's rights, title, interests and benefits in the Sale & Purchase Agreements entered or to be entered into between KCB Group and any potential Purchaser for the sale and purchase of the Specified Properties including the rights, title and benefits in the Sales Proceed;
(iv) charge over the Sale and Purchase Agreement Receipts Account;
(v) assignment of the Heads of Agreement entered into between KCB Group and any potential Purchaser;
(vi) corporate guarantees of the Company as mentioned in Note 46; and
(vii) corporate guarantee of the subsidiaries.

39. TERM LOANS – SECURED (CONT'D)

Term loan I was granted to a subsidiary by a licensed bank and syndicated lenders ("Lenders"). During the financial year, the Lenders has agreed to restructure the outstanding principal amount to USD2.56 million as the final settlement sum. The new settlement schedule is as follows:-

Year	Payable to	2011 USD '000
Year 1 - 3	-	Nil
Year 4	Bank Mandiri	400
Year 5	Bank Mandiri	600
Year 6	Bank Mandiri and Syndicated Lenders	1,560
		2,560

The interest rate will be fixed at 2.5% per annum on a monthly interest payment basis.

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

	Group	
	2011 RM	2010 RM
United States Dollar	75,095,160	18,133,162

39. TERM LOANS – SECURED (CONT'D)

The maturity profile of term loans for the Group is 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	After 5 Years	Sub Total	Total
2011	RM	RM	RM	RM	RM	RM	RM	RM
Term loan								
I	14,468,543	-	-	-	-	-	-	14,468,543
II	24,344,976	60,000,000	150,000,000	-	-	-	210,000,000	234,344,976
III	-	-	-	30,274,113	-	-	30,274,113	30,274,113
IV	-	-	-	3,594,790	-	-	3,594,790	3,594,790
V	60,626,617	-	-	-	-	-	-	60,626,617
	99,440,136	60,000,000	150,000,000	33,868,903	-	-	243,868,903	343,309,039
2010								
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

40. RELATED PARTIES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has a related party relationship with its subsidiaries, key management personnel and directors' related companies.

(b) Inter-company transactions are as follows:-

	Company	
	2011	2010
	RM	RM
Impairment loss on amounts owing by subsidiaries	269,482,312	-
Intercompany balances written off	66,864,544	-
Purchase of air tickets and tour from a subsidiary	237,786	121,311
Employee benefits expenses allocated to subsidiaries	752,754	770,863
Meals and accomodation charges paid and payable to subsidiaries	392,605	289,258
Management fee received and receivable from a subsidiary	-	(4,000,000)
Rental revenue	(3,338)	(97,614)
Waiver of debts by subsidiaries	(8,816,928)	-

Information regarding outstanding balances arising from inter-company transactions as at 31 March 2011 is mentioned in Note 22.

40. RELATED PARTIES (CONT'D)

(c) Related party transactions are as follows:-

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 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	259,974	259,974	259,974
- Ticketing and tour revenue	(37,684)	(73,396)	-	-
- Interest payable	2,241,737	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	(493,606)	(509,610)	-	-

Information regarding outstanding balances arising from transactions with the related parties as at 31 March 2011 is mentioned in Notes 20 and 34 respectively.

(d) Compensation of key management personnel

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Short-term employee benefits expenses	1,296,000	1,358,983	660,000	642,983
Post employment benefits expenses	120,900	132,900	34,500	34,500

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Directors' remuneration	1,416,900	1,491,883	694,500	677,483

41. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows: -

	Group	
	2011	2010
	RM	RM
Payable within one year	16,279,703	7,650,896
Payable after one year but not more than 5 years	38,045,086	23,464,126
	54,324,789	31,115,022

Minimum lease payments recognised in profit or loss for the financial year ended 31 March 2011 amounted to RM16,180,487 (2010: RM10,241,594).

42. SIGNIFICANT EVENTS

(a) On 8 October 2008, the Company announced a proposed acquisition of 600,000 ordinary shares of RM1 representing 60% equity interest in Beribu Ukiran Sdn. Bhd. ("BUSB"), from FACB Industries Incorporated Berhad ("FACBII") for a total cash consideration of RM3,160,934. The Company also announced a proposed novation to Dapan Holdings Sdn. Bhd. ("DHSB"), a wholly-owned subsidiary of the Company, of RM33,373,382, being amount due and owing by BUSB to FACB II and to be paid by DHSB to FACBII and the repayment there to be guaranteed by the Company. On 7 October 2010, the Company announced that DHSB and FACBII have mutually agreed to extend the payment of RM16,956,007 due on 6 October 2010 to be paid on or before 6 October 2011.

(b) On 24 July 2009, a subsidiary, FACB Land has entered in 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 substantive financial interest and are also directors. On 23 November 2010, FACB Land and Majurama jointly agreed to abort the disposal as one of the conditions relating to approval by the relevant authority cannot be met within the stipulated timeframe. FACB Land will continue to pursue the necessary approval and may re-consider the Proposed Disposal in the future.

(c) On 17 March 2011, the Company's wholly-owned subsidiary, Karambunai Resorts Sdn Bhd ("KRSB") has signed a Joint Venture Agreement ("JVA") with China Central Asia Group Co. Ltd ("CCAG") to undertake the proposed development known as "Karambunai Beachfront Mixed Development" ("KBMD" or "Project") which is the first phase of the Karambunai Integrated Resort City ("KIRC") development. The KBMD measures approximately 75.0 acres of land ("the Land") being a portion of the land held under Country Lease No. 045091174 measuring approximately 1,500 acres situated at Menggatal, District of Kota Kinabalu, Sabah, Malaysia ("Karambunai Land").

KIRC is envisioned to be a multi-billion ringgit econature integrated resort development which has been classified as Entry Point Project under Government's Economic Transformation Programme to transform the country into a high income and developed nation.

43. SUBSEQUENT EVENT

On 26 May 2011, ADB has agreed to accept the sale of the charged land for RM110 million, being the Settlement Sum, on or before 30 September 2011. The Settlement Agreement is currently being finalised as at the date of this report.

44. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their services and has three reportable operating segments as follows:-

Management services, venture capital, investment holdings and others	Investment holdings, 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.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence no disclosures are made on segment assets and liabilities.

44. SEGMENT INFORMATION (CONT'D)

(i) Operating Segments

	Management Services, Venture Capital, Investment Holding & Others	Property Development & Construction	Leisure & Tourism	Trading	Adjustment and Eliminations	Note	Consolidated
	RM	RM	RM	RM	RM		RM
2011							
Revenue							
External revenue	2,047,879	51,737,410	72,927,210	-	(1,424,119)		125,288,380
Inter-segment revenue	(1,603,182)	2,313,443	(2,134,380)	-	1,424,119	a	-
Total revenue	444,697	54,050,853	70,792,830	-	-		125,288,380
Result							
Interest expenses	6,502,541	14,112,251	7,563,500	-	-		28,178,292
Interest revenue	(276)	(133,787)	(33,159)	-	-		(167,222)
Other non-cash expenses	11,318,538	316,842,900	27,867	25,904,966	-		354,094,271
Segment loss before tax	(586,119,600)	(702,799,618)	(351,029,756)	(566,294)	1,267,775,338	b	(372,739,930)
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	a	-
Total revenue	1,974,712	56,732,877	72,616,104	8,353,660	-		139,677,353
Result							
Interest expenses	6,509,229	15,509,444	7,627,907	-	-		29,646,580
Interest revenue	(277)	(235,848)	(231)	287	-		(236,069)
Other non-cash expenses	2,870,557	3,508,584	11,545,448	18,457	-		17,943,046
Segment loss before tax	(8,016,878)	(22,404,859)	(9,081,569)	(1,473,678)	(2,032,952)	b	(43,009,936)

44. SEGMENT INFORMATION (CONT'D)

(i) Operating Segments (cont'd)

(a) Inter-segment revenues are eliminated on consolidation.

(b) Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2011 RM	2010 RM
Amortisation of upfront fee	1,617,567	1,738,406
Depreciation of property, plant and equipment	11,790,092	11,502,500
Impairment loss on:		
- available-for-sale financial assets	-	250,000
- goodwill	2,492,379	1,629,510
- investment in associate	-	70,041
- land held for property development	64,687,887	-
- non-current asset held for sale	219,794,868	-
- property, plant and equipment	22,507,133	-
- receivables	5,841,919	752,189
Inventories written down	-	366,869
Written off of:		
- amount due from customers	22,515,428	-
- bad debts	1,681,852	66,588
- deposits	336,656	-
- property, plant and equipment	174,392	1,566,943
- property development cost	654,098	-
	354,094,271	17,943,046

(ii) Geographical Information

Revenue information based on the geographical location of customers is as follows:

	2011 RM	2010 RM
Malaysia	125,288,380	131,323,693
Asia Pacific	-	8,353,660
	125,288,380	139,677,353

45. MATERIAL LITIGATIONS

Group

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 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 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.

46. CONTINGENT LIABILITIES – UNSECURED

	Company	
	2011	**2010**
	RM	**RM**
Corporate guarantee given by the Company to financial institutions and third parties for banking and outstanding credit facilities granted to the subsidiaries as mentioned in Notes 20, 29 and 39 respectively	374,753,516	347,330,468

Contingent liabilities are secured by charges as disclosed in Note 39.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure optimal allocation of financial resources for the development of the Group's business while managing its risk. The main risks and corresponding management policies arising from the Group's normal course of business are as follow:-

i. Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of its bank borrowings of which the currency denomination differs from its functional currency.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

i. Foreign Exchange Risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

		Group 2011 RM Profit/(loss) net of tax
USD/RM	- strengthened 8%	(4,432,256)
	- weakened 8%	4,432,256

ii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates to interest bearing financial assets and liabilities.

Interest bearing financial assets includes cash deposits with licensed banks and other corporation which are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee and borrowing facilities granted to the Group.

The Group's interest bearing financial liabilities comprise bank borrowings.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the financial year would not affect profit or loss.

As at the end of the financial year, a change of 75 basis points in interest rates, with all other variables held constant, would decrease/increase the equity and profit after tax by approximately RM1,832,000, arising mainly as a result of lower/higher interest income on floating deposits rate and higher/lower interest expense on floating rate loans and borrowings.

iii. Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from the advances to subsidiaries and the financial guarantees given. For other financial assets, the Group and the Company minimize credit risk by dealing with high credit rating counterparties.

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

iii. Credit Risk (cont'd)

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.

Exposure to credit risk
At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of receivables recognised in the statements of financial position. Information regarding credit enhancements, if any, for trade receivables is disclosed in Note 20.

The Group does not have any significant exposure to any individual customer. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 20.

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired
Information regarding trade receivables that are either past due or impaired is disclosed in Note 20.

Inter Company Balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Financial Guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries.

As at reporting date, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote due to the outstanding loans in the subsidiaries are adequately secured by assets as disclosed in Note 39. Should the subsidiaries default any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

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

iv. Liquidity Risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from loans and borrowings.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

	2011 RM				
	Carrying amount RM	Contractual cash flows RM	On demand or within 1year RM	1 to 2 years RM	2 to 5 years RM
Group					
Financial liabilities:					
Trade payables	99,754,834	99,754,834	99,754,834	-	-
Other payables	143,976,260	143,976,260	143,976,260	-	-
Finance lease payables	3,852,017	4,145,507	2,160,357	1,289,125	696,025
Amount owing to Director	45,384,294	45,384,294	45,384,294	-	-
Promissory note - secured	152,673,973	152,673,973	152,673,973	-	-
Term loan - secured	343,309,039	359,873,921	79,592,667	74,667,874	205,613,380
	788,950,417	805,808,789	523,542,385	75,956,999	206,309,405
Company					
Financial liabilities:					
Other payables	19,505,615	19,505,615	19,505,615	-	-
Amount owing to Director	11,360,764	11,360,764	11,360,764	-	-
Amount owing to subsidiaries	44,666,659	44,666,659	44,666,659	-	-
Promissory note - secured	152,673,973	152,673,973	152,673,973	-	-
	228,207,011	228,207,011	228,207,011	-	-

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables and payables, amounts owing (by)/to subsidiaries and amount owing to a director based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The carrying amounts of financial assets and liabilities recognised on the statement of financial position approximate their fair values except for the following:-

	Group		Company	
	Carrying Amount RM	Fair Values RM	Carrying Amount RM	Fair Values RM
2011				
Financial Asset				
Available-for-sale financial assets (Note 14)	60,000	*	60,000	*
Financial Liabilities				
Finance lease payables (non current)	1,876,589	1,885,408	-	-
2010				
Financial Asset				
Available-for-sale financial assets (Note 14)	60,000	*	60,000	*
Financial Liabilities				
Finance lease payables (non current)	3,225,972	3,183,874	-	-

The fair value of non-current term loans and finance lease payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

* Information regarding fair value of unquoted equity instruments is disclosed in Note 14.

49. CAPITAL MANAGEMENT

The primary objective of the Group and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 March 2011 and 31 March 2010.

The debt-to-equity ratio is calculated as net debts divided by total capital of the Group and the Company. Net debts comprise bank borrowings less cash and cash equivalents whilst total capital is the total equity of the Group and the Company. The debt-to-equity ratio as at 31 March 2011 and 2010 are as follows:

	Group		Company	
	2011	2010	2011	2010
Total interest-bearing borrowings (RM)	499,835,029	474,940,512	152,673,973	151,173,973
Less: Cash and cash equivalents (RM)	7,895,241	3,324,069	891,663	128,740
Total net debts (RM)	491,939,788	471,616,443	151,782,310	151,045,233
Total equity (RM)	698,779,060	769,611,759	694,112,746	1,120,191,279
Debt-to-equity ratio (%)	70%	61%	22%	13%

50. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year presentation:-

	Group	
	As Reclassified RM	As Previously Classified RM
Statement of Comprehensive Income		
Direct costs	115,614,878	103,005,218
Administrative costs	21,572,160	34,181,820

51. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised accumulated losses of the Group and of the Company at 31 March 2011 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at 31 March 2011 is analysed as follows:

	Group RM	Company RM
Total retained profits of the Company and its subsidiary companies		
- realised	(619,258,150)	(432,452,893)
- unrealised	(14,001,000)	-
	(633,259,150)	-
Less: Consolidation adjustments	(100,634,707)	-
Total accumulated losses	(733,893,857)	(432,452,893)

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

52. CHANGE OF FINANCIAL YEAR END

The Company will change its financial year end from 31 March to 31 December which will be effective after the close of financial year ended 31 March 2011. Accordingly, the financial statements of the Group and the Company for the financial period ending 31 December 2011 cover a 9-months period. Thereafter, the financial year end of the Company will revert to the usual 12 months from 1 January to 31 December.

	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: 999 years	2897	-	1,070,421
2	CL.045091174 Mukim Menggatal Kota Kinabalu Sabah	364.10	Resort Development	Leased: 99 years	2093	-	327,355
3	Lots PT 2180, 2181 & 2182 Mukim Dengkil District of Sepang Selangor	551.59	Resort Development	Leasehold: 99 years	2087	-	140,991
4	Country Lease No 015414972 Miles 13 Tuaran Road District of Kota Kinabalu Sabah	168.06	Mixed Development	Leasehold: 999 years	2905	-	73,229
							1,611,996

Shareholders' Information

as at 29 July, 2011

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	455	0.829	18,545	0.001
100 - 1,000	11,001	20.045	10,724,889	0.528
1,001 - 10,000	31,463	57.330	145,792,187	7.182
10,001 - 100,000	10,614	19.340	357,920,239	17.631
100,001 to less than 5% of issued shares	1,344	2.449	624,481,304	30.762
5% and above of issued shares	4	0.007	891,122,516	43.896
TOTAL	54,881	100.000	2,030,059,680	100.000

TOP THIRTY SHAREHOLDERS AS AT 29 JULY, 2011

No.	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 Tan Sri Dr Chen Lip Keong	156,000,033	7.685
4	Chen Lip Keong	153,846,154	7.578
5	Jimmy Thomas @ James Abraham Thomas	22,616,000	1.114
6	Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited	16,172,118	0.797
7	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	15,984,300	0.787
8	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	13,839,000	0.682
9	HDM Nominees (Tempatan) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Lee Chee Wee	11,500,000	0.566
10	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	10,340,100	0.509
11	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for River Estates Incorporated	10,000,000	0.493
12	Quah Kay Leong	9,500,000	0.468
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Chai Hock (MY0972)	8,165,000	0.402
14	Quantum Symbol Sdn Bhd	8,150,000	0.401

TOP THIRTY SHAREHOLDERS AS AT 29 JULY, 2011 (CONT'D)

No.	Name of Shareholders	No. of Shares	%
15	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sew Hoey (Tan Siew Hoey)	7,624,600	0.376
16	CIMSEC Nominees (Asing) Sdn Bhd Exempt an for CIMB Securities (Singapore) Pte Ltd	6,297,568	0.310
17	Pua Lay Tee	6,088,800	0.300
18	Song Kim Lee	6,000,000	0.296
19	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan	6,000,000	0.296
20	Yeoh Kean Hua	5,490,000	0.270
21	Jin Fu	4,283,000	0.211
22	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Hock See	4,252,100	0.209
23	A.A. Anthony Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yew Teck Huah	3,693,100	0.182
24	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Chun Kim @ Liew Chun Tai	3,402,300	0.168
25	Sim Geok Peak	3,300,000	0.163
26	Tan Men Kue	3,209,800	0.158
27	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	3,120,500	0.154
28	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Singapore)	3,050,000	0.150
29	Ho Tau Tai	3,000,000	0.148
30	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	2,906,100	0.143
	TOTAL	**1,089,106,902**	**53.649**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 JULY, 2011

	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 29 July, 2011

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	[a] 891,122,516	43.90	-	-
3.	Chen Yiy Fon	-	-	-	-
4	Datuk Robin Loh Hoon Loi	-	-	-	-
5.	Datuk Wan Kassim bin Ahmed	-	-	-	-
6.	Chen Yiy Hwuan	-	-	-	-
7.	Dato' Dr Mohd Aminuddin bin Mohd Rouse	-	-	-	-
8.	Lim Mun Kee	-	-	-	-

Notes :

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

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-Fifth Annual General Meeting of the Company to be held at the Magibah, Nexus Resort & Spa Karambunai, No. 1, Nexus Drive West, Karambunai, Off Jalan Sepangar, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Wednesday, 28 September 2011 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 Datuk Wan Kassim bin Ahmed as Director		
4	Re-election of Mr Chen Yiy Fon as Director		
5	Re-election of Datuk Robin Loh Hoon Loi 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 ______________, 2011

____
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. 9020, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

Fold this flap for sealing

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AFFIX
STAMP

THE COMPANY SECRETARIES

KARAMBUNAI CORP BHD
No. 9020, Nexus Drive West, Karambunai
PPM No. 200, Menggatal
88450 Kota Kinabalu
Sabah, Malaysia

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