malaysia pacific corporation berhad
(12200-M)

CHARTING A NEW SILK ROAD – CONNECTING CHINA, ASEAN, INDIA & THE MIDDLE EAST

APTEC
ASIA PACIFIC TRADE & EXPO CITY

in

LAKEHILL
RESORT CITY

Annual Report 2010

malaysia pacific corporation berhad Annual Report 2010

www.mpcb.com.my
www.aptec.com.my
www.lakehillresortcity.com

malaysia pacific corporation berhad

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C O N T E N T S

NOTICE OF THE THIRTY-EIGHTH (38TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 38th Annual General Meeting of the Company will be held at Prince Hotel & Residence, Prince 3, Level 3, Jalan Conlay, 50450 Kuala Lumpur on Wednesday, 22 December 2010 at 10.00 a.m. to transact the following business:-

A G E N D A

A Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 and the Reports of Directors and Auditors thereon. (Note 2)

2. To approve the payment of Directors' Fees for the financial year ended 30 June 2010. (Resolution 1)

3. To re-elect the following Directors who retire pursuant to Article 85 of the Company's Articles of Association:-

   (i) Dato' Syed Hussien bin Abd Kadir (Resolution 2)

   (ii) Datin Kong Yuk Chu (Resolution 3)

4. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)

B. Special Business

5. To consider and if thought fit, to pass, with or without modifications, the following ordinary resolution:-

   AUTHORITY TO ISSUE SHARES

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." (Resolution 5)

6. To consider and if thought fit, to pass the following special resolution:-

   PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

   "THAT the existing Article 149 of the Company's Articles of Association be deleted in its entirely and that the following new Article 149 be adopted:- (Resolution 6)

   Payment of dividend, interest or other money payable in cash, by cheque or electronic transfer

PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY (continued)

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or paid via electronic transfer of remittance to the account provided by the holder who is named on the Register of Members and/or Record of Depositors. Every such cheque or warrant or electronic transfer of remittance shall be made payable to the order of the person to whom it is sent or remitted, and the payment of any such cheque or warrant or electronic transfer of remittance shall operate as a good discharge to the Company in respect of the dividend, interest or other money payable in cash represented thereby notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon, or the instruction for the electronic transfer of remittance, has been forged. Every such cheque or warrant or electronic transfer of remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented and the Company shall have no responsibility for any sums lost or delayed in the course of delivery or remittance or where the Company has acted on any such instructions of the Member."

C. Other Business

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

By Order of the Board

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009745)
CHIN LEE CHYEN (MAICSA 7055910)
Company Secretaries

Kuala Lumpur
Date: 30 November 2010

NOTES:-

1. Appointment of Proxy

(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (or in the case of a corporation, a duly authorised representative) 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 need not be complied with. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.

(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

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

(iv) The instrument appointing a proxy shall be deposited at the registered office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

NOTES (continued):-

2. Audited Financial Statements for the Financial Year Ended 30 June 2010

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. Explanatory Notes on Special Business

(i) Resolution 5 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 5 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Seventh Annual General Meeting held on 22 December 2009 and which will lapse at the conclusion of the Thirty-Eighth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s) and working capital.

(ii) Resolution 6 – Proposed Amendment to Articles of Association of the Company

The Proposed Special Resolution 6 is to amend the Company's Articles of Association to be in line with the amendments in the Listing Requirements of Bursa Malaysia Securities Berhad in relation to e-Dividend.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am pleased to present to you the Annual Report and Financial Statements of your Company for the financial year ended 30 June 2010.

FINANCIAL PERFORMANCE

For the financial year ended 30 June 2010 ("FYE 2010"), the Group registered revenue (operations and other income) of RM70.4 million, a decrease of 13.6% from RM81.5 million in the previous corresponding financial year ended 30 June 2009 ("FYE 2009"). The lower revenue was largely owed to the sales launching and joint-venture of LakeHill Resort and APTEC City being delayed pending the comprehensive approval of all the said developments being first obtained, including the special tax incentive status applied under APTEC City. It is a matter of prudence to delay the sales launching as such special incentive status approval will highly influence the sales pricing and the strategic marketing and joint-venture planning of the entire development.

The Group's profit before tax has also reduced to RM42.0 million from RM53.3 million compared with the previous FYE 2009.

Likewise the earnings per share have reduced from 31.0 sen in FYE 2009 to 23.4 sen in the FYE 30 June 2010.

Contrarily, the Company recorded a net asset per share of RM1.26 as at 30 June 2010 which is an improvement by comparing it on the basis of an enlarged issued capital of 287.66 million shares compared to the previous 172.60 million shares. Although the previous corresponding year reported a net asset per share of RM1.54, it was based on a smaller issued and paid up capital of 172.60 shares.

We are happy to note that for the first time, the Group recorded a net current asset of RM29.7 million as of the financial year ended 30 June 2010.

OPERATIONAL REVIEW

A. Wisma MPL

Owing to the financial crisis in Dubai the Company decided to cancel the negotiated joint-venture of Wisma MPL with the Middle-Eastern group. However, after the cancellation the market value of Wisma MPL has increased in valuation by an approximate RM60.0 million. This has turned out to the advantage of your Company in terms of valuation.

The Company is continuing to discuss with other potential joint-venture partners based on revised higher value that will put your Company into a "cash-rich" position upon completion. With this last hurdle of outstanding debt settled after this joint-venture complete, your Group will be in totally debt-free plus having a strong cash-reserve position.

B. LakeHill Resort City and APTEC City in Iskandar Malaysia, Johor

These two developments in Iskandar Malaysia will be the "crown jewels" of your Group's future growth direction and strong recurring income and dividend plan, comprising many spin-off subsidiaries and business joint-ventures. When implemented, APTEC will spearhead into other business areas such as hotels and hospitality, tourism and trade, logistics, medical hospital, university and education, financial services, entertainment field, transportation and so forth. It is envisaged that the formation of subsidiaries and joint-ventures can be funded via internal resources and Special Purpose Vehicle ("SPV") independent borrowings derived from the increased land valuation of various component parcels of land as work progressed.

Our joint-venture with Amanah Raya Berhad is directly under the "Minister of Finance Inc", Government of Malaysia. Amanah Raya Berhad is 22% partnership with your Company holding 78% of LakeHill Resort Development Sdn Bhd and Asia Pacific Trade & Expo City Sdn Bhd ("APTEC"). The management is optimistic of the future success story with government encouragement and support. APTEC is designed as the trade and economic "platform" for regional government to government cooperation and people to people mutual benefits for economic gain and socio-development of all participating partners and countries.

"APTEC IS THE ECONOMIC "PLATFORM" FOR THE REVIVAL OF A NEW SILK-ROAD-CONNECTING CHINA, ASEAN, INDIA, AFRICA AND MIDDLE EAST".

Your Company is not developing APTEC as a property development play alone but a socio-economic "platform" to spur world trade in a "one-stop" convenient location and a trade "cross-road" between the Pacific and South China Sea and the Indian Ocean.

The Company is pleased to inform that the APTEC City, comprising of 3 millions square feet of trade-expo center and its supporting component developments of hotels, international city of entertainment and the unique premium factory outlet (total 5 million square feet) has been granted and certified by the Ministry of Tourism as a registered tourism project on 31 May 2010, which will be entitled to many financing incentives and tax status.

This certification by the Ministry of Tourism is very significant as it is one of the approving bodies for our application of the special tax incentives status.

The Company is optimistic that the incentives status when granted would help facilitate the numerous joint-ventures with various partners' specialised operators and for the 22 component parcels of land in LakeHill Resort and APTEC City.

The Company will announce separately on each occasion and progress of development in the coming next few quarters.

SIGNIFICANT CORPORATE DEVELOPMENTS

During the financial year under review, the Company has announced the successful completion of the two-call rights issue of 115,062,987 ordinary shares of RM1.00 each in the Company ("Rights Shares") together with 115,062,987 free detachable warrants with an exercise price of RM1.00 per warrant. The Rights Issue was fully over-subscribed and completed on 28 April 2010.

The total acceptances and excess applications pertaining to the Rights Issue exceeded 30.15%. This was a significant indicator of strong support and confident from the public and shareholders in your Company's future outlook.

So far, the market trading price has not reflected the NA per share nor the prospects and future. With better understanding of the Group's businesses henceforth we hope that the investment mood will change for the better.

PROSPECTS AND FUTURE

The Group's financial position is getting stronger and will be more so, given the positive support we have received from the Government and the enquiries in what APTEC is designed to do.

In anticipation of the special tax incentives to be granted for APTEC City, the ongoing discussions of a number of joint-ventures in APTEC and LakeHill as well as the redevelopment of Wisma MPL should bring to your Company very positive strong cash flow and high profitability gain in the foreseeable future. We hope this will be materialised with solid results in the coming one year.

Barring unforeseen circumstances, the Group expected the new joint-venture will put your Group in total debt-free position and with a huge "war-chest" for more business diversification, largely related or connected to APTEC trade, logistics and supply chains sectors.

APPRECIATION

The Company has worked very hard for the past year in overcoming its past poor financial disaster. The Management will continue the CEO's corporate strategy and remain committed in putting your Company into a strong new plateau of growth.

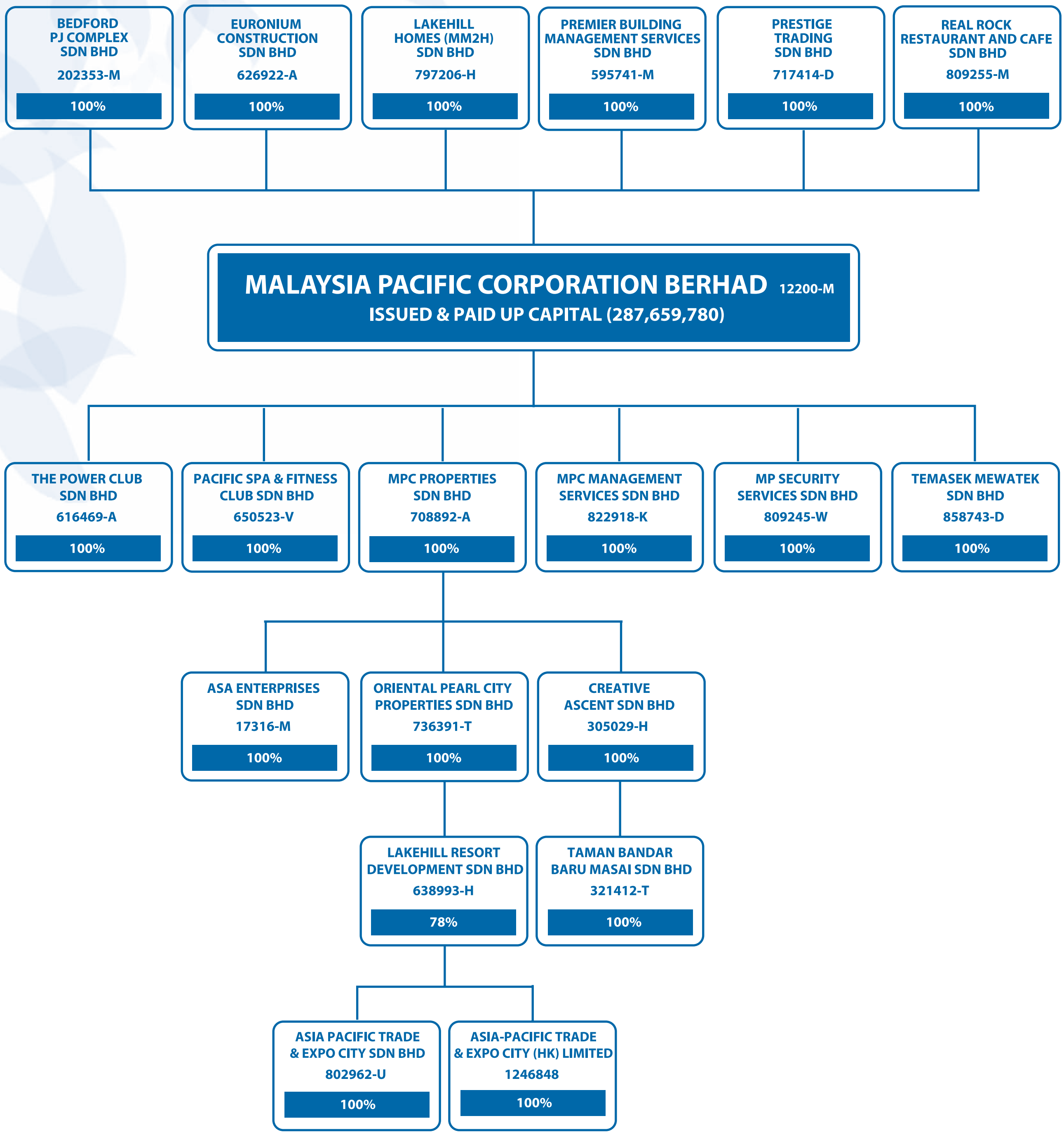
The Company wishes to record its sincere thanks and appreciation to its shareholders for their patience and support. It is our sincere hope that very soon we would be able to reward our shareholders in kind and dividend in the very near future, barring unforeseen circumstances.

To our Board of Directors, Management and our employees, the Company would thank them for their untiring commitment, passion and dedication in contributing to our future success.

YBhg Dato' Seri Zulkifli bin Ali
Chairman

CORPORATE STRUCTURE

AS AT 30 JUNE 2010



CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg Dato' Seri Zulkifli bin Ali
Chairman and Independent Non-Executive Director

YBhg Datuk Kamaruddin bin Taib
Independent Non-Executive Director

Seow Thiam Fatt
Independent Non-Executive Director

Ch'ng Soon Sen
Executive Director

YBhg Datin Kong Yuk Chu
Executive Director

YBhg Dato' Syed Hussien bin Abd Kadir
Independent Non-Executive Director

SECRETARIES

Lim Poh Yen (MAICSA 7009745)

Ng Yen Hoong (LS 008016)

Chin Lee Chyen (MAICSA 7055910)

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 - 2264 8888
Fax : 03 - 2264 8997/8

REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 - 2264 3883
Fax : 03 - 2282 1886

PRINCIPAL PLACE OF BUSINESS

21st Floor, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03 - 2070 4488
Fax : 03 - 2070 4489

AUDITORS

Messrs BDO (AF 0206)
12th Floor, Menara Uni. Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03 - 2616 2888
Fax : 03 - 2616 3190

STOCK EXCHANGE LISTING

Main Market
of Bursa Malaysia Securities Berhad
Stock Name : MPCORP
Stock Code : 6548

BOARD OF DIRECTORS' PROFILE

Y. BHG DATO' SERI ZULKIFLI BIN ALI

Chairman and Independent Non-Executive Director

Dato' Seri Zulkifli Bin Ali, aged 79, a Malaysian, was appointed to the Board on 23 December 2008. He is a Chairman and Independent Non-Executive Director of the Company.

Dato' Seri Zulkifli has held many high esteemed positions in his career, as a senior banker and a Law enforcement officer. He had held position as Chairman of MIMB Investment Bank Berhad since 1 August 2003 till 31 May 2008. He had spent 32 years in the Malaysian Police Force, serving at various high positions as Commandant of the Police Training School, Deputy Director of Logistics, Commissioner of Police Sarawak and Director of Management Police Diraja Malaysia.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended five (5) out of five (5) meetings held in the financial year ended 30 June 2010.

Y. BHG DATUK KAMARUDDIN BIN TAIB

PJN

Independent Non-Executive Director

Datuk Kamaruddin Bin Taib, aged 53, a Malaysian, was appointed to the Board on 29 December 2004. He is an Independent Non-Executive Director of the Company. He graduated with a Bachelor of Science Degree in Mathematics from University of Salford (UK).

Datuk Kamaruddin started his career was with a leading Merchant Bank in Malaysia. Subsequently, he served as a Director of several private companies as well as companies listed on Bursa Malaysia. He has gained professional experience by serving on the Board of Companies listed on the Stock Exchange of India and on Nasdaq in United States of America.

Datuk Kamaruddin is a shareholder and director of several private companies. He is also an Independent Non-Executive Director of IRIS Corporation Berhad, a company listed on ACE Market, Bursa Malaysia, Unicorn International Islamic Bank Malaysia Berhad and Great Eastern Life Assurance (Malaysia) Berhad.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended five (5) out of five (5) Board meetings held in the financial year ended 30 June 2010.

MR. SEOW THIAM FATT

Independent Non-Executive Director

Mr. Seow Thiam Fatt, aged 69, a Malaysian, was appointed to the Board on 29 December 2004. He is an Independent Non-Executive Director and the Chairman of the Audit Committee.

Mr. Seow is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and past Fellow of the Institute of Chartered Accountant in Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He was a past President of MICPA and also served four years as government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He was also a past President of the Lions Club of Petaling Jaya and a past Council Member of the Malaysian Institute of Chartered Secretaries and Administrators.

Mr. Seow has more than 20 years professional experience as a practicing accountant in the capacity of a Senior Partner of Larry Seow & Co, Moores & Rowland and a Partner of Arthur Young. He diverted from professional practice in 1994 and was previously on the Board of several private and public companies. He has held senior positions as the Finance Director of AC Nielsen (Malaysia) Sdn Bhd, Business Development Manager of Bolton Berhad and General Manager of the Financial Reporting Surveillance and Compliance Department with the Securities Commission of Malaysia.

He is also an Independent Non-Executive Director of Tan Chong Motor Holdings Bhd, Warisan T C Holdings Berhad and Affin Investment Bank Berhad.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended four (4) out of five (5) meetings held in the financial year ended 30 June 2010.

MR. CH'NG SOON SEN

Executive Director

Mr. Ch'ng Soon Sen, aged 28, a Malaysian, was appointed to the Board on 20 November 2006 as an Executive Director of the Company.

Mr. Ch'ng holds a degree in Business Management (Hons) from the University of Sunderland, UK and possesses an Advance Diploma in Business Administration accorded by the Association of Business Executives (ABE), UK. He completed a one year course in B.Sc (Hons) in Computing and Business in Kingston University, London, UK, and one year in B.A (Hons) Architecture in University of Brighton, UK.

He is a director of Top Lander Offshore Inc, a company incorporated in the British Virgin Islands which is a substantial shareholder of Malaysia Pacific Corporation Berhad and also a shareholder and director of several private companies.

He is the sons of Dato' Bill C.P. Ch'ng and Datin Kong Yuk Chu.

He has not been convicted of any offence within the past 10 years.

He attended five (5) out of five (5) Board meetings held in the financial year ended 30 June 2010.

Y. BHG DATIN KONG YUK CHU
Executive Director

Datin Kong Yuk Chu, aged 62, a Hong Kong SAR National, permanent resident of Malaysia, was appointed to the Board on 15 November 2007. She became an Executive Director of the Company on 1 October 2008 by virtue of her substantial share ownership of Seacrest Land Limited and Top Lander Offshore Inc., jointly with her spouse, Dato' Bill C.P. Ch'ng which jointly have substantial controlling shares in the Company.

Datin Kong has many years of executive experience as a director and chairperson of public listed and private companies in Hong Kong. She was a Director of IHD Holdings Limited (1986-1993), Non-Executive Director and Chairman of China Everbright – IHD Pacific Limited (1994-1996) and a Director in Emporium Department Store and Supermarket (HK) Limited, Hong Kong (1989-1996).

She has not been convicted of any offence within the past 10 years.

She attended five (5) out of five (5) Board meetings held in the financial year ended 30 June 2010.

Y. BHG DATO' SYED HUSSIEN BIN ABD KADIR
Independent Non-Executive Director

Dato' Syed Hussien Abd Kadir, aged 61, a Malaysian, was appointed to the Board on 15 January 2008. He is an Independent Non-Executive Director of the Company.

Dato' Syed Hussien was graduated from the University of Sains Malaysia, is also a respected product of the Fletcher School of Law and Diplomacy, University of Tufts USA where he obtained his M.A in International Relation. Dato' Syed Hussien has been conferred with many awards and titles in recognition of his remarkable achievements especially in his tenure as the first Malaysian Ambassador to the United Arab Emirates. Such awards and titles include Darjah Paduka Mahkota Johor (DPMJ), Darjah Mahkota Pahang (DIMP), Johan Setia Diraja (JSD), Setia Di Raja Kedah (SDK), Darjah Johan Negeri (DJN), among others.

Dato' Syed Hussien was appointed to the Administrative and Diplomatic Service of Malaysia in 1997 and has served as Assistant Secretary at the Ministry of Foreign Affairs. From there, his credentials grew by leaps and bounds. He has added to his repertoire a host of other posts such as Principal Assistant Secretary (Organisation of Islamic Conference) Ministry of Foreign Affairs; First Secretary, Embassy of Malaysia in Rabat, Morocco; Counselor, Embassy of Malaysia in Moscow; Consul General of Malaysia, Jeddah, Saudi Arabia. At the same time also holding the post as Deputy Permanent Representive of the OIC Secretariat in Jeddah.

He is also presently the Secretary-General of the National Chamber of Commerce & Industry Malaysia; Group Chairman Axisjaya Group; Chairman Malaysia/Gulf Business Council; Director Dagang Net, Advisor Yasmin Holding; Chairman Flexoffice; Director of H20 Sports and Advisor M Pol Precision Rubber products.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended four (4) out of five (5) Board meetings held in the financial year ended 30 June 2010.

Y. BHG DATO' BILL C.P. CH'NG
Chief Executive Officer

B.Arch (Univ NSW), FRAIA, RIBA, APAM
Fellow of the Royal Australian Institute of Architects
Associate of Royal Institute of British Architects
Associate of Pertubuhan Akitek Malaysia

Dato' Bill C.P. Ch'ng, a Malaysian, aged 71, has been appointed the Chief Executive Officer since 30 December 2004. Dato' Bill is a substantial shareholder of Seacrest Land Limited and Top Lander Offshare Inc. which in turn owns and controls 61.21% of Malaysia Pacific Corporation Berhad, jointly with his spouse, Datin Kong Yuk Chu who is also the Executive Director of the Company.

His profile and achievements are as follows:

- ❖ **Council Member of the Malaysia-China Business Council.**
- ❖ **Standing Committee member of the Federation of Overseas Chinese Fraternity, Quanzhou, Fujian, Peoples' Republic of China.**
- ❖ **Past Council Member and Honorary Treasurer of the Malaysia Institute of Architects.**

- Two times 1st Prize Winners in Architecture in 1971 (Malaysia and Singapore).
- "Asia's 50-Top CEOs Corporate Takeovers" in 1989, by Business International.
- "Asia Pacific Outstanding Entrepreneurs Award 2009", by Asia Enterprise.
- First Architect / partner of University of Malaya Medical Faculty & University Teaching Hospital, Petaling Jaya, 1965-1970 (First medical school in Malaysia).
- Architect / planner / applicant, who conceptualized the first Casino license for Genting Highland Resorts, Kuala Lumpur, 1965-1972 (He reserved his copyright of the original design master plan after he resigned).
- Patented the first aluminum alloy cast-insitu quick building construction system (Q-Built System) in 1978-1985 of aluminum formwork into Malaysia, Singapore and China.
- One of the First advisors for Daya Bay Nuclear Power Preparatory Office, Guangdong, Peoples' Republic of China, in 1984-85.
- First advisor arranger of first two (2) foreign financed and imported oil-fired power turbine plants into Peoples' Republic of China, for Xiamen and Fuzhou cities in 1984-1985.
- Initiator and promoter of the advanced purification technology of rare-earth mining and processing to the Ministry of Metalurgy Peoples' Republic of China, 1984.
- Past Chairman of PRC-Engineering (Malaysia) Sdn Bhd, one of the world's largest engineering consulting groups.
- Special envoy and itinerary visit coordinator for the First Official Visit to China of the 4th Prime Minister of Malaysia, Y.A.Bhg. Tun Dr Mahathir Mohamad in 1985.
- Special appointed envoy of the Government of Malaysia to liaise with China for the eventual date of cessation and truce by Communist Party Malaysia (CPM) in Malaysia in 1986 – 1987.

He has not been convicted of any offence within the past 10 years.

Presently he initiated his vision of APTEC in Iskandar Malaysia as the new trade-platform and distribution centre in "**Charting New Silk Road: Connecting China, ASEAN, INDIA and the Middle East**".

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS OF THE BOARD AUDIT & RISK MANAGEMENT COMMITTEE ("ARMC")

The ARMC currently comprises four (4) members who are all Independent Non-Executive Directors and the position and details of attendance of each member at meetings held during financial year ended 30 June 2010 are as follows:

Directors	Position	No. of Meeting Attended
Seow Thiam Fatt	Independent Non-Executive Director and Chairman of the ARMC	7/8
YBhg Datuk Kamaruddin bin Taib	Independent Non-Executive Director	8/8
YBhg Dato' Syed Hussien bin Abd Kadir	Independent Non-Executive Director	7/8
YBhg Dato' Seri Zulkifli bin Ali	Independent Non-Executive Director	8/8

TERMS OF REFERENCE

1. Composition

(a) The ARMC shall be appointed by the Board from amongst their members and shall consist of at least three (3) members, the majority of whom are Independent Directors. All members of ARMC shall be non-executive directors.

(b) The Chief Executive Officer and/or alternate director(s) shall not be a member of ARMC.

(c) The members of the ARMC shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director.

(d) At least one member of the ARMC should be a member of the Malaysian Institute of Accountants (MIA); or possess at least 3 years of working experience and has passed the examinations sets out in Part 1 of the First Schedule or a member of one of the associations of accountants set out in Part II of the First Schedule of the Accountants Act, 1967 respectively or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities")

(e) In the event of any vacancy which results the number of members in the ARMC reduced to below three (3), the vacancy must be filled within three (3) months.

2. Procedure of Meetings

2.1 Frequency and Proceedings of Meetings

(a) The ARMC shall meet at least four (4) times a year and as many times as the ARMC deem necessary with due notice of issues to be discussed. The meeting and proceedings of any ARMC, where applicable, shall be governed by the provisions of the Articles of Association regulating the meetings and proceedings of Directors.

(b) The quorum for meeting of the ARMC shall be two (2) members of which the majority of members present must be Independent Non-Executive Directors.

(c) A meeting of the ARMC may be held by means of video conference or telephone conference or other telecommunication facilities which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and be counted in a quorum and be entitled to vote and the meeting shall be deemed to have been held in Malaysia.

(d) A notice of meeting may be served by the Company or the Secretary upon any ARMC member as the case maybe either personally, by telephone, facsimile or by sending it through the post addressed to such member as the case maybe, at least seven (7) days before the meeting or such shorter notice as may be mutually agreed upon by all the ARMC members.

2. **Procedure of Meetings (continued)**

2.1 **Frequency and Proceedings of Meetings (continued)**

(e) Questions arising at any meeting shall be decided by a simple majority of votes expect for related party transaction where the interested ARMC members shall abstain from deliberation and voting.

(f) A resolution in writing signed by a majority in number of the ARMC members shall be as effective for all purposes as a resolution passed at a meeting of the ARMC duly convened, held and constituted and may consist of several documents in like form, each signed by one or more of the ARMC members. Any such documents may be accepted as sufficiently signed by an ARMC member if transmitted to the Company by any technology to include a signature and/or electronic signature of the ARMC member.

(g) The Company Secretary shall be the Secretary of the ARMC.

(h) In the event if the elected Chairman is not able to attend a meeting, a member who is an Independent Director shall be nominated as a Chairman for the meeting.

2.2 **Minutes**

(a) The ARMC shall cause minutes of all proceedings of the ARMC meetings to be duly entered in books provided for the purpose:

- Of all appointments of sub-committees;
- Of all the names of the ARMC present at each meeting of the ARMC;
- Of all resolutions and proceedings of meetings of the ARMC; and
- Of all orders made by the ARMC.

(b) Any such minutes of any meeting of the ARMC, if signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be prima facie evidence of the proceedings to which it relates.

(c) The books containing the minutes of proceedings of any ARMC Meeting shall be kept by the Company at the Registered Office of the Company and shall be opened to the inspection of any ARMC members or Directors of the Company.

3. **Authority**

The ARMC shall in accordance with the procedure determined by the Board and at the cost of the Company:-

(a) have the authority to appoint the Internal Auditor of the Company and establish an internal audit function which is independent of the activities and ensure that the Internal Auditor reports directly to the ARMC;

(b) have explicit authority to investigate any matter within the terms of reference;

(c) have the resources which the ARMC require to perform the duties;

(d) have full and unrestricted access to any information which the ARMC require in the course of performing the duties;

(e) have unrestricted access to the Chief Executive Officer of the Company;

(f) have direct communication channels with the external auditors and internal auditors;

(g) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;

(h) be able to invite outsiders with relevant experience to attend its meetings, if necessary; and

3. Authority (continued)

(i) be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other executive Board members and employees of the Company, whenever deemed necessary.

4. Duties and Responsibilities

4.1 Matters relating to External Audit:-

(a) To nominate and recommend for the approval of the Board a person or persons as external auditors and review audit fee and any question of resignation or dismissal.

(b) To review the nature, scope and quality of external audit plan/arrangements.

(c) To review the external auditors' audit report and audit findings and the management's response thereto.

(d) To review quarterly reports and annual financial statements of the Company and of the Group, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, prior to approval by the Board.

(e) To review the assistance given by the Group's officers to the external auditors.

4.2 Matters relating to Internal Audit

(a) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that has the necessary authority to carry out is work.

(b) To review the Internal Audit programme, processes, results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appreciate actions are taken on the recommendation of the internal audit functions.

(c) To review the reports and findings of the Internal Audit Department including any findings of the internal investigations and the managements response thereto.

(d) To review the adequacy and integrity of internal control systems including risk management and management information system.

(e) To approve any appointment or termination of senior staff members of the internal audit functions.

(f) To take cognizance of resignations from internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.3 Roles and Rights of the ARMC

(a) To review and monitor the business and financial risks facing the Group and to ensure that all high impact risks are adequately managed at various levels within the Group;

(b) To review any related party transactions and any other significant transaction which are not within the normal course of business that may arise within the Company or the Group;

(c) To report to Bursa Securities on any matter reported by the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities.

(d) To carry out any other functions that may be mutually agreed by the ARMC and the Board which would be beneficial to the Company and ensure the effective discharge of the ARMC's duties and responsibilities.

SUMMARY OF ACTIVITIES

The activities of the ARMC for the financial year ended 30 June 2010 were summarised as follows:

1) Financial Results

(a) Reviewed the quarterly and yearly unaudited financial results of the Group before recommending them for approval of the Board of Directors.

(b) Reviewed the annual audited financial statements of the Company and its subsidiaries with the external auditors prior to submission to the Board of Directors for their approval.

2) Internal Audit

(a) Reviewed the annual audit plan to ensure adequate scope on the audit activities of the Group.

(b) Reviewed the effectiveness of the audit process, resource requirements for the financial year.

(c) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations. Where appropriate, the ARMC has directed action to be taken by the management to rectify and improve systems of internal controls and procedures based on the internal auditor's recommendation for improvements.

(d) Monitored the implementation of the audit recommendation to ensure all the key risks and controls have been addressed.

(e) Reviewed the staffing requirements of Internal Audit Department.

3) External Audit

(a) Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board of Directors for their approval.

(b) Monitored the implementation of the audit recommendations to ensure that all the key risks and controls have been addressed.

(c) Reviewed with the external auditors:

(i) their scope of work and audit plan for the financial year;
(ii) the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditor.

(d) Reviewed the independence and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

(e) Reviewed the annual report statement inclusive of the Statement on Internal Control.

4) Related Party Transactions

Reviewed the related party transactions entered into by the Group.

SUMMARY OF INTERNAL AUDIT FUNCTION

The Internal Audit Department was established with the primary objective of providing the necessary assistance to the ARMC in the course of discharging its duties and responsibilities.

Its role is to provide independent and reasonable assurance that the systems of internal controls and procedures in the operating business entities within the Group are adequate and effective to mitigate the risks identified. The internal audit covers the review of the adequacy of risk management, operational controls, management efficiency and compliance with established procedures and guidelines, amongst others.

STATEMENT OF CORPORATE GOVERNANCE

The Board is committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 respectively of the Malaysian Code on Corporate Governance.

Compliance Statement

The Group has complied throughout the financial year ended 30 June 2010 with all the best practices set out in part 2 of the Malaysian Code on Corporate Governance.

Principles Statement

The following statement sets out how the Company has applied the principles in Part 1 of the Malaysian Code on Corporate Governance. The principles are dealt with under the following headings: Board of Directors, Directors' Remuneration, Shareholders and Accountability and Audit.

A. DIRECTORS

The Board

The Board of Directors ("Board") recognises the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders' value and the financial performance of the Company and the Group. The Board has established the term of reference to assist in the discharge of its responsibilities.

Board Balance

Currently the Board comprises two (2) Executive Directors and four (4) Independent Non-Executive Directors which constitute more than a third of the total Board Composition.

The profiles of the members of the Board are set out in pages 10 to 12 of this Annual Report. The Board is of the opinion that the composition of the Board fairly reflects the investment of the Company by all the shareholders.

Board Meetings

Attendance of present directors during their office tenure:

Directors	No. of Meetings Attended
YBhg Dato' Seri Zulkifli bin Ali (Chairman and Independent Non-Executive Director)	5/5
YBhg Datuk Kamaruddin bin Taib (Independent Non-Executive Director)	5/5
Seow Thiam Fatt (Independent Non-Executive Director)	4/5
Ch'ng Soon Sen (Executive Director)	5/5
YBhg Datin Kong Yuk Chu (Executive Director)	5/5
YBhg Dato' Syed Hussien bin Abd Kadir (Independent Non-Executive Director)	4/5

Director's Training

The directors are encouraged to attend talks, training programmes and seminars as they consider necessary or deem fit to update themselves on new developments in the business environment to enable them to contribute effectively to the Company.

During the financial year, the following Directors have attended various training programmes and seminars as set out below:-

Name of Directors	Name of Training, Conference & Lectures
YBhg Dato' Seri Zulkifli bin Ali	The 23rd Sultan Azlan Shah Law Lecture : The Changing Role of an Independent Judiciary Ageing Asia Investment Forum 2010 A Strong China " Implication & Challenges"
Datuk Kamaruddin bin Taib	Redefining the Role and Function of an Independent Director 3rd IFSB Public Lecture on Financial Policy and Stability BNM High Level Conference on Financial Stability Banking Financial Institutions Directors' Education ("FIDE") Programme - Banking Insights - Prof Nabil N El Hage Harvard Business School 1. Key Amendments to Listing Requirements for Main Market 2. Continuing Obligations of Directors of Listed Corporation "Trends & Future Markets" by Dr Pero Micic FIDE Banking Module 1 Governance Practices for the Financial Markets in the 21st Century - Nicholas Krasno FIDE Banking Module 3 Governance Frameworks & Risk Management in Financial Institutions - Prof Nabil N El Hage Harvard Business School Risk Management in Islamic Finance - Rafe Haneef, MD Fajr Capital Workshop on Standard on Solvency Requirements for Takaful (Islamic Insurance) Undertakings Ageing Asia Investment Forum 2010 FIDE Banking Module 4 Board in strategy, building effective Board teams and achieving board dynamics in controlled companies - Nicholas Krasno A Strong China "Implication & Challenges" Harvard Club Colloquium - Risk Management of Derivatives: What Directors and Senior Management Should Know - Professor Robert M. Conroy Darden Graduate Scholl of Business University of Virginia 7th Islamic Financial Services Board Summit : Global Financial Architecture : Challenges for Islamic Finance FIDE Banking Module 2 Risk Management - Dr. David Bobker FIDE Building the Audit Committee for Tomorrow - David Brown of the Brown Governance

Director's Training (continued)

Name of Directors	Name of Training, Conference & Lectures
	In-House Orientation & Education Programme for Director of Great Eastern Assurance (Malaysia) Bhd Pursuant to BNM Guidelines JPI/GPI 1 (Consolidated) on Minimum Standards for Prudential Management of Insurer and JPI/GI 25 (Consolidated) on Prudential Framework on Corporate Governance for Insurers "Performance Pays" Report on Financial Institutions Directors' Remuneration
Seow Thiam Fatt	MAICSA Annual conference - Shaping the future Corporate Professional High performance leadership by Professor Dr George kohlrieser Surviving the Economic Crisis: Governance and Risk Management Governance and Risk Management Challenges & Opportunities for Internal Auditors (LS as Panelist) FRS 139 for Audit Committee Chairman Business Leaders Meet 2009 National Accountants Conference 2009 - The new economic model - value chain transformation ACIIA Conference 2009 on Internal Auditing - Towering experience: towards sustainable success Training programme for Board of Directors - Global emerging trend on money laundering and financial crime BDO Tax Seminar 2009 - Interpreting challenges APEC CEO Summit - Rebuilding the Global economy : Crisis and Opportunity The World Chines Economic Forum - Building Business Linkages, Charting New Frontiers FIDE Programme - Developing High Impact Boards (Module 3) Banking Insights - Everything you wanted to know about banking but didn't dare ask - By Professor Nabil N. El-Hage Forum on "The challenges of implementing FRS 139" Directors' In house training FIDE programme - Developing High Impact Boards (Module 1 - Governance practices for the financial markets in the 21st century) 1Malaysia Economic Conference GST - GST treatment on Services Provided by the Financial Sector GST and You - Which hat are you wearing? FIDE programme - Risk management in Islamic finance Asia trade and Investor convention 2010

Director's Training (continued)

Name of Directors	Name of Training, Conference & Lectures
	FIDE Programme - Developing High Impact Boards (Module 4 - Governance practises for the financial markets, Stakeholder management: Board Essentials) A Strong China "Implications & Challenges" FIDE Programme - Colloquim on risk management of derivatives by Professor Robert M Conroy FIDE Programme - Building organisation capability by Professor Dave Ulrich FIDE Programme - Developing High Impact Boards (Module 2 - Risk management, Financial risk, key concept of risk analysis, Banking risks II, Strategic risk, Capital management, Enterprise risk management) FIDE Programme - Building Audit Committees for Tomorrow
Ch'ng Soon Sen	1. Key Amendments to Listing Requirements for Main Market 2. Continuing Obligations of Directors of Listed Corporation Understanding Liberalisation of Services, Challenges and Opportunities and Successful Service Exporting 3-Day MBA
Datin Kong Yuk Chu	1. Key Amendments to Listing Requirements for Main Market 2. Continuing Obligations of Directors of Listed Corporation
Dato' Syed Hussien bin Abd Kadir	The Training Program on Chamber of Commerce and Industry (ENCI-1) A Strong China "Implications & Challenges" 6th World Islamic Economic Forum

Conduct of Meetings

The Board ensures that any potential conflict of interest is avoided by requesting the Director(s) concerned to declare his/their interest and abstain from the decision making process.

Supply of Information

The Directors are provided with the relevant agenda and Board papers detailing the agenda to be discussed at the meeting, in sufficient time prior to the meeting to enable the Directors to obtain further information and clarification before the meeting. The Board papers include reports on the Group's financial, operational and Corporate Development.

Appointment to the Board

The Nomination Committee is responsible for identifying and recommending capable nominees for appointment to the Board. The new appointees for directorship required mix of skills, experience and core competencies for the Board to discharge its duties effectively.

The Committee will put the candidates to be approved and appointed by the Board. The Company Secretary will ensure all appointments are properly made and met with legal and regulatory obligations.

Re-election of Directors

Any Director appointed during the financial year is required under the Company's Articles of Association, to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require that one-third of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election at least one in every three years.

B. DIRECTORS' REMUNERATION

The fees for Directors for the financial year ended 30 June 2010 are recommended by the Board for approval by shareholders of the Company at its Annual General Meeting.

I. Aggregate Directors' Remuneration paid or payable to all Directors of the Company by the Group

			RM'000	
		Fees	Salaries and other emoluments	Total
a	Executive	120	195	315
b	Non-Executive	240	–	240
		360	195	555

II. Directors' Remuneration bands

	Executive	Non-Executive
RM1 – RM50,000	–	–
RM50,000 – RM100,000	1	4
>RM100,000	1	–

C. BOARD COMMITTEE

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Board Audit & Risk Management Committee ("ARMC") and the Nominating & Remuneration Committee in order to enhance business, corporate efficiency and effectiveness. These Committees have the authority to examine particular issues and will report to the Board with their recommendations. The Board, however, makes the final decision on all matters in the best interest of the Company.

Board Audit & Risk Management Committee

Composition of the Board Audit & Risk Management Committee, its terms of reference and a summary of its activities are set out on pages 14 to 17 of this Annual Report.

Nominating & Remuneration Committee

The Nominating & Remuneration Committee consists of three (3) Independent Non-Executive directors.

The primary function of the Nominating & Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the executive directors. The determination of the remuneration for the Non-executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.

C. BOARD COMMITTEE (continued)

Nominating & Remuneration Committee (continued)

The members of the Nominating & Remuneration Committee are as follows:-

YBhg Datuk Kamaruddin bin Taib
Chairman
(Independent Non-Executive Director)

Seow Thiam Fatt
(Independent Non-Executive Director)

YBhg Dato' Syed Hussien bin Abd Kadir
(Independent Non-Executive Director)

D. SHAREHOLDERS

The Board recognised the important of regular communication with the investors of the Company that enables the Board and the management to convey information about the Group's performance, corporate strategy and other matters affecting the shareholders' interest. Announcements are made through Bursa Securities during the year pertaining to the performance of the Company via quarterly financial reports, circulars to shareholders, press releases and the annual reports.

Forums such as the Annual General Meeting and Extraordinary General Meeting provide an opportunity for dialogue with the shareholders, whereby the shareholders have direct access to the Board and are given the opportunity to raise questions pertaining to the resolutions being proposed or about the Group's operations in general.

Notice of the Annual general Meeting and Extraordinary General Meeting and Annual Reports are sent out with sufficient notice before the date of meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making.

Shareholders, investors and the general public can also obtain information on the Company by accessing the Company's website at www.mpcb.com.my. The shareholders are able to access the latest corporate, financial and market information of the Company via Bursa Securities website at www.bursamalaysia.com

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company's financial statements are prepared in accordance with the requirements of the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia to ensure that the financial statements of the Company present a balanced and fair assessment of the state of affairs of the Company. In presenting the financial statements, the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and prepared on an ongoing basis.

The ARMC assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The composition, summary of activities and terms of reference of the ARMC can be found in the Board Audit & Risk Management Report on pages 14 to 17 of this Annual Report.

Internal Control

The Group's internal audit function is independent of the activities. The audit is performed with impartiality, proficiency and due professional care. The internal audit review of the operating units by the internal audit department is an independent and objective assessment of a unit's compliance with internal controls.

An internal audit review highlights major weaknesses in control procedures and makes recommendations for improvements. A statement on Internal Control is set out on pages 25 and 26 of this Annual Report.

E. ACCOUNTABILITY AND AUDIT (continued)

Relationship with Auditors

Through the ARMC, the Company has established a transparent and appropriate relationship with the external auditors in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The external auditors are invited to attend the Audit Committee meetings to present their audit plan and when the Company's annual financial results are considered. From time to time, the external auditors would bring to the attention of the Audit Committee and Board of Directors accounting and audit matters noted by the external auditors during the ordinary course of their audit.

The functions of the ARMC and its relations with the external auditors are set out in the Board Audit & Risk Management Committee Report on pages 14 to 17 of this Annual Report.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Listing Requirements of Bursa Securities require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that, in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2010, the Group used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant accounting standards have been followed in the preparation of these financial statements.

G. RISK MANAGEMENT

The Board of Directors is aware and recognises the various types of risks, which the Group from time to time. The ARMC is constantly monitoring such risk factors and measures are taken to eliminate, control or manage suck risks. Efforts are being made to establish proper risk management to identify, evaluate and manage the risks.

INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound internal control system to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires directors of listed companies to include a statement in their annual reports on the state of their internal controls. Paragraph 15.23 of the Main Market Listing Requirements states that the external auditors must review the statement made by the Board with regard to the state of internal control and reports the results thereof to the Board.

BOARD RESPONSIBILITIES

Pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on the Bursa Securities, the Board of Directors ("the Board") affirms its responsibility under the Main market Listing Requirements of Bursa Securities to:-

- Identify principal risks and ensure implementation of appropriate control measures to manage the risks.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Group's system of internal control is designed to manage rather than to eliminate the risks involved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has in place an ongoing process, for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period.

RISK MANAGEMENT

Appropriate system of internal control has been implemented to monitor and control risk to ensure the long term viability of the Group. The internal control is embedded in the operations of the Group and forms part of its work culture.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department ("IAD") which assists Audit and Risk Management Committee ("ARMC") to review, appraise and recommend ways of improving the system.

During the financial year under review, the IAD performed departmental risk assessment to identify the level of risks associated throughout the Group. It aims to assess the controls effectiveness and to provide recommendations to improve the controls. It is also to audit, identify gaps and to ensure action plans are in place.

The IAD's activities are based on the annual internal audit plan. The ARMC reviews and approves the annual internal audit plan. It has full access to both the internal and external auditors and receives reports on all audit performed. IAD submits its internal audit reports to the ARMC which reviews the audit findings and recommendations with the management at its Audit and Risk Management Committee Meetings. The IAD adopts a risk-based approach when establishing its audit plan and strategy. The responses from management and action plans are regularly reviewed and followed up by the IAD and the ARMC.

STATEMENT OF INTERNAL CONTROL
(CONT'D)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the other key elements of the Group's Internal Control System include:-

- Clearly defined organisation structure and reporting lines; and

- Various Committees have been established to assist the Board in discharging its duties. Among the Committees are:-

  - Audit and Risk Management Committee;
  - Nominating and Remuneration Committee;
  - Policies, Procedures and Standard Operating Procedures for key processes to guide staff;
  - Systems of operational and financial reporting to the Board on quarterly basis;
  - Adequate insurances of the major assets and resources of the Group are in place to ensure that these are sufficiently covered against any mishap that may result in material losses to the Group; and
  - Regular visits to operating units by Directors and Senior Management.

CONCLUSION

The Board is of the opinion that the Group's internal control systems are adequate to achieve its business objectives. There is an ongoing process in evaluating and managing significant risks. The Board continues to take measures to strengthen the internal control environment within the Group.

This statement was authorised for issue in accordance with a resolution by the Board of Directors on 15 November 2010 and had been reviewed by the external auditors.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board of Directors of MPCorp is committed in ensuring Corporate Social Responsibility ("CRS") is a fundamental integral part of business activities of the Group and being a socially responsible organisation.

The Group has incorporated CRS principles into current and future development and business plans and set exemplary examples for the market players, example, the development of Asia Pacific Trade & Expo City (APTEC) in Iskandar Malaysia, Johor, which is a high impact socio- economic plan to benefit the mass population of Malaysia into urban and rural areas of supply, retailing services and logistic chains.

ENVIRONMENT

As Green building is the term used globally on new and existing buildings that are designed, constructed and retrofitted to be sustainable and environmental friendly, nine sustainable and environmental focus areas in green buildings are building management, indoor environment quality, energy, water, transportation management, site planning and management, waste management, materials selection, ecology and emission management. This will be integrated into LakeHill Resort City and APTEC City development.

The Green Technology implemented in Green buildings and similar green development projects is defined as the development and application of products, equipment and systems used to conserve the nature environment and resources that could minimise and reduce the negative impact of human activities. A large scale solar and renewable energy technology will be incorporated.

As an on-going long term initiative, we are committed to integrate and implement green technology in its design concepts and construction methods for its development at LakeHill Resort City and Asia-Pacific Trade and Expo Centre (APTEC).

A holistic perspective that unites energy, water and waste management could minimise operational costs and eliminate the development environmental footprint. Studies have shown that green buildings generates between 25% to 60% less energy and 60% reduced water consumption and up to 100% waste reduction.

The Green Building Index (GBI) is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment and raise awareness among Developers, Architects, Engineers, Planners, Designers, Contractors and the Public about environmental issues and our responsibility to the future generations.

Having always been an advocate for a greener future, we are dedicated to continuing our efforts in meeting the requirements of GBI.

COMMUNITY

The Group had contributed/donated to the community in the financial year ended 30 June 2010 and the activities are as follows:-

a) "Konsert Amal" organised by Alzheimer's Disease Foundation Malaysia;
b) WAO-Melium & Malaysia Tatler Charity Action 2009;
c) Asia Pacific Enterpreneur Ship Award 2009;
d) National Chamber of Commerce and Industry of Malaysia – Sponsorship of dinner 2009;
e) Malam Diraja Cinta Pahang - donation to 'Ngo Ibu Tunggal & Orang Kurang Upaya';
f) PIBG SRJK (Tamil) Pasir Gudang – school building opening ceremony;
g) Donation to Majlis Makan Tanjung Puteri "PAMJ" organised by Persatuan Anak Melayu Johor;
h) Donation to Peachheaven Nursing Home and United Medicare Centre; and
i) Incorporating the new concept of "active" retirement scheme into APTEC and LakeHill Resort City.

Our yearly community care activities continue to drive communities within our future development projects to pursue healthy lifestyles through the provision of recreational parks and other facilities such as LakeHill Resort City.

WORKPLACE

The Group pursues a corporate culture of caring for its employees by providing careers with growth opportunities, fair performance evaluation and reward systems, caring of staff welfare and knowledge and skills enhancement staff training.

We believe that our employees are essential assets who contribute to our development and growth.

OTHER COMPLIANCE STATEMENTS

1. UTILISATION OF PROCEEDS

The gross proceeds of RM51,778,344 raised from the two-calls Rights Issue of 115,062,987 of the Company Rights Shares of RM1.00 each at an issue price of RM0.45, which was completed on 28 April 2010, has been proposed to be utilised as follow: -

Utilisation	Proposed Utilisation RM'000	Actual Utilisation As At 20 October 2010 RM'000	Balance RM'000	Estimated Timeframe For The Utilisation Of Proceeds
Repayment of Advances	30,028	30,028	–	–
Working capital	21,330	16,026	5,304	Within 12 months
Estimated expenses in relation to the Rights Issue	420	420	–	Within 3 months
Total	51,778	46,474	5,304	

2. SHARE BUY-BACKS

There were no Share Buy-Backs by the Company during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Pursuant to the Renounceable Two-Call Rights Issue which was successfully completed on 28 April 2010, the Company issued 115,062,987 ordinary shares of RM1.00 each in the Company ("Rights Shares") together with 115,062,987 free detachable warrants ("Warrants") at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with two (2) Warrants for every three (3) existing ordinary shares of RM1.00 each in the Company held on 31 March 2010 of which the first call of RM0.45 per Rights Share shall be payable in cash on application and the second call of RM0.55 per Rights Share shall be capitalised from the Company's retained earnings ("Rights Issue").

The exercise price of each Warrant shall be RM1.00 per ordinary share subject to provisions of Deed Poll. The exercise period shall commence from the date of issue of the Warrants and will expire on 21 April 2015 at 5.00 p.m.

As at 30 June 2010, 115,062,987 Warrants B have yet to be converted to ordinary shares.

Save as above, there were no amount of options or other convertible securities exercised in respect of the financial year. The Company had not issued any new options or convertible securities during the financial year.

4. AMERICAN DEPOSITORY RECEIPT ("ADR")/GLOBAL DEPOSITORY RECEIPT ("GDR")

There were no ADT/GDR programme sponsored by the Company during the financial year.

5. SANCTIONS AND/OR PENALTIES

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

6. NON-AUDIT FEES

The amount of non-audit fees of the Company paid to the external auditors for the financial year ended 30 June 2010 amounted to RM30,000.

7. VARIATION IN RESULTS

There is no significant variance result between the audited results for the financial year and the unaudited results previously announced.

8. PROFIT GUARANTEE

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

9. MATERIAL CONTRACT

There were no material contract entered into by the Company and its subsidiaries which involved Director's and major shareholders' interest still subsisting, entered into since the end of the previous financial year.

10. REVALUATION POLICY

The Group's revaluation policy is stated in Note 4.5 on page 51 of this Annual Report.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

The details of the transaction with related parties undertaken by the Group during the financial year are disclosed in Note 31 on pages 96 to 98 of this Annual Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	43,608	54,266
Attributable to:		
Equity holders of the Company	45,174	54,266
Minority interest	(1,566)	–
	43,608	54,266

DIVIDEND

No dividend was paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company had on 28 April 2010, successfully completed the renounceable two-call Rights Issue of 115,062,987 ordinary shares of RM1.00 each in the Company ("Rights Shares") at an issue price of RM1.00 per Rights Share of which the first call of RM0.45 per Rights Share was received in cash on application and the second call of RM0.55 per Rights Share was capitalised from retained earnings of the Company.

The Company's issued and paid-up capital increased from 172,596,793 ordinary shares of RM1.00 each to 287,659,780 ordinary shares of RM1.00 each upon completion of the Rights Issue exercise.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company apart from the Warrants B below.

Warrants

Warrants B

Pursuant to the Rights Issue which was successfully completed on 28 April 2010, the Group issued 115,062,987 free detachable warrants ("Warrants") on the basis of two (2) Warrants for every three (3) existing ordinary shares of RM1.00 each in MPCorp held on 31 March 2010.

The exercise price of each Warrant shall be RM1.00 per ordinary share subject to the provisions of the Deed Poll. The exercise period shall commence from the date of issue of the Warrants and will expire on 21 April 2015 at 5.00 p.m.

As at 30 June 2010, 115,062,987 Warrants B have yet to be converted to ordinary shares.

DIRECTORS

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

YBhg. Dato' Seri Zulkifli Bin Ali
YBhg. Datuk Kamaruddin Bin Taib
Seow Thiam Fatt
Ch'ng Soon Sen
YBhg. Datin Kong Yuk Chu
YBhg. Dato' Syed Hussien Bin Abd Kadir

In accordance with Article 85 of the Company's Articles of Association, YBhg. Dato' Syed Hussien Bin Abd Kadir and YBhg. Datin Kong Yuk Chu retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

YBhg. Dato' Seri Zulkifli Bin Ali retires under Section 129(6) of the Companies Act, 1965 at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 30 June 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	--------- Number of ordinary shares of RM1.00 each ---------			
	Balance as at 1.7.2009	**Bought**	**Sold**	**Balance as at 30.6.2010**
Shares in the Company				
Direct interests:				
Seow Thiam Fatt	60,000	90,000	–	150,000
Ch'ng Soon Sen	–	469,000	–	469,000

DIRECTORS' INTERESTS (continued)

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.7.2009	Bought	Sold	Balance as at 30.6.2010
Shares in the Company				
Indirect interests:				
YBhg. Datin Kong Yuk Chu	102,248,457	72,780,604	–	175,029,061

By virtue of her interests in the ordinary shares of the Company, YBhg. Datin Kong Yuk Chu is also deemed interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Ch'ng Soon Sen is deemed interested in the ordinary shares of the Company and of its related corporations by virtue of his mother, YBhg. Datin Kong Yuk Chu's shareholding pursuant to Section 6A of the provisions of the Companies Act, 1965 as stated above.

	Number of Warrants B				
	Balance as at 1.7.2009	Granted	Exercised	Sold	Balance as at 30.6.2010
Warrants B in the Company					
Direct interests:					
Seow Thiam Fatt	–	60,000	–	–	60,000
Indirect interests:					
YBhg. Datin Kong Yuk Chu	–	68,965,804	–	(200,000)	68,765,804

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from the related corporations in their capacity as directors of those corporations and the significant related party transactions as disclosed in Note 31 to the financial statements.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the gain on changes in fair value of investment property of the Group and of the Company amounting to approximately RM59,817,000 and RM60,110,000 respectively as disclosed in Note 26 to the financial statements.

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

DIRECTORS’ REPORT
(CONT’D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

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

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

YBhg. Datuk Kamaruddin Bin Taib
Director

Ch’ng Soon Sen
Director

Kuala Lumpur

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 40 to 104 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

YBhg. Datuk Kamaruddin Bin Taib
Director

Ch'ng Soon Sen
Director

Kuala Lumpur

STATUTORY DECLARATION

I, Cheong Kee Yoong, being the officer primarily responsible for the financial management of Malaysia Pacific Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 104 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
)

Before me:

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysia Pacific Corporation Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 104.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 4.1 in the financial statements which discloses the premise upon which the Group and Company have prepared their financial statements by applying the going concern assumption.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

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

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

OTHER 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 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/12 (J)
Chartered Accountant

Kuala Lumpur

BALANCE SHEETS
AS AT 30 JUNE 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	4,225	4,311	2,867	2,815
Investment property	8	300,000	240,183	268,970	208,860
Investments in subsidiaries	9	–	–	8,551	8,551
Land held for property development	10	77,945	77,279	–	–
		382,170	321,773	280,388	220,226
Current assets					
Property development costs	11	123,853	124,165	–	–
Trade and other receivables	12	1,837	4,171	202,482	190,022
Current tax assets		544	773	496	717
Cash and cash equivalents	13	9,538	409	9,033	8
		135,772	129,518	212,011	190,747
TOTAL ASSETS		517,942	451,291	492,399	410,973
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	287,660	172,597	287,660	172,597
Reserves	15	75,823	93,866	86,349	95,368
		363,483	266,463	374,009	267,965
Minority interest		27,621	29,187	–	–
TOTAL EQUITY		391,104	295,650	374,009	267,965
LIABILITIES					
Non-current liabilities					
Borrowings	16	892	582	704	335
Deferred tax liabilities	20	19,880	19,935	262	317
Total non-current liabilities		20,772	20,517	966	652

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current liabilities					
Trade and other payables	21	27,877	54,338	39,552	63,714
Borrowings	16	77,932	78,697	77,872	78,642
Provision for liquidated and ascertained damages	22	257	257	–	–
Current tax liabilities		–	1,832	–	–
		106,066	135,124	117,424	142,356
TOTAL LIABILITIES		126,838	155,641	118,390	143,008
TOTAL EQUITY AND LIABILITIES		517,942	451,291	492,399	410,973

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	23	9,662	10,841	9,302	10,254
Cost of sales	24	(6,393)	(6,221)	(5,699)	(5,257)
Gross profit		3,269	4,620	3,603	4,997
Other operating income					
- Provision for liquidated and ascertained damages no longer required	22	–	1,921	–	–
- Interest income from subsidiaries	26	–	–	4,501	5,773
- Changes in fair value of investment property	8	59,817	–	60,110	–
- Gain on partial disposal of shares in a subsidiary		–	67,517	–	–
- Others		956	1,243	74	504
Administration expenses		(9,989)	(10,065)	(3,526)	(4,528)
Other operating expenses		(902)	(250)	(65)	(2,714)
Selling and distribution costs		(460)	(147)	(138)	(145)
Finance costs	25	(10,691)	(11,484)	(10,077)	(8,578)
Profit/(Loss) before tax	26	42,000	53,355	54,482	(4,691)
Taxation	27	1,608	(134)	(216)	(146)
Net profit/(loss) for the financial year		43,608	53,221	54,266	(4,837)
Attributable to:					
Equity holders of the Company		45,174	53,536	54,266	(4,837)
Minority interest		(1,566)	(315)	–	–
		43,608	53,221	54,266	(4,837)
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per ordinary share	28	23.43	31.02		
Diluted earnings per ordinary share	28	–	–		

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

	Note	Share capital RM'000	Exchange translation reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total Equity RM'000
Group								
Balance as at 30 June 2008		172,597	–	–	40,306	212,903	–	212,903
Changes in equity interest in a subsidiary		–	–	–	–	–	29,502	29,502
Foreign currency translations		–	24	–	–	24	–	24
Income recognised directly in equity		–	24	–	–	24	29,502	29,526
Profit/(Loss) for the financial year		–	–	–	53,536	53,536	(315)	53,221
Total recognised income and expense for the financial year		–	24	–	53,536	53,560	29,187	82,747
Balance as at 30 June 2009		172,597	24	–	93,842	266,463	29,187	295,650
Foreign currency translations		–	68	–	–	68	–	68
Income recognised directly in equity		–	68	–	–	68	–	68
Profit/(Loss) for the financial year		–	–	–	45,174	45,174	(1,566)	43,608
Total recognised income and expense for the financial year		–	68	–	45,174	45,242	(1,566)	43,676
Ordinary shares issued pursuant to rights issue	14	115,063	–	–	(63,285)	51,778	–	51,778
Issue of warrants	15	–	–	10,011	(10,011)	–	–	–
Balance as at 30 June 2010		287,660	92	10,011	65,720	363,483	27,621	391,104

	Note	Share capital RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total RM'000
Company					
Balance as at 30 June 2008		172,597	–	100,205	272,802
Loss for the financial year, representing total recognised income and expense for the financial year		–	–	(4,837)	(4,837)
Balance as at 30 June 2009		172,597	–	95,368	267,965
Profit for the financial year, representing total recognised income and expense for the financial year		–	–	54,266	54,266
Ordinary shares issued pursuant to rights issue	14	115,063	–	(63,285)	51,778
Issue of warrants	15	–	10,011	(10,011)	–
Balance as at 30 June 2010		287,660	10,011	76,338	374,009

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		42,000	53,355	54,482	(4,691)
Adjustments for:					
Allowance for doubtful debts		781	245	65	2,708
Allowance for doubtful debts no longer required		(11)	(262)	(23)	(176)
Bad debts written off		–	9	–	6
Depreciation of property, plant and equipment	7	1,039	1,054	748	820
Deposits written off		120	–	–	–
Deposits forfeited		(693)	–	–	–
Unrealised (gain)/loss on foreign exchange		(92)	2	–	–
Changes in fair value of investment property	8	(59,817)	–	(60,110)	–
Gain on disposal of property, plant and equipment		(2)	(14)	(2)	(14)
Gain on partial disposal of shares in a subsidiary		–	(67,517)	–	–
Provision for liquidated and ascertained damages no longer required	22	–	(1,921)	–	–
Interest expense		10,691	11,484	10,077	8,578
Interest income		(103)	(53)	(4,547)	(5,777)
Operating (loss)/profit before working capital changes		(6,087)	(3,618)	690	1,454
Increase in property development costs	11	(638)	(3,695)	–	–
(Increase)/Decrease in trade receivables		(141)	96	38	105
Decrease/(Increase) in other receivables, deposits and prepayments		1,636	(1,814)	2,202	(2,194)
Increase/(Decrease) in trade payables		1,416	(1,210)	–	(200)
(Decrease)/Increase in other payables, accruals and deposits		(4,249)	2,579	(2,042)	1,542
Cash (used in)/generated from operations		(8,063)	(7,662)	888	707
Interest received		52	53	46	4
Interest paid					
- bank borrowings		(6,652)	(8,923)	(6,462)	(6,236)
- related party					
Liquidated and ascertained damages paid	22	–	(21)	–	–
Tax paid		(50)	(327)	(50)	(286)
		(6,650)	(9,218)	(6,466)	(6,518)
Net cash used in operating activities		(14,713)	(16,880)	(5,578)	(5,811)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Addition of investment property	8	–	(60)	–	(60)
Acquisitions of subsidiaries	9	–	–	–*	–*
Advances from related parties		5,013	22,357	4,723	21,282
Proceeds from partial disposal of shares in a subsidiary, net of participation fee of RM1.98 million		–	97,020	–	–
Proceeds from disposal of property, plant and equipment		2	15	2	14
Development expenditure incurred in land held for property development	10	(666)	(2,182)	–	–
Purchase of property, plant and equipment	7(b)	(373)	(901)	(220)	(51)
Net cash from investing activities		3,976	116,249	4,505	21,185
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to subsidiaries		–	–	(10,414)	(17,914)
Interest paid		(36)	(42)	(21)	(25)
Proceeds from issue of shares pursuant to rights issue	14	51,778	–	51,778	–
Repayments to related parties		(30,840)	–	(30,264)	–
Repayments of bank borrowings		–	(81,006)	–	–
Repayments of hire-purchase creditors		(190)	(179)	(135)	(132)
Net cash from/(used in) financing activities		20,712	(81,227)	10,944	(18,071)
Net increase/(decrease) in cash and cash equivalents		9,975	18,142	9,871	(2,697)
Cash and cash equivalents at beginning of financial year		(52,400)	(70,542)	(52,801)	(50,104)
Cash and cash equivalents at end of financial year	13	(42,425)	(52,400)	(42,930)	(52,801)

* *Represents amount less than RM2.00.*

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

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 21st Floor, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

These financial statements were approved and authorised for issue by the Board of Directors on 19 October 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

As of 30 June 2010, the Group's and Company's short term borrowings comprise bank overdraft and revolving credit of RM51,963,000 and RM25,704,000 respectively, which are subject to renewal annually.

The Group and the Company review their monthly cash flows for the next twelve (12) months to ensure that the business operations have sufficient funds available to operate as going concerns.

The Directors are confident that the existing financial institutions would continue to extend the facilities currently enjoyed by the Group and the Company and where necessary, would restructure the facilities to enable the Group and Company to meet its financial obligations.

In addition, the substantial shareholder of the Group, Top Lander Offshore Inc., has been providing continuous financial support to the Group and Company to meet their liabilities as and when they fall due.

In view of the above, the Directors have considered the application of the going concern basis in the preparation of financial statements to be appropriate in these circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

In the event that the going concern basis of preparing the financial statements of the Group and the Company be inappropriate, adjustments will have to be made to reclassify non-current assets and non-current liabilities as current assets and current liabilities, to restate the carrying value of the assets to their recoverable amounts and to provide for further liabilities which may arise.

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

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

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

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

If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

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

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

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

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

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

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

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and equity holders of the Group.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

4.3 Property, plant and equipment and depreciation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment and depreciation (continued)

Freehold land is not depreciated. Depreciation is calculated to write off the cost of the assets to their residual values on the straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Plant and machinery	5% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Renovation	10% - 20%

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of assets).

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

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.4 Lease and hire purchase

(a) Hire purchase

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

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

(b) Operating leases

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the balance sheet date, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in fair value of investment properties is recognised in profit or loss for the period in which it arises.

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

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.7 Property development activities

(a) Land held for property development

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Property development activities (continued)

(b) Property development cost

Property development cost comprises all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

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

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

4.8 Construction contracts

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

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

4.9 Impairment of assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, property development costs and investment property measured at fair value, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

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

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of assets (continued)

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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

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

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

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

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.

4.11 Financial instruments

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

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

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

4.11.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheets when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

4.11.1 Financial instruments recognised on the balance sheets (continued)

(a) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

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

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties are recognised at fair value of the consideration to be paid in the future for goods and services received.

(d) Equity instruments

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

Dividends to shareholders are recognised in equity in the period in which they are declared.

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

(e) Warrants reserve

Proceeds from issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to share premium upon exercise of the warrants and warrants reserve in relation to unexercised warrants at the expiry of the warrants periods will be transferred to retained earnings.

(f) Interest bearing loan and borrowings

All loan and borrowings are recognised at the fair value of the consideration received less directly attributable costs.

4.11.2 Financial instruments not recognised on the balance sheets

There were no financial instruments not recognised on the balance sheets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Borrowing costs

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

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

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

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

Taxes in the income statement comprises current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is 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 have been enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply 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 by the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Provisions

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

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

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

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

Provision for liquidated ascertained damages in respect of projects undertaken by certain subsidiaries is recognised based on the estimated claim in reference to the applicable sale and purchase agreements.

4.15 Employee benefits

4.15.1 Short term employee benefits

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

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

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

4.15.2 Defined contribution plan

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

4.16 Revenue recognition

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

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

(a) Sale of completed properties

Revenue from sale of completed properties is recognised in profit or loss when significant risk and rewards of ownership have been transferred to the customers.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Revenue recognition (continued)

(b) Rental income

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

(c) Property development

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

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

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

(d) Revenue from provision of property management services

Revenue from provision of property management services is recognised upon rendering of these services unless collectibility is in doubt.

(e) Construction contracts

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

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

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

(f) Interest income

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

(g) Dividend income

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Earnings per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.18 Operating segments

During the previous financial year, segment reporting was presented based on business segments and geographical segments of the Group. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

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

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

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

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

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

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

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

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

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

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

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

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Contingent liabilities and contingent assets

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

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

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRS adopted during the current financial year

FRS 8 and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for the disclosure of information on the Group's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the Group that management uses to make decisions about operating matters. This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance, as elaborated in Note 4.18 to the financial statements.

In accordance with the transitional provisions of FRS 8, segment information for prior years that is reported as comparative information for the initial year of application has been restated to conform to requirements of FRS 8, as disclosed in Note 32 to the financial statements.

5.2 New FRSs not adopted

(a) FRS 4 Insurance Contracts and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} General Insurance Business and FRS 203_{2004} Life Insurance Business.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

FRS 4 is not relevant to the Group's operations.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(b) FRS 7 Financial Instruments: Disclosures and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 Financial Instruments: Disclosure and Presentation.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

(c) FRS 123 Borrowing Costs and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(d) FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the Company's and the Group's financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

(e) Amendments to FRS 2 Share-based Payment Vesting Conditions and Cancellations are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Company and the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

These amendments are not relevant to the Group's operations.

(f) 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 is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the Group's financial statements arising from the adoption of these amendments.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(g) IC Interpretation 9 Reassessment of Embedded Derivatives is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any impact on the Group's financial statements arising from the adoption of this Interpretation.

(h) IC Interpretation 10 Interim Financial Reporting and Impairment is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation in the future.

(i) IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Group receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Group grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company and the Group to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Group to its employees, this Interpretation requires the Company and the Group to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

This Interpretation is not relevant to the Group's operations.

(j) IC Interpretation 13 Customer Loyalty Programmes is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

This Interpretation is not relevant to the Group's operations.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(k) IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

The Company does not expect any impact on the financial statements arising from the adoption of this interpretation.

(l) FRS 101 Presentation of Financial Statements is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

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

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 Related Party Disclosures. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the financial statements arising from the adoption of this Standard.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(m) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any impact on the financial statements arising from the adoption of the amendment to IC Interpretation 9.

(n) Amendments to FRS 132 Financial Instruments: Presentation is mandatory for annual periods beginning on or after 1 January 2010.

These amendments requires certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rate share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

(o) Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. This amendment is not relevant to the Group's operations.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(o) Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010 (continued).

Amendment to FRS 107 Statement of Cash Flows clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 110 Events after the Balance Sheet Date clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 116 Property, Plant and Equipment removes the definition pertaining to the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 Investment Property. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 Revenue rather than FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 117 removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made prospectively in accordance with FRS 108. This amendment is not relevant to the Group's operations.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 119 Employee Benefits clarifies the definitions in the Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. This amendment is not relevant to the Group's operations.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(o) Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010 (continued).

Amendment to FRS 127 Consolidated and Separate Financial Statements clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 128 Investments in Associates clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 Impairment of Assets shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. This amendment is not relevant to the Group's operations.

Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. This amendment is not relevant to the Group's operations.

Amendment to FRS 131 Interests in Joint Ventures clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. This amendment is not relevant to the Group's operations.

Amendment to FRS 134 Interim Financial Reporting clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 Earnings Per Share. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 138 Intangible Assets clarifies the examples provided in the Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. This amendment is not relevant to the Group's operations.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(p) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 and 1 March 2010 in respect of the transitional provisions in accounting for compound financial instruments and classification of rights issues respectively.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132_{2004} Financial Instruments: Disclosure and Presentation. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The amendments also clarifies that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(q) FRS 1 First-time Adoption of Financial Reporting Standards is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

(i) All assets and liabilities shall be recognised in accordance with FRSs;
(ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
(iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(r) FRS 3 Business Combinations is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(r) FRS 3 Business Combinations is mandatory for annual periods beginning on or after 1 July 2010 (continued).

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(s) FRS 127 Consolidated and Separate Financial Statements is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

As at the reporting date, the Group reports minority interests of RM27,621,000. The Group expects to reclassify this as non-controlling interests and remeasure the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.

(t) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010.

Amendments to FRS 2 Share-based Payments clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. These amendments are not relevant to the Group's operations.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(t) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010 (continued).

The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. Amendments to FRS 138 are not relevant to the Group's operations.

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

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

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

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

This Interpretation is not relevant to the Group's operations.

(v) IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. This Interpretation is not relevant to the Group's operations.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(w) IC Interpretation 17 Distributions of Non-cash Assets to Owners is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. This Interpretation is not relevant to the Group's operations.

(x) Amendment to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7 (see Note 5.2(z) to the financial statements).

The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

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

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

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

(z) Amendments to FRS 1 Additional Exemptions for First-time Adopters are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(A) Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 Scope of FRS 2 and IC Interpretation 11 have been superseded and withdrawn.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(B) IC Interpretation 4 Determining whether an Arrangement contains a Lease is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this amendment because there are no arrangements dependent on the use of specific assets in the Group.

(C) IC Interpretation 18 Transfers of Assets from Customers is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

This Interpretation is not relevant to the Group's operations.

(D) IC Interpretation 15 Agreements for the Construction of Real Estate is mandatory for annual periods beginning on or after 1 January 2012.

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

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

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New FRSs not adopted (continued)

(D) IC Interpretation 15 Agreements for the Construction of Real Estate is mandatory for annual periods beginning on or after 1 January 2012 (continued).

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

At the reporting date, the Group recognises revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works. The Group is in the process of assessing the impact of implementing this Interpretation since the effects would only be observable for the financial year ending 30 June 2013.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

The following is the judgement made by the management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in these financial statements.

(a) Property development costs

The management has considered the development activities included within property development costs and, based on the status of development as at balance sheet date, the management has determined that these development activities would be completed within the normal operating cycle.

(b) Contingent liabilities

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

(c) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

6.2 Key sources of estimation uncertainty

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

(a) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Key sources of estimation uncertainty (continued)

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets based on common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

(c) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

(d) Fair value of borrowings

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

(e) Impairment of assets

The Group reviews the carrying amount of their non-current assets, which include land held for property development and property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss. Significant judgement is required to determine the extent and amount of the impairment loss, if any.

The carrying amount of Land Held For Property Development and Property Development Costs as at 30 June 2010 amounted to RM77,945,000 and RM123,853,000 respectively. Based on an independent valuation report of a professional valuer dated 29 July 2008, the market value of the Land Held For Property Development and Property Development Costs amounted to RM450,000,000. The Directors are of the view that there is no impairment of the Land Held For Property Development and Property Development Costs.

(f) Impairment of investments in subsidiaries

The Company determines whether investments in subsidiaries are impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of investments in subsidiaries as at 30 June 2010 less accumulated impairment losses, if any, were RM8,551,012 (2009: RM8,551,010).

7. PROPERTY, PLANT AND EQUIPMENT

Group

30.6.2010	Balance as at 1.7.2009 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2010 RM'000
Carrying amount					
Freehold land	442	–	–	–	442
Plant and machinery	172	–	–	(34)	138
Furniture, fittings and equipment	571	255	–	(233)	593
Motor vehicles	607	654	–	(277)	984
Renovation	2,519	44	–	(495)	2,068
	4,311	953	–	(1,039)	4,225

	As at 30.6.2010		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	442	–	442
Plant and machinery	9,352	(9,214)	138
Furniture, fittings and equipment	4,937	(4,344)	593
Motor vehicles	2,539	(1,555)	984
Renovation	4,453	(2,385)	2,068
	21,723	(17,498)	4,225

Group

30.6.2009	Balance as at 1.7.2008 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2009 RM'000
Carrying amount					
Freehold land	442	–	–	–	442
Plant and machinery	208	–	–	(36)	172
Furniture, fittings and equipment	654	152	(1)	(234)	571
Motor vehicles	870	55	–	(318)	607
Renovation	2,243	742	–	(466)	2,519
	4,417	949	(1)	(1,054)	4,311

	As at 30.6.2009		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	442	–	442
Plant and machinery	9,352	(9,180)	172
Furniture, fittings and equipment	4,682	(4,111)	571
Motor vehicles	1,891	(1,284)	607
Renovation	4,408	(1,889)	2,519
	20,775	(16,464)	4,311

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

30.6.2010	Balance as at 1.7.2009 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2010 RM'000
Carrying amount					
Plant and machinery	152	–	–	(31)	121
Furniture, fittings and equipment	476	109	–	(186)	399
Motor vehicles	292	646	–	(186)	752
Renovation	1,895	45	–	(345)	1,595
	2,815	800	–	(748)	2,867

	As at 30.6.2010		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plant and machinery	8,960	(8,839)	121
Furniture, fittings and equipment	4,402	(4,003)	399
Motor vehicles	1,982	(1,230)	752
Renovation	3,630	(2,035)	1,595
	18,974	(16,107)	2,867

Company

30.6.2009	Balance as at 1.7.2008 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2009 RM'000
Carrying amount					
Plant and machinery	185	–	–	(33)	152
Furniture, fittings and equipment	656	47	(17)	(210)	476
Motor vehicles	525	–	–	(233)	292
Renovation	2,235	4	–	(344)	1,895
	3,601	51	(17)	(820)	2,815

	As at 30.6.2009		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plant and machinery	8,960	(8,808)	152
Furniture, fittings and equipment	4,293	(3,817)	476
Motor vehicles	1,340	(1,048)	292
Renovation	3,585	(1,690)	1,895
	18,178	(15,363)	2,815

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Included in property, plant and equipment of the Group and of the Company are motor vehicles, which were acquired under hire-purchase arrangements with carrying amounts of RM978,000 and RM752,000 (2009: RM607,000 and RM292,000) respectively.

(b) The Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Purchase of property, plant and equipment	953	949	800	51
Less: Financed by hire-purchase arrangements	(580)	(48)	(580)	–
Cash payments on purchase of property, plant and equipment	373	901	220	51

8. INVESTMENT PROPERTY

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At fair value				
Balance as at 1 July 2009/2008	240,183	240,123	208,860	208,800
Additions	–	60	–	60
Changes in fair value	59,817	–	60,110	–
Balance as at 30 June 2010/2009	300,000	240,183	268,970	208,860

(a) The fair value of the Group's and of the Company's investment property, which comprise office buildings and shoplots, have been arrived at on the basis of valuation carried out by an independent firm of professional valuer, JB Jurunilai Bersekutu (KL) Sdn. Bhd. at RM300,000,000 using the comparison method.

(b) The investment property of the Group and of the Company are charged to financial institutions for credit facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements.

(c) Direct operating expenses arising from the investment property generating rental income during the financial year were as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Quit rent and assessment	706	920	645	879
Service charges	2,594	3,293	2,478	3,049

8. INVESTMENT PROPERTY (continued)

(d) Direct operating expenses arising from the investment property that did not generate rental income during the financial year were as follows:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Quit rent and assessment	476	216	431	200
Service charges	2,030	990	1,830	786

9. INVESTMENTS IN SUBSIDIARIES

	Company 2010 RM'000	Company 2009 RM'000
Unquoted equity shares, at cost	8,551	8,551

Details of the subsidiaries, which are incorporated in Malaysia unless otherwise stated are as follows:

Name of company	Interest in equity held by Company 2010 %	Company 2009 %	Subsidiaries 2010 %	Subsidiaries 2009 %	Principal activities
Bedford PJ Complex Sdn. Bhd.	100	100	–	–	Dormant
Euronium Construction Sdn. Bhd.	100	100	–	–	Construction projects, property management, engineering and trading
Pacific Spa & Fitness Club Sdn. Bhd.	100	100	–	–	Dormant
Premier Building Management Services Sdn. Bhd.	100	100	–	–	Property management services
Prestige Trading Sdn. Bhd.	100	100	–	–	Dormant
The Power Club Sdn. Bhd.	100	100	–	–	Dormant
Lakehill Homes (MM2H) Sdn. Bhd.	100	100	–	–	Dormant
MPC Management Services Sdn. Bhd.	100	100	–	–	Management services
MP Security Services Sdn. Bhd.	100	100	–	–	Dormant
Real Rock Restaurant and Café Sdn. Bhd.	100	100	–	–	Dormant
Temasek Mewatek Sdn. Bhd.	100	–	–	–	Dormant

9. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Interest in equity held by Company 2010 %	Company 2009 %	Subsidiaries 2010 %	Subsidiaries 2009 %	Principal activities
Subsidiaries of MPC Properties Sdn. Bhd.					
ASA Enterprises Sdn. Bhd.	–	–	100	100	Letting of investment properties
Oriental Pearl City Properties Sdn. Bhd.	–	–	100	100	Investment holding
Creative Ascent Sdn. Bhd.	–	–	100	100	Investment holding, project management and property co-development
Subsidiary of Oriental Pearl City Properties Sdn. Bhd.					
Lakehill Resort Development Sdn. Bhd.	–	–	78	78	Property management and property development
Subsidiary of Creative Ascent Sdn. Bhd.					
Taman Bandar Baru Masai Sdn. Bhd.	–	–	100	100	Property development
Subsidiaries of Lakehill Resort Development Sdn. Bhd.					
Asia Pacific Trade and Expo City Sdn. Bhd.	–	–	100	100	Dormant
Asia-Pacific Trade & Expo City (HK) Limited # (Incorporated in Hong Kong)	–	–	100	100	Provision of corporate management services

not audited by BDO

On 22 October 2009, the Company acquired 100% equity interest comprising two (2) ordinary shares of RM1.00 each in Temasek Mewatek Sdn. Bhd. for cash consideration of RM2.00.

The summary of effects on acquisition of subsidiary in the financial year was as follows:

	Acquiree's carrying amounts RM	Fair value recognised on acquisition RM
Net assets/Total cost of acquisition	2	2

9. INVESTMENTS IN SUBSIDIARIES (continued)

	2010 RM
The cash outflow on acquisition is as follows:	
Purchase consideration settled in cash	2
Cash and cash equivalents of subsidiary acquired	(2)
Net cash outflow of the Group on acquisition	–

The above acquisition does not have any material impact on the financial position and results of the Group as the subsidiary is dormant.

In the previous financial year, the Group's additional investments in subsidiaries are as follows:

(a) On 21 August 2008, the Company acquired the remaining 0.01% equity interest in MPC Management Services Sdn. Bhd. comprising one (1) ordinary share of RM1.00 each for a cash consideration of RM1.00. Consequently, the Group's effective equity interest in MPC Management Services Sdn. Bhd. increased from 99.99% to 100%.

(b) On 11 September 2008, the Company acquired 100% equity interests comprising two (2) ordinary shares of RM1.00 each in both MP Security Services Sdn. Bhd. and Real Rock Restaurant and Café Sdn. Bhd., for a cash consideration of RM2.00 each respectively.

(c) On 12 September 2008, the Company acquired additional one (1) ordinary share of RM1.00 of each in Lakehill Homes (MM2H) Sdn. Bhd., for a total cash consideration of RM1.00. Consequently, the Company's effective equity interest in Lakehill Homes (MM2H) Sdn. Bhd. increased from 99.99% to 100%.

The summary of effects on acquisitions of subsidiaries in the previous financial year was as follows:-

	Acquiree's carrying amounts RM	Fair value recognised on acquisition RM
Net assets/Total cost of acquisitions	4	4

	2009 RM
The cash outflow on acquisitions is as follows:	
Purchase consideration settled in cash	4
Cash and cash equivalents of subsidiaries acquired	(4)
Net cash outflow of the Group on acquisitions	–

9. INVESTMENTS IN SUBSIDIARIES (continued)

The above acquisitions did not have any material impact on the financial position and results of the Group in the previous financial year.

In the previous financial year, on 22 September 2008, Oriental Pearl City Properties Sdn. Bhd. ("OPCP") (a wholly owned subsidiary of the Company) acquired the entire equity interest in Lakehill Resort Development Sdn. Bhd. ("LHRD") comprising 250,000 ordinary shares of RM1.00 each for a total consideration of RM250,000 from MPC Properties Sdn. Bhd.. Subsequently, on 30 September 2008, LHRD increased its issued and paid-up capital from RM250,000 to RM350,000 by way of issue of 100,000 ordinary shares of RM1.00 each at an issue price of RM1,353.46 per share at a total consideration of RM135,346,000. The total consideration was set-off by way of capitalising the inter-company debts.

On 31 October 2008, the Group entered into an agreement whereby, Amanah Raya Development Sdn. Bhd. ("ADSB") invested a sum of RM99,000,000 for the acquisition of 22% equity interest in LHRD and to partake 22% profit entitlement in LHRD. Consequently, the Group's effective equity interest in LHRD decreased from 100% to 78%.

10. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2010 RM'000	2009 RM'000
Cost		
At beginning of financial year	94,181	156,222
Additions during the financial year	666	2,182
Transferred to property development costs (Note 11)	–	(64,223)
	94,847	94,181
Less: Accumulated impairment losses		
At beginning of financial year	(16,902)	(16,902)
Recognised during the financial year	–	–
	(16,902)	(16,902)
At end of financial year	77,945	77,279
At carrying value		
Freehold land, at cost	27,496	27,496
Development expenditure	50,449	49,783
	77,945	77,279

11. PROPERTY DEVELOPMENT COSTS

	Group	
	2010 RM'000	2009 RM'000
At beginning of financial year		
Freehold land, at cost	74,027	48,013
Development expenditure	171,863	130,909
	245,890	178,922
Cost incurred during the financial year		
Development expenditure	638	3,695
Transferred during the financial year		
Transferred from land held for property development (Note 10)	–	64,223
Recognised as an expense in the income statement		
In previous financial years	(98,651)	(98,651)
During the financial year	–	–
	(98,651)	(98,651)
Less: Accumulated impairment losses		
At beginning of financial year	(24,024)	(24,024)
Recognised during the financial year	–	–
	(24,024)	(24,024)
At end of financial year	123,853	124,165

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	1,980	1,788	451	489
Less: Allowance for doubtful debts	(995)	(225)	–	(1)
	985	1,563	451	488
Other receivables	93	49	45	27
Less: Allowance for doubtful debts	(20)	(20)	(20)	(20)
	73	29	25	7
Deposits	755	345	34	34
Prepayments	24	2,234	9	2,229
Amounts owing by subsidiaries	–	–	204,517	189,775
Less: Allowance for doubtful debts	–	–	(2,554)	(2,511)
	–	–	201,963	187,264
	1,837	4,171	202,482	190,022

12. TRADE AND OTHER RECEIVABLES (continued)

In the previous financial year, included in prepayments of the Group and of the Company are interest pre-paid for bank borrowing amounting to RM2,200,000.

The credit terms offered by the Group in respect of trade receivables ranged from 14 to 30 days (2009: 14 to 30 days) from the date of invoice and progress billings.

	Company	
	2010 RM'000	2009 RM'000
Amounts owing by subsidiaries		
Interest bearing advances	151,954	144,234
Non-interest bearing advances	52,563	45,541
	204,517	189,775

Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and repayable on demand in cash and cash equivalents. Advances amounting to RM151,954,000 (2009: RM144,234,000) bear interest ranging from 4.45% to 18.00% (2009: 4.45% to 18.00%) per annum.

The allowance for doubtful debts is net of bad debts written off as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Bad debts written off	–	1,713	–	1,439

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	9,283	159	9,033	8
Deposit with a licensed bank	255	250	–	–
As reported in balance sheets	9,538	409	9,033	8
Less: Bank overdrafts (Note 19)	(51,963)	(52,809)	(51,963)	(52,809)
As reported in cash flow statements	(42,425)	(52,400)	(42,930)	(52,801)

Group

Included in the Group's cash and bank balances is an amount of RM40,000 (2009: RM39,000) held under the Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

The fixed deposit of the Group as at 30 June 2010 has a maturity period of three (3) months (2009: 3 months).

14. SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid:				
Balance as at 1 July 2009/2008	172,597	172,597	172,597	172,597
Rights issue	115,063	115,063	–	–
Balance as at 30 June 2010/2009	287,660	287,660	172,597	172,597

The Company had on 28 April 2010, successfully completed the renounceable two-call Rights Issue of 115,062,987 ordinary shares of RM1.00 each in the Company ("Rights Shares") at an issue price of RM1.00 per Rights Share of which the first call of RM0.45 per Rights Share was received in cash on application and the second call of RM0.55 per Rights Share was capitalised from the retained earnings of the Company.

The Company's issued and paid-up capital increased from 172,596,793 ordinary shares of RM1.00 each to 287,659,780 ordinary shares of RM1.00 each upon completion of the Rights Issue exercise.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

15. RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Distributable:				
Retained earnings	65,720	93,842	76,338	95,368
Non-distributable:				
Exchange translation reserve	92	24	–	–
Warrants reserve	10,011	–	10,011	–
	10,103	24	10,011	–
	75,823	93,866	86,349	95,368

15. RESERVES (continued)

(a) Retained earnings

Effective from 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or to continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has not elected to move to the single tier system, therefore, subject to the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends amounting to RM36,158,000 out of its retained earnings as at 30 June 2010. Retained earnings not covered by tax credit amounted to RM50,191,000.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currency 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 operation.

(c) Warrants reserve

Pursuant to the Rights Issue which was successfully completed on 28 April 2010 as disclosed in the Directors' Report, the Group issued 115,062,987 free detachable warrants ("Warrants") on the basis of two (2) Warrants for every three (3) existing ordinary shares of RM1.00 each in MPCorp held on 31 March 2010.

The exercise price of each Warrant shall be RM1.00 per ordinary share subject to the provisions of the Deed Poll. The exercise period shall commence from the date of issue of the Warrants and will expire on 21 April 2015 at 5.00 p.m.

As at 30 June 2010, 115,062,987 Warrants B have yet to be converted to ordinary shares.

The allocated fair value of free warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants periods will be transferred to retained earnings.

The Directors have allocated a fair value of RM0.089 per Warrant to the free Warrants based on the valuation of Warrants performed by an independent professional firm, Warrants Capital Sdn. Bhd. vide their letter dated 30 June 2010. The value of the Warrants is based on the relative fair values of the ordinary shares by reference to the critical assumptions comprising:

Share price	:	RM0.415 (28 April 2010)
Exercise price	:	RM1.00
Expiry date	:	21 April 2015
Volatility	:	Historical volatility of 5 years was 48.2%
Dividend	:	0%
Interest rate	:	2.75% per annum

16. BORROWINGS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current liabilities				
Bank borrowing (Note 17)	25,704	25,704	25,704	25,704
Hire-purchase creditors (Note 18)	265	184	205	129
Bank overdrafts (Note 19)	51,963	52,809	51,963	52,809
	77,932	78,697	77,872	78,642
Non-current liabilities				
Hire-purchase creditors (Note 18)	892	582	704	335
Total borrowings				
Bank borrowing (Note 17)	25,704	25,704	25,704	25,704
Hire-purchase creditors (Note 18)	1,157	766	909	464
Bank overdrafts (Note 19)	51,963	52,809	51,963	52,809
	78,824	79,279	78,576	78,977

17. BANK BORROWING - SECURED

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current liabilities				
Revolving credit	25,704	25,704	25,704	25,704

The revolving credit is secured by a fixed charge over the Group's investment property as disclosed in Note 8 to the financial statements.

18. HIRE-PURCHASE CREDITORS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Minimum hire-purchase payments:				
- not later than one year	317	218	246	148
- later than one year and not later than five years	764	569	604	355
- later than five years	239	66	189	–
	1,320	853	1,039	503
Less: Future interest charges	(163)	(87)	(130)	(39)
Present value of hire-purchase liabilities	1,157	766	909	464
Repayable as follows:				
Current liabilities:				
- not later than one year	265	184	205	129
Non-current liabilities:				
- later than one year and not later than five years	664	512	523	335
- later than five years	228	70	181	–
	892	582	704	335
	1,157	766	909	464

19. BANK OVERDRAFTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Bank overdrafts				
- secured	51,963	51,254	51,963	51,254
- unsecured	–	1,555	–	1,555
	51,963	52,809	51,963	52,809

The bank overdrafts are secured by a charge over the Group's investment property as disclosed in Note 8 to the financial statements.

20. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of financial year	19,935	19,739	317	121
Recognised in the income statements (Note 27)				
- current financial year	(50)	(9)	(50)	(9)
- (over)/under provision in prior financial years	(5)	205	(5)	205
	(55)	196	(55)	196
At end of financial year	19,880	19,935	262	317

(b) The movements of the deferred tax liabilities during the financial year are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of financial year	19,935	19,739	317	121
Recognised in the income statements (Note 27)				
- excess of capital allowance - over corresponding depreciation	(55)	168	(55)	168
- others	–	28	–	28
	(55)	196	(55)	196
At end of financial year	19,880	19,935	262	317

(c) The components of deferred tax liabilities at the end of the financial year comprise the tax effects of:

	2010 RM'000	2009 RM'000
Group		
Excess of capital allowances over corresponding depreciation	234	289
Revaluation surplus arising from subsidiary's development properties	12,118	12,118
Temporary differences arising from interest capitalised into development properties	7,500	7,500
Others	28	28
	19,880	19,935
Company		
Excess of capital allowances over corresponding depreciation	234	289
Others	28	28
	262	317

20. DEFERRED TAX LIABILITIES (continued)

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group	
	2010 RM'000	2009 RM'000
Unabsorbed capital allowances	315	194
Unutilised tax losses	62,638	57,410
Other taxable temporary differences	(47)	(28)
	62,906	57,576

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

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	5,564	4,148	–	–
Other payables and accruals	18,424	45,870	17,886	41,839
Purchasers' deposits	2	698	–	–
Tenants' deposits	3,887	3,622	185	221
Amounts owing to subsidiaries	–	–	21,481	21,654
	27,877	54,338	39,552	63,714

(a) The credit terms available to the Group and the Company in respect of trade payables ranged from 30 to 90 days (2009: 30 to 90 days) from the date of invoice and progress billing.

(b) Included in other payables and accruals are the following:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest accrued on revolving credit	5,805	5,612	5,805	5,612
Amounts owing to Directors	43	555	31	533
Amounts owing to companies in which certain Directors have substantial financial interests	7,058	29,169	5,437	27,577
Deferred income	–	–	3,189	3,189

(c) The amounts owing to companies in which certain Directors of the Company have financial interests are unsecured, repayable on demand in cash and cash equivalents and bear interest at rates ranging from 13.00% to 15.00% (2009: 13.00% to 15.00%) per annum.

21. TRADE AND OTHER PAYABLES (continued)

(d) Amounts owing to subsidiaries represent trade transactions, advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

(e) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	27,768	53,811	39,552	63,714
Hong Kong dollar (HKD)	109	527	–	–
	27,877	54,338	39,552	63,714

22. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group	
	2010 RM'000	2009 RM'000
At 1 July 2009/2008	257	2,199
Provision for liquidated and ascertained damages no longer required	–	(1,921)
Amount paid during the financial year	–	(21)
At 30 June 2010/2009	257	257

23. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Rental income from investment property	8,482	9,418	8,123	9,056
Property management services	1,180	1,423	1,179	1,198
	9,662	10,841	9,302	10,254

24. COST OF SALES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Rental and property management services	6,393	6,221	5,699	5,257

25. FINANCE COSTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Interest expense on:				
- bank overdrafts	4,011	5,084	4,011	4,509
- term loans	–	786	–	–
- bridging loan	–	1,326	–	–
- hire-purchase creditors	36	42	21	25
- revolving credit	2,644	2,818	2,644	2,818
- related parties	4,000	1,395	3,401	1,195
- others	–	33	–	31
	10,691	11,484	10,077	8,578

26. PROFIT/(LOSS) BEFORE TAX

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Auditors' remuneration:					
- current financial year					
- statutory audit		109	92	53	45
- non-statutory		30	61	30	60
- under provision in prior financial years		3	8	3	2
Allowance for doubtful debts:					
- trade		781	245	–	197
- non trade		–	–	65	2,511
Bad debts written off		–	9	–	6
Deposits written off		120	–	–	–
Depreciation of property, plant and equipment	7	1,039	1,054	748	820
Directors' remuneration:					
- fees					
- current financial year		360	489	360	489
- under/(over) provision in prior financial years		–	(6)	–	(6)
- emoluments other than fees		195	132	–	–
Rental of:					
- premises		365	418	–	–
- machinery		28	–	19	–
Management fees	31(b)				
- subsidiary		–	–	669	918
- related party		29	32	–	–
Unrealised loss on foreign exchange		–	2	–	–

26. PROFIT/(LOSS) BEFORE TAX (continued)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
And crediting:					
Allowance for doubtful debts no longer required:					
- trade		11	262	–	176
- non trade		–	–	23	–
Changes in fair value of investment property	8	59,817	–	60,110	–
Deposits forfeited		693	–	–	–
Gain on disposal of property, plant and equipment		2	14	2	14
Gain on partial disposal of shares in a subsidiary		–	67,517	–	–
Interest income from:					
- subsidiaries		–	–	4,501	5,773
- others		103	53	46	4
Provision for liquidated and ascertained damages no longer required	22	–	1,921	–	–
Rental income	23	8,482	9,418	8,123	9,056
Unrealised gain on foreign exchange		92	–	–	–

27. TAXATION

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current tax expense based on taxable profit for the financial year:				
Malaysian income tax	386	–	386	–
Over provision in prior financial years:				
Malaysian income tax	(1,939)	(62)	(115)	(50)
	(1,553)	(62)	271	(50)
Deferred tax (Note 20):				
Current financial year	(50)	(9)	(50)	(9)
(Over)/Under provision in prior financial years	(5)	205	(5)	205
	(55)	196	(55)	196
	(1,608)	134	216	146

27. TAXATION (continued)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profit for the fiscal year.

The numerical reconciliation between taxation and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	10,500	13,338	13,621	(1,173)
Tax effects in respect of:				
Non-allowable expenses	4,708	4,198	2,885	3,122
Non-taxable income	(16,205)	(19,857)	(16,170)	(1,449)
Utilisation of group relief	–	–	–	(509)
Deferred tax assets not recognised	1,333	2,348	–	–
Lower tax rates in foreign jurisdiction	–	(36)	–	–
	336	(9)	336	(9)
(Over)/Under provision of deferred tax in prior financial years	(5)	205	(5)	205
Over provision of income tax in prior financial years	(1,939)	(62)	(115)	(50)
	(1,608)	134	216	146

Subject to the agreement of the Inland Revenue Board, the Group has unutilised tax losses of approximately RM62,638,000 (2009: RM57,410,000) and unabsorbed capital allowances of approximately RM315,000 (2009: RM194,000) available to set-off against future taxable income.

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group relief	–	–	–	509

28. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

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

28. EARNINGS PER ORDINARY SHARE (continued)

(a) Basic earnings per ordinary share (continued)

	Group	
	2010 RM'000	2009 RM'000
Profit attributable to equity holders of the Company	45,174	53,536
Weighted average number of ordinary shares in issue ('000)	172,597	172,597
Effect of rights issue	20,175	–
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	192,772	172,597

	Group	
	2010 sen	2009 sen
Basic earnings per ordinary share	23.43	31.02

(b) Diluted

The diluted earnings per ordinary share is not presented as the average market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and thus it is anti-dilutive.

29. CONTINGENT LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unsecured:				
Claim for defamatory suit as disclosed in Note 30 (d) to the financial statements	1,000	1,000	1,000	1,000

Pursuant to the Joint Venture Agreement ("JVA") dated 20 August 2008 between Amanah Raya Development Sdn. Bhd. ("ADSB") and Oriental Pearl City Properties Sdn. Bhd. ("OPCP"), an indirectly wholly-owned subsidiary of the Company, OPCP has granted ADSB a put option requiring OPCP to purchase ADSB's participation in the Joint Venture Entity, Lakehill Resort Development Sdn. Bhd. ("LHRD") ("Put Option"). The Put Option is exercisable by ADSB during a fixed period of three (3) months commencing from the day immediately after thirty-six (36) months from the effective date of the JVA ("Option Period"), which is 31 October 2008.

29. CONTINGENT LIABILITIES (continued)

The exercise price of the Put Option shall not be less than RM99.00 million based on ADSB's original investment cost for the acquisition of 22% equity interest in LHRD to partake 22% profit entitlement of LHRD ("Base Price"), plus an additional premium of 12% over the Base Price ("Put Option Price"). The 12% premium shall be subject to a deduction of whatever dividends previously in total paid or payable (accumulated dividends) from LHRD to ADSB prior to the date of exercise of the Put Option during the Option Period. If the Put Option is not exercised during the Option Period, the Put Option shall automatically lapse.

There is an outstanding contingent liability to the Group arising from the abovementioned Put Option being granted by OPCP to ADSB of RM99.00 million plus an additional premium of 12% over the Put Option Price. A contingent loss may also arise should there be a shortfall in the share of the carrying amount of the net assets of the Joint Venture Entity compared against the exercise price of the Put Option. This will have an adverse impact on the retained earnings of the Group.

30. MATERIAL LITIGATIONS

(a) Kuala Lumpur High Court Suit No. S4-22-82-2006

This is a case which the Company and the subsidiary Taman Bandar Baru Masai Sdn. Bhd. ("TBBM") (collective "the Plaintiffs") commenced a civil action on 14 November 2005 against former directors of the Company namely, Encik Chut Nyak Isham bin Nyak Ariff, Dato' Yusof bin Jusoh, YAM Tengku Syarif Syed Amir Abidin Putra Jamalullail, Dato' Thomas Teng Poh Foh (deceased) and Puan Asnah bt. Mohd Salleh and other connected parties, namely, Warisan Alam Enterprise Sdn. Bhd., Bumialpha Sdn. Bhd., Dion Sharil Bin Chut Nyak Isham, Intan Safina Binti Yusof and Aishah Binti Mohd Jelani (collectively known as "the Defendants"), for inter-alia breach of Section 132(E) of the Companies Act, 1965, abused the authority of refund and penalty costs unfairly profited by the Defendants in relation to payment to themselves. In return, the Defendants had filed their defence and counter claim.

The Court had postponed the final case management to be heard on 1 December 2010. No date has been fixed for trial.

(b) Johor Bahru High Court Suit No.22-702-2005 merging Kuala Lumpur High Court Suit No.S3-22-1176-2006 to be heard concurrently

The Company and its subsidiary, TBBM (collectively known as "the Plaintiffs") first commenced a civil action on 14 October 2005 vide Johor Bahru High Court Suit No. 22-702-2005 against the former Group General Manager of the Company and TBBM, En. Zulhaimi bin Nordin as well as the former Group Managing Director and Group Chief Executive Officer of the Company and TBBM, En. Chut Nyak Isham Bin Nyak Ariff, including Inta Development Sdn. Bhd. ("Inta") and Inta directors and others (collectively known as "the Defendants") for alleged non-disclosable of connected parties transaction who benefited in the sale of land owned by TBBM held under PTD 149705 H.S (D) 310451, Mukim Plentong, Daerah Johor Bahru which also breached Section 132(E) of the Companies Act, 1965 and other possible criminal action.

The case was requested by the Plaintiff to be transferred to the Kuala Lumpur High Court for the purpose of merging the two actions as above title referred. The striking out by the Defendants was dismissed by the Registrar on 15 November 2007. An appeal was filed by the Defendants which was heard on 8 July 2009 and again was dismissed with cost in favour of the Company and TBBM. The Court had fixed a case management on 24 September 2010 and both parties have filed their bundle of documents of the agreed issues to be tried plus the agreed facts. No trial date has been fixed yet.

30. MATERIAL LITIGATIONS (continued)

(c) Kuala Lumpur High Court Suit No. S3-22-1128-2004

Inta as Plaintiff had on 19 July 2004 filed a claim against the Company's subsidiary, TBBM in respect of the alleged sale of the same subject property sale referred in case 30 (b) above which the Plaintiff claimed that the cost of infrastructure works were included in the sales and purchase agreement dated 26 December 2001 in relation to the said land in the Mukim Plentong, Daerah Johor Bahru same as referred in case 30 (b) above. TBBM filed an application to consolidate cases 30 (c) and 30 (b) to be tried together owing to TBBM claimed that the sales and purchase agreement was void and a fraud. The hearing for the consolidation was heard on 8 July 2009 and the learned judge dismissed the application for consolidation with cost but instructed that both cases would be heard by the same learned judge one after the other.

The matter sat down for full trial and on 24 June 2010, however Inta withdrew their claim halfway the trial against TBBM with no liberty to file afresh and a consent judgement was recorded by the learned judge.

(d) Kuala Lumpur High Court Suit No. S2-23-29-06

The four (4) former directors of the Company, En. Chut Nyak Isham bin Nyak Ariff, Dato' Yusof bin Jusoh, Tengku Sharif Syed Amir Abidin Jamalullail and Dato' Thomas Teng Poh Foh (deceased) (collectively known as the "Plaintiffs") had filed a claim against the Company for alleged defamation in respect of the Company's report of the legal wordings contained in paragraph 30 (a) of Annual Report for the financial year ended 30 June 2005 pertaining to the Section under 'Material Litigation'. The same content was picked up and reported in the Star Newspaper on 15 November 2005.

The Court on 8 February 2007 struck out the Plaintiff's claim of slander brought forth against the Company. The Court ordered the Plaintiffs to amend their statements of claim by deleting all suggestions of "slanders" which they claimed the Company made against them. The Plaintiffs filed their amended statement of claim and the Company has filed its amended statement of defence on July 2008. The Court has fixed for case management on 7 March 2011.

No provision was required to be made in the financial statements of the Group and of the Company as the Directors have been duly advised by their solicitors that the Group's and the Company's prospect in defending the claim is fair.

(e) Arbitration Proceedings (2007)/ Kuala Lumpur High Court Suit No. D6 (R3)-24-28-2009

Dindings Construction Sdn. Bhd. ("DCSB") as Claimant had on 13 November 2007 commenced an arbitration proceedings against the Company's subsidiary TBBM as the Respondent. The claim was for the balance sum of RM394,851 which the Claimant alleged was owed an amount in variation orders "extra" in respect of the construction and completion of phase 4M1 & 4M2-58 units of double storey terrace houses and phase 4M3-56 units of single storey terrace houses at Taman Nusa Damai, Johor, which TBBM denied.

The Arbitrator on 14 April 2009 awarded the sum of RM394,851 to the Claimant. However, TBBM filed an application to the Kuala Lumpur High Court vide Civil Suit No. D10-24-141-2009 for an ex-parte injunction for stay proceeding. The ex-parte injunction was granted by the Court on 21 May 2009. TBBM also filed an application to set aside or vary the arbitration award on 26 May 2009.

DCSB has filed an application to register the arbitration award dated 14 April 2009 but no date has been given by the High Court in respect of DCSB's application. The Parties had filed their written submission and the matter was fixed for decision and clarification on 26 August 2009. The inter-partes hearing for the injunction was held on the 10 June 2009 but was further adjourned to 20 July 2009. An interim injunction was granted in TBBM's favour until 20 July 2009. On 20 July 2009 the injunction was further extended by the Court whereby TBBM complied with the Court to place the sum of RM534,850 into a joint solicitors' account in escrow pending appeal. The Judgement dated 11 September 2009 was in favour of the Claimant. TBBM's solicitors had advised that there were reasonable grounds to appeal against the judgement. TBBM filed an appeal to the Court of Appeal against the judgement and the matter is pending a date to be fixed by the Appeal Court.

30. MATERIAL LITIGATIONS (continued)

(e) Arbitration Proceedings (2007)/ Kuala Lumpur High Court Suit No. D6 (R3)-24-28-2009 (continued)

No further provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the Group's prospect in defending the claim is fair.

(f) Johor Bahru High Court Suit No. 22 – 174 – 2007

TBBM ("the Plaintiff") commenced a civil action on 10 April 2007 against Scientex Quatari Sdn. Bhd. ("the Defendant") in relation to illegal encroachment, trespassing and erosion damages on the Plaintiff's land held under PTD 149729 HS(D) 310467, Mukim Plentong, Daerah Johor Bahru ("the said land") which caused serious damages to the Plaintiff's land and sought relief from the Court for compensation and/or the land to be reinstated to original state and level, plus damages and costs to be assessed. A full trial was fixed on 21 October 2010 and 22 October 2010. After having heard the witnesses of both sides, the Court has fixed the matter for clarification and submission on 2 November 2010.

(g) Kuala Lumpur High Court Suit No. D4-22-1803-2006

Simbaplus Builder (M) Sdn. Bhd. ("Plaintiff") claimed against the Company's subsidiary, Euronium Construction Sdn. Bhd. ("Euronium"), for balance of RM695,295 being the costs for work done involving past earthwork for Project under Phase 1A1 & 1A2 at Nusa Damai, Mukim Plentong, Daerah Johor Bahru, Johor. Euronium had counterclaimed against the Plaintiff for liquidated ascertained damages for the amount of RM465,600 and additional costs of RM2,811,833 to complete the site clearance work. The matter sat down for full trial on 12, 13 and 14 October 2009 and judgement was entered against Euronium. The Parties had on 15 July 2010 reached a full settlement agreement whereby Euronium agreed to pay sum of RM400,000 to the Plaintiff. This amount has been provided for in the books of the Group as at 30 June 2010.

(h) Kuala Lumpur High Court Suit No. S3-22-1236-2007

TBBM as Plaintiff had on 22 October 2007 commenced a legal action against Chut Nyak Isham Bin Nyak Ariff, the former Group Managing Director and Chief Executive Officer of the Company and TBBM, Dato' Yusoh Bin Jusoh, the former Chairman/Director of the Company and TBBM and one Ikmal Nazarin Bin Junid (Ikmal) (collectively known as "the Defendants") in relation to the sale of TBBM's two approved petrol service stations known as Unit No. 12BC (1st Parcel) and Plot 12A and 12D in the Mukim of Plentong, District of Johor Bahru to a third party in suspicious circumstances at prices well below the actual market prices which Ikmal was able to resell them at almost twice the value in matters of days and weeks. The Defendants acted contrary to fiduciary duties and without calling for independent valuation. The terms of sale was of highly suspicious circumstances. The Defendants have filed their defence.

TBBM's claim against the Defendants for 2 parcels of land, amongst other, the sum of RM1,428,200 on the sale of the 1st Parcel and RM1,152,531 on the sale of the 2nd Parcel which were grossly below market value and for other losses and damages to be assessed by the Court.

Ikmal Nazarin Bin Junid had filed an application to strike out TBBM's claim, which on 8 October 2009 the said application was striked out and dismissed by the learned judge with cost in favour of the TBBM. The Court has fixed a final case management on 9 December 2010. No trial date has been fixed yet.

(i) Johor Bahru High Court No. MT5-22-731-2009

Pembinaan Proli Sdn. Bhd. ("Proli") claimed against TBBM for RM1,438,430 for the construction of the JB Sales Office at Nusa Damai, Mukim Plentong, Daerah Johor Bahru, Johor. The Plaintiff filed an application for Summary Judgment but was dismissed on 20 May 2010 with costs to TBBM, on the grounds that there were triable issues. The matter is now awaiting for a full trial. No trial date has been fixed to date.

No provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the Group's prospect in defending the claim is fair.

30. MATERIAL LITIGATIONS (continued)

(j) Johor Bahru Session Court No. 52-2034-2010

UNP Design Sdn. Bhd. ("UNP") claimed against TBBM for RM105,898 being the outstanding balance of payment for Interior Design and Furnishing Work for the Show Unit for Phase 4M at Nusa Damai, Mukim Plentong, Daerah Johor Bahru, Johor. The Court has fixed the matter for Hearing on 25 January 2011.

Even though TBBM is confident to succeed in striking out the claim, this amount has been provided for in the financial statements of the Group.

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) Significant related party transactions

Related parties	Relationships
Top Lander Offshore Inc.	A substantial shareholder of the Company
Steady Essence Sdn. Bhd.	A company in which Dato' Ch'ng Poh, the Chief Executive Officer of the Company, Datin Kong Yuk Chu and Ch'ng Soon Sen, both Executive Directors of the Company, who are also substantial shareholders of the Company, have substantial shareholding interest
Ocean Power Enterprises Limited and Power View Holdings Limited (Incorporated in Hong Kong)	A company in which Dato' Ch'ng Poh, the Chief Executive Officer of the Company and Datin Kong Yuk Chu, Executive Director of the Company, who are also substantial shareholders of the Company, have substantial shareholding interest

31. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions (continued)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest payable to Top Lander Offshore Inc.	2,885	–	2,476	–
Interest payable to Steady Essence Sdn. Bhd.	1,115	1,395	925	1,195
Ocean Power Enterprise Limited				
- Rental expenses	365	410	–	–
- Management fees	29	32	–	–
Subsidiaries:				
- Interest income	–	–	4,501	5,773
- Staff charges	–	–	–	107
- Rental income	–	–	7,905	7,920
- Commission payable	–	–	120	120
- Management fees payable	–	–	669	918
Property, plant and equipment transferred to a subsidiary	–	–	–	17
Advances from Steady Essence Sdn. Bhd. (net)	2,112	21,282	2,112	21,282
Advances from Power View Holdings Limited (net)	–	1,075	–	–
Advances from Top Lander Offshore Inc. (net)	2,901	–	2,611	–

The above transactions have been entered into the normal course of business and are based on negotiated and mutually agreed terms.

Significant balances with subsidiaries as at balance sheet date are disclosed in Notes 12 and 21 to the financial statements.

The related party balances for transactions other than trade in nature which remained outstanding at the financial year end are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Related parties payable:				
- Steady Essence Sdn. Bhd.	–	(27,577)	–	(27,577)
- Power View Holdings Limited	–	(1,592)	–	–
- Top Lander Offshore Inc.	(7,058)	–	(5,437)	–

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year was as follows:-

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term employee benefits	2,311	1,590	–	169
Contributions to defined contribution plan	277	190	–	21
	2,588	1,780	–	190

Included in the compensation of key management personnel of the Group are Directors remuneration amounting to RM195,000 (2009: RM132,000).

32. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the business of property development, investment properties and construction. The Group's property development activity is mainly undertaken by Lakehill Resort Development Sdn. Bhd., a 78% owned subsidiary of the Company.

The Group has arrived at three (3) reportable segments that are organised and managed separately, which require different business and marketing strategies. The segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the nature of its businesses. The reportable segments are summarised as follows:

(i)	Property development	:	Development of residential and commercial properties
(ii)	Investment Property	:	Letting of investment property
(iii)	Construction	:	Construction of buildings

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax assets and liabilities, corporate assets and expenses.

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

32. OPERATING SEGMENTS (continued)

Group **2010**	**Property development RM'000**	**Investment property RM'000**	**Construction RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
External sales	–	9,662	–	–	9,662
Inter-segment sales	–	9,256	–	(9,256)	–
Total revenue	–	18,918	–	(9,256)	9,662
Results					
Segment results	(4,675)	62,738	(17)	(5,355)	52,691
Unallocated income					–
Unallocated corporate expenses					–
Finance costs					(10,691)
Profit before tax					42,000
Tax expense					1,608
Profit for the financial year					43,608
Other information					
Segment assets	203,582	322,421	1,712	(10,317)	517,398
Unallocated corporate assets					544
Total assets					517,942
Segment liabilities	10,295	101,517	689	(5,543)	106,958
Unallocated corporate liabilities					19,880
Total liabilities					126,838
Capital expenditure	146	807	–	–	953
Depreciation of property, plant and equipment	199	840	–	–	1,039
Non-cash expenses other than depreciation and amortisation	795	378	18	(291)	900

32. OPERATING SEGMENTS (continued)

Group 2009	Property development RM'000	Investment property RM'000	Construction RM'000	Elimination RM'000	Total RM'000
Revenue					
External sales	–	10,841	–	–	10,841
Inter-segment sales	–	7,920	–	(7,920)	–
Total revenue	–	18,761	–	(7,920)	10,841
Results					
Segment results	(74)	68,109	(39)	(3,157)	64,839
Unallocated income					–
Unallocated corporate expenses					–
Finance costs					(11,484)
Profit before tax					53,355
Tax expense					(134)
Profit for the financial year					53,221
Other information					
Segment assets	208,362	361,178	1,730	(120,752)	450,518
Unallocated corporate assets					773
Total assets					451,291
Segment liabilities	10,572	125,767	724	(3,189)	133,874
Unallocated corporate liabilities					21,767
Total liabilities					155,641
Capital expenditure	843	106	–	–	949
Depreciation of property, plant and equipment	147	907	–	–	1,054
Non-cash expenses other than depreciation and amortisation	–	245	–	–	245

33. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to liquidity and cash flow risk, credit risk and interest rate risk. Information on the management of the related exposures are detailed below.

(i) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

(ii) Credit risk

Cash deposits and trade receivables may rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are mainly from trade receivables. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The concentration of credit risk, which is the risk of counterparties defaulting, is controlled by the application of credit control procedures. The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition. The management monitors exposure to credit risk on an ongoing basis and performs credit evaluation on customers regularly.

The concentration of credit risk in respect of property buyers are limited by withholding legal ownership before the full consideration is received. For trade receivables other than property buyers, the concentration of credit risk is limited due to the Group's large number of customers who are dispersed over a broad spectrum of industries and business.

The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

In respect of deposits, cash and bank balances placed with financial institutions are only in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits are managed through effective negotiation with financial institutions for best available rates. The Group does not use derivative financial instruments to hedge its risk.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2010									
Financial assets									
Cash held in housing development accounts	13	2.10	40	–	–	–	–	–	40
Fixed deposit	13	3.00	255	–	–	–	–	–	255
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	5.00	265	238	168	148	110	228	1,157
Floating rates									
Bank overdrafts	19	8.00	51,963	–	–	–	–	–	51,963
Revolving credit	17	8.50	25,704	–	–	–	–	–	25,704
At 30 June 2009									
Financial assets									
Cash held in housing development accounts	13	2.10	39	–	–	–	–	–	39
Fixed deposit	13	3.00	250	–	–	–	–	–	250
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	5.00	184	195	164	89	64	70	766
Floating rates									
Bank overdrafts	19	8.00	52,809	–	–	–	–	–	52,809
Revolving credit	17	8.50	25,704	–	–	–	–	–	25,704

33. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Interest rate risk

Comapny	Note	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2010									
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	4.80	205	191	123	121	88	181	909
Floating rates									
Bank overdrafts	19	8.20	51,963	–	–	–	–	–	51,963
Revolving credit	17	8.50	25,704	–	–	–	–	–	25,704
At 30 June 2009									
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	5.00	129	136	116	44	39	–	464
Floating rates									
Bank overdrafts	19	8.20	52,809	–	–	–	–	–	52,809
Revolving credit	17	8.50	25,704	–	–	–	–	–	25,704

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

		Group		Company	
At 30 June 2010	**Note**	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Unquoted investments in Malaysia	9	–	–	8,551	#
Hire-purchase creditors	18	1,157	1,061	909	833
At 30 June 2009					
Unquoted investments in Malaysia	9	–	–	8,551	#
Hire-purchase creditors	18	766	690	464	424

33. FINANCIAL INSTRUMENTS (continued)

(b) Fair values (continued)

\# It is not practical to estimate the fair value of the unquoted investment because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive cost. The Directors believe that the carrying amount represents the recoverable value.

The following methods and assumptions are used to determine the fair value of financial instruments:

(i) The carrying values of the financial instruments maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

(ii) The method and assumption used by management to determine fair value of hire purchase creditors has been determined using discounted cash flows technique. The discount rates used are based on the current market rate.

34. EMPLOYEE BENEFITS

The total staff costs recognised in the income statements are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	4,134	2,830	–	446
Defined contribution plan	387	291	–	48
Other employee benefits	271	263	–	239
	4,792	3,384	–	733

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 22 October 2009, the Company acquired 100% equity interest comprising two (2) ordinary shares of RM1.00 each in Temasek Mewatek Sdn. Bhd. for a cash consideration of RM2.00.

(b) The Company had on 28 April 2010, successfully completed the renounceable two-call Rights Issue of 115,062,987 ordinary shares of RM1.00 each in the Company ("Rights Shares") together with 115,062,987 free detachable warrants ("Warrants") at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with two Warrants for every three (3) existing ordinary shares of RM1.00 in Company held on 31 March 2010. The first call of RM0.45 per Rights Share was received in cash on application and the second call of RM0.55 was capitalised from the retained earnings of the Company.

The Group's issued and paid-up capital increased from 172,596,793 ordinary shares of RM1.00 each to 287,659,780 ordinary shares of RM1.00 each upon completion of the Rights Issue exercise.

PROPERTIES HELD BY THE GROUP

	Tenure		Location	Approximately Net Lettable Area */ Land Area	Approximate Age of Building (years)	At Valuation (RM'000)	Date of Revaluation
1	Freehold	i	19 Level office tower	266,283 sq ft*	36	300,000	20/8/2010
		ii	Majority of the floor area of 4 level retail podium at Jalan Raja Chulan 50200 Kuala Lumpur	74,542 sq ft*			
2	Freehold		Remaining land & Development in the Mukim Plentong, District of Johor Bahru, Johor Darul Takzim	502 acres	–	450,000	24/07/2008
			Land earmarked for local amenities and requirements	136 acres			
			Total land area	638 acres		450,000	

ANALYSIS OF SHAREHOLDINGS AND WARRANTHOLDINGS *AS AT 20 OCTOBER 2010*

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000
Issued and Paid Up Share Capital	:	RM287,659,780
Class of Shares	:	Ordinary Share of RM1.00 each
Voting Rights		
- On a show of hands	:	1 vote for every shareholder
- On a poll	:	1 vote for every one ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Shares
1 to 99 shares	146	3.50	5,381	0.00
100 to 1,000 shares	1,163	27.86	1,078,691	0.37
1,001 to 10,000 shares	1,606	38.48	8,022,852	2.79
10,001 to 100,000 shares	1,073	25.71	36,370,189	12.64
100,001 to less than 5% of issued shares	185	4.43	66,114,606	22.98
5% and above of issued shares	1	0.02	176,068,061	61.21
TOTAL	4,174	100.00	287,659,780	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Top Lander Offshore Inc.	176,068,061	61.21		
Dato' Ch'ng Poh @ Ch'ng Chong Poh			176,068,061	61.21 [1]
Datin Kong Yuk Chu			176,068,061	61.21 [1]
Seacrest Land Limited			176,068,061	61.21 [2]

Notes:-

1 Deemed interest by virtue of his/her substantial interest in Top Lander Offshore Inc and Seacrest Land Limited.
2 Deemed interest by virtue of its substantial interest in Top Lander Offshore Inc.

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Indirect Interest	
Name of Directors	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Datin Kong Yuk Chu			176,068,061	61.21 [1]
Seow Thiam Fatt	150,000	0.05		
JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ch'ng Soon Sen (STA 1)	469,000	0.16		

Notes:-

1 Deemed interest by virtue of her substantial interest in Top Lander Offshore Inc and Seacrest Land Limited.

TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of Issued Shares	% of Issued Shares
1	Top Lander Offshore Inc.	176,068,061	61.21
2	Yap Lian Far	2,495,700	0.87
3	Affin Nominees (Asing) Sdn Bhd *Exempt an for Phillip Securities (Hong Kong) Ltd (Clients' Account)*	2,235,600	0.78
4	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Lian Far (8039110)*	2,145,200	0.75
5	Ong Wan Chin	2,080,000	0.72
6	Citigroup Nominees (Asing) Sdn Bhd *UBS AG Singapore for Blue Diamond Enterprises Worldwide Ltd*	1,400,000	0.49
7	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Hoo Kui*	1,326,900	0.46
8	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chua Eng Ho Waa @ Chua Eng Wah*	1,266,900	0.44
9	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Parmjit Singh A/L Meva Singh*	1,200,000	0.42
10	Leong Lee Ching	1,049,600	0.36
11	Lee Ai Chu	1,027,700	0.36
12	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tang Sing Ling*	960,300	0.33
13	Lim Chen Tong	933,300	0.32
14	Ong Kek Poh	879,000	0.31
15	Mayban Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Kek Lian Lye*	873,500	0.30
16	HDM Nominees (Tempatan) Sdn Bhd *Taiping Recovery Sdn Bhd - in Liquidation for Ho Ngan Yin*	871,000	0.30
17	Tan Siew Hoong	822,000	0.29
18	Wong Choon Shein	800,000	0.28
19	Citigroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ta Kin Yan (472435)*	751,851	0.26
20	OSK Nominees (Tempatan) Sdn. Berhad *Pledged Securities Account for Lee Chee Wan*	750,000	0.26
21	Chan Foong Cheng	700,000	0.24
22	Ong Ak Huk @ Ong Ah Huat	700,000	0.24
23	Koh Sin Eng	660,000	0.23
24	Tan Yen Kean	653,300	0.23
25	Tan Kim Lian	635,600	0.22
26	Mayban Nominees (Tempatan) Sdn Bhd *Chua Eng Ho Wa'a @ Chua Eng Wah*	572,500	0.20
27	CIMSEC Nominees (Tempatan) Sdn Bhd *Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	568,666	0.20
28	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Eng Kok Kheng*	552,500	0.19
29	Tan Geng Sing	550,000	0.19
30	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kai Yunn (8055970)*	536,600	0.19
	TOTAL	206,065,778	71.64

ANALYSIS OF WARRANTHOLDINGS

No. of Warrants Issued	:	115,062,987
No. of Warrants Outstanding	:	115,062,987
Exercise price	:	RM1.00 per share
Exercise period	:	21 April 2010 till 21 April 2015
Exercise rights	:	Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each in the Company
Voting Rights	:	Each holder of warrant has no any voting rights until and unless the warrants are exercised for new shares in the Company

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants	% of Warrantholdings
1 to 99 warrants	38	2.84	2,883	0.00
100 to 1,000 warrants	126	9.40	86,815	0.08
1,001 to 10,000 warrants	637	47.54	2,971,392	2.58
10,001 to 100,000 warrants	448	33.43	15,634,633	13.59
100,001 to less than 5% of issued warrants	90	6.72	27,601,460	23.99
5% and above of issued warrants	1	0.07	68,765,804	59.76
TOTAL	1,340	100.00	115,062,987	100.00

DIRECTORS' INTERESTS IN WARRANTS

	Direct Interest		Indirect Interest	
Name of Directors	No. of Warrants	% of Warrantholdings	No. of Warrants	% of Warrantholdings
Datin Kong Yuk Chu			68,765,804	59.76 [1]
Seow Thiam Fatt	60,000	0.05		

Notes:-

1 Deemed interest by virtue of her substantial interest in Top Lander Offshore Inc and Seacrest Land Limited

TOP THIRTY WARRANTHOLDERS

No.	Name of Warrantholders	No. of Warrants	% of Warrant Holdings
1	Top Lander Offshore Inc.	68,765,804	59.76
2	Ong Wan Chin	2,096,000	1.82
3	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Sun Ping*	1,500,000	1.30
4	Seow Meh Foong	1,370,000	1.19
5	Chap Kar Kar	1,073,500	0.93
6	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chua Eng Ho Waa @ Chua Eng Wah*	800,100	0.70
7	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Chin Ching (MY0501)*	695,000	0.60
8	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Moo Foot Lian (CEB)*	689,000	0.60
9	Chua Tik Pong	679,800	0.59
10	Hau Gat Niw	650,000	0.56
11	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tang Sing Ling*	627,100	0.55
12	RHB Capital Nominees (Tempatan) Sdn Bhd *Mohd Amiri Bin Ab Rahman (KTN)*	531,300	0.46
13	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Parmjit Singh A/L Meva Singh*	500,000	0.43
14	Lim Phee Lin	500,000	0.43
15	Bu Seng Beng	460,000	0.40
16	Lim Chen Tong	433,300	0.38
17	HLG Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Saw Wai Kat*	410,069	0.36
18	Ong Kek Poh	400,000	0.35
19	Goh Tua Sing	399,400	0.35
20	Soo Kin Lam	380,000	0.33
21	Tan Siew Hoong	350,000	0.30
22	Chan Foong Cheng	340,000	0.30
23	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Chin Hooi (MP0137)*	306,000	0.27
24	Citigroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ta Kin Yan (472435)*	300,740	0.26
25	Ong Ak Huk @ Ong Ah Huat	300,000	0.26
26	OSK Nominees (Tempatan) Sdn. Berhad *Pledged Securities Account for Lee Chee Wan*	300,000	0.26
27	Tan Boon Chin	300,000	0.26
28	Yap Lian Far	293,000	0.25
29	Koh Sin Eng	291,400	0.25
30	Ng Kong Huan	286,400	0.25
	TOTAL	86,027,913	74.77

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MALAYSIA PACIFIC CORPORATION BERHAD
(12200-M)
(Incorporated in Malaysia)

No. of ordinary shares held

PROXY FORM

I/We ....
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New)/Company No. .... CDS Account No. ....

of ....
(FULL ADDRESS)

being a member/members of **MALAYSIA PACIFIC CORPORATION BERHAD** hereby appoint* ....

....
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No. .... of ....

or failing him .... NRIC (New) No. ....
(INSERT FULL NAME IN BLOCK CAPITAL)

of ....

or the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Thirty-Eighth (38th) Annual General Meeting of the Company to be held at Prince Hotel & Residence, Prince 3, Level 3, Jalan Conlay, 50450 Kuala Lumpur on Wednesday, 22 December 2010 at 10.00 a.m. and at any adjournment thereof as indicated below:-

	Resolutions	FOR	AGAINST
1	To approve the payment of Directors' Fees for the financial year ended 30 June 2010.		
2	To re-elect Dato' Syed Hussien bin Abd Kadir as Director pursuant to Article 85 of the Company's Articles of Association.		
3	To re-elect Datin Kong Yuk Chu as Director pursuant to Article 85 of the Company's Articles of Association.		
4	To re-appoint Messrs BDO as Auditors of the Company.		
5	Authority to Issue of shares pursuant to Section 132D of the Companies Act, 1965.		
6	Proposed Amendment to Articles of Association of the Company.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at her discretion.)

Dated this .... day of 2010

....
Signature of Member / Common Seal

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (or in the case of a corporation, a duly authorised representative) 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 need not be complied with. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.

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

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

4. The instrument appointing a proxy shall be deposited at the registered office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Company Secretary of

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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