NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ('FRS') 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2010 except for the adoption of the relevant FRSs, amendments to FRSs and IC Interpretations that are effective for financial years beginning on or after 1 January 2010 and 1 July 2010. Other than the implication as explained below, the adoption of other new FRSs, amendments to FRSs and IC Interpretations is either not applicable to the Group's operations or does not have a material financial impact to the financial position and results of the Group :

(a) FRS 101 – Presentation of Financial Statements (revised)

The amendments to FRS 101 require changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. All transactions with owners are presented in the consolidated statement of changes in equity, whereas all transactions with non-owners are presented in the consolidated statement of comprehensive income. Comparative balances of the Group had been reclassified so as to be in conformity with the revised FRS.

(b) Amendments to FRS 117 Leases

The amendments to FRS 117 require entities with existing leases of land to reassess the classification of land as a finance or operating lease. The Group had reclassified the existing leasehold land to property, plant and equipment following the reassessment, with no effect on reported profit or equity. However, as a result of the adoption of the amendments to FRS 117, comparative balances had been reclassified as follows :

	As previously reported	**Effects of adopting the amendments to FRS 117**	**As restated**
	RM'000	RM'000	RM'000
Property, plant and equipment	419,539	13,411	432,950
Prepaid lease payments for land	13,411	(13,411)	-

(c) FRS 127 – Consolidated and Separate Financial Statements (revised)

The Standard 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 owner of the parent and to the non-controlling interest ('NCI'), even if this results in the NCI having deficit balance.

The comparative balance of minority interests had been reclassified as NCI and the Group did not reallocate to the NCI the previous losses that were attributable to the NCI but were attributed to the equity of the owner of the parent. The loss attributed to the NCI pursuant to this requirement of the Standard for the current financial period is RM230,000.

(d) FRS 139 – Financial Instruments : Recognition and Measurement and Amendments to FRS 139

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the date of the statement of financial position were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract date when, and only when, the Group becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities of the Group were classified into following categories :

Pre-FRS 139	**Post-FRS 139**
Long-term investments excluding investments in subsidiaries and associates	Available-for-sale investments
Receivables	Loans and receivables
Long-term borrowings	Financial liabilities at amortised cost
Unrecognised derivative assets	Financial assets at fair value through profit or loss
Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases of the Group which were applied to the financial assets and financial liabilities were changed to conform to the measurement bases of FRS 139. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows :

Categories	**Measurement Bases**
Financial instruments at fair value through profit or loss	At fair value through profit or loss
Loans and receivables	At amortised cost using effective interest method
Available-for-sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
Financial liabilities at amortised cost	At amortised cost using effective interest method

All financial assets other than those classified as fair value through profit or loss are subject to impairment test of FRS 139.

Impact on opening balances

FRS 139 had been adopted prospectively in accordance with the transitional provisions of the Standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments of the Group as at 1 July 2010 were recognised as adjustments of the opening balance of retained earnings or other appropriate reserves as disclosed in the consolidated statement of changes of equity. Comparative balances were not adjusted. The adjustments are as follow :

	Balance as at 1 July 2010 RM'000	**Effects of FRS 139 RM'000**	**Balance after adoption of FRS 139 RM'000**
ASSETS			
Non-current assets			
Other investments	49,754	(49,754)	-
Available-for-sale investments	-	50,897	50,897
Trade and other receivables	30,795	(1,475)	29,320
Deferred tax assets	5,112	404	5,516
Current assets			
Trade and other receivables	204,761	(2,486)	202,275
Equity			
Available-for-sale reserve	-	1,143	1,143
Retained earnings	340,344	(1,212)	339,132

A1 Basis of Preparation (continued)

(d) FRS 139 – Financial Instruments : Recognition and Measurement and Amendments to FRS 139 (continued)

Impact on opening balances (continued)

	Balance as at 1 July 2010 RM'000	Effects of FRS 139 RM'000	Balance after adoption of FRS 139 RM'000
LIABILITIES			
Non-current liabilities			
Deferred income	39,891	(1,867)	38,024
Current liabilities			
Deferred income	2,784	(478)	2,306

(e) FRS 7 – Financial Instruments : Disclosures

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, *Financial Instruments : Disclosure and Presentation.* FRS 7 supersedes the disclosure requirements of FRS 132. The presentation requirements of FRS 132 remain unchanged. FRS 7 requires additional disclosures regarding fair value measurement and quantitative and qualitative market risk disclosures in the full year financial statements and not in the interim financial report.

(f) FRS 4 – Insurance Contracts

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the financial guarantee contracts as a contingent liability until such a time as it becomes probable that the Group will be required to make payment under the guarantee.

A2 Audit Qualification

The audit report of the Group's preceding annual financial statements was not qualified.

A3 Seasonal or Cyclical Factors

The businesses of the Group were not materially affected by any significant seasonal or cyclical factors during the financial period under review.

A4 Unusual Items

There were no items affecting assets, liabilities, equity, net income and cash flows of the Group that are unusual due to their nature, size or incidence for the current quarter and financial period to date.

A5 Material Changes in Estimates of Amounts Reported

There were no material changes in estimates of amounts reported in prior interim periods of the current financial quarter or in prior financial years that have a material effect in the current financial period.

A6 Debt and Equity Securities

There were no significant changes in the debt and equity securities and no shares buy-back, share cancellation and resale of treasury shares for the financial period under review except as disclosed below :

a) Pursuant to the exercise of 2000/2010 Warrants B, 1,333 new ordinary shares of RM1.00 each were allotted on 25 October 2010 and were listed on Bursa Malaysia Securities Berhad ('Bursa Securities') on 29 October 2010.

   The new ordinary shares shall rank pari passu in all respects with the existing issued ordinary shares of the Company.

   The Subscription Rights of the 2000/2010 Warrants B expired on 29 October 2010 and all the unexercised warrants were lapse after the expiry date.

b) On 23 November 2005, the shareholders of the Company had approved the authority to the Company to repurchase up to 10% of its own shares. The authority granted by the shareholders was subsequently renewed during each subsequent annual general meeting and the latest renewal was on 25 November 2010.

   During the financial period under review, there were no re-purchase of shares.

   As at 31 December 2010, a total of 475,000 shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. The Company may distribute the treasury shares as dividend to the shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Malaysia Securities Berhad or cancel the shares in accordance with Section 67A of the Companies Act, 1965.

   The Company has neither made any resale nor any cancellation of its treasury shares.

c) A total of 213,811,972 Warrants C were issued on 6 December 2010 pursuant to the completion of the following corporate exercises :-

   (1) the renounceable rights issue of 171,049,635 New Warrants in the Company ('Warrant(s) C') to all the shareholders of the Company on the basis of three (3) Warrants C for every eight (8) existing ordinary shares of RM1.00 each held on 10 November 2010 ('Entitlement Date') at an issue price of RM0.02 per Warrant C, and

   (2) the restricted issue of 42,762,337 Warrants C in the Company to the holders of Unexercised 2000/2010 Warrants B on 29 October 2010, being the expiry date of Warrants B ('Expiry Date') on the basis of three (3) Warrants C for every eight (8) Unexercised 2000/2010 Warrants B held on the Expiry Date at an issue price of RM0.02 per Warrant C.

   The Warrants C were listed on Bursa Securities on 13 December 2010.

A7 Dividend paid

No dividend is proposed for the period under review.

The first and final dividend of 5 sen per ordinary share less tax in respect of the financial year ended 30 June 2010 which was approved by the shareholders at the Annual General Meeting held on 25 November 2010 was paid on 26 January 2011.

A8 Operating Segments

Operating segments information for the period to date:

	Properties RM'000	Construction RM'000	Manufacturing & Trading - Cable RM'000	Manufacturing & Trading - Building Material RM'000	Hotels & Leisure RM'000	Investment Holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	104,287	39,018	77,910	13,665	45,808	1,108	65	-	281,861
Inter-segment revenue	11,882	60,233	-	2,757	78	1,650	615	(77,215)	-
Total revenue	116,169	99,251	77,910	16,422	45,886	2,758	680	(77,215)	281,861
Segment result	14,190	5,082	15,010	1,546	4,232	(3,633)	1,973	(1,987)	36,413
Financing costs									(5,489)
Interest income									1,981
Share of profit of equity accounted associates									693
Profit before taxation									33,598
Tax expense									(8,389)
Net profit for the period									25,209

A9 Material Events Subsequent to the Date of the Statement of Financial Position

There was no material event subsequent to the end of the financial period under review.

A10 Changes in the Composition of the Group

There were no major changes in the composition of the Group for the financial period under review including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A11 Changes in Contingent Liabilities or Contingent Assets

There were no major changes in the contingent liabilities or contingent assets of the Group since the previous annual financial statements.

A12 Valuation of Property, Plant and Equipment

The Group did not perform any valuation on property, plant and equipment since the previous annual financial statements.

A13 Capital Commitments

Capital commitment not provided for in the financial statements as at 31 December 2010 is as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for in the financial statements	4,046
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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1 Review of the Performance

For the second quarter ended 31 December 2010, the Group achieved a revenue and pre-tax profit of RM145.83 million and RM21.90 million as compared to RM172.98 million and RM20.79 million for the corresponding quarter in the previous financial year.

Slight increase in profit was recorded by the Group as compared to the corresponding quarter in the previous financial year. The Properties Division turned in lower profit which was compensated by the higher contributions from the Construction and Cable Divisions during the current quarter.

B2 Comparison with Immediate Preceding Quarter

The Group's revenue and pre-tax profit for the current quarter were higher as compared with RM136.03 million and RM11.70 million respectively for the immediate preceding quarter arisen from the better performance by all the business divisions during the current quarter.

B3 Prospects

With the timely completion of the on-going projects and the anticipated good performance of the Malaysian economy, the Board expects the Group to remain profitable in the financial year under review.

B4 Profit Forecast

Not applicable as no profit forecast was published.

B5 Tax Expense

Taxation comprises:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM '000	RM '000	RM'000	RM '000
Current tax expense				
Malaysia - current year	6,048	4,490	8,843	8,969
- prior year	8	-	10	
Overseas - current year	-	143	-	188
Deferred tax expense				
Origination and reversal of temporary differences	(460)	(2)	(464)	(4)
	5,596	4,631	8,389	9,153

B6 Unquoted Investment and Properties

There were no sales of unquoted investments and properties other than the disposal of investment properties which resulted in a gain of RM2,021,000 for the current quarter and financial year-to-date.

B7 Quoted Investments

Purchases and disposals of quoted securities during the financial period ended 31 December 2010 are as follow :

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM '000	RM '000	RM '000	RM '000
Total sale proceeds	2,771	-	2,771	-
Total gain on disposal	121	-	121	-
Total purchases	14,080	-	14,080	-

Investment in quoted securities which are classified as available-for-sale investments as at 31 December 2010 were as follow :

	RM '000
At cost	73,273
At carrying amount	86,543
At fair value	86,543

B8 Status of Corporate Proposals

No corporate proposal has been announced but not completed at the latest practical date.

B9 Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2010 are as follows:

	Foreign Currency '000	RM Equivalent '000
Current		
Secured		71,144
Unsecured		
- denominated in US Dollar (USD)	181	557
- denominated in Ringgit Malaysia (RM)		4,396
		76,097
Non-current		
Secured		204,829
Unsecured		
- denominated in US Dollar (USD)	422	1,299
- denominated in Ringgit Malaysia (RM)		1,236
		207,364
Total :		283,461

B10 Off Balance Sheet Financial Instruments

As at the last practical date, the Group does not have any financial instruments with off balance sheet risk and which are within the scope of FRS 139.

B11 Disclosure of Gains / Losses arising from Fair Value Changes of Financial Liabilities

The Group had no financial liabilities classified as fair value through profit or loss, thus there was no gain / loss arising from fair value changes of its financial liabilities for the current quarter and financial period to date.

B12 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 31 December 2010 and 30 September 2010 is analysed as follow:

	As at 31/12/2010 RM '000	As at 30/09/2010 RM '000
Retained earnings of the Group:		
Realised gain / (loss)	362,862	363,943
Unrealised gain / (loss)	(15,371)	(15,863)
	347,491	348,080

B13 Changes in Material Litigation

Swiss-Garden International Vacation Club Berhad (‘SGIVCB’), a wholly owned subsidiary of the Company has initiated a civil suit against an external agent, Swiss Marketing Corporation Sdn. Bhd. (‘Agent’).

The civil suit taken by SGIVCB against the Agent was in respect of the wrongful repudiation of the Marketing Agreement entered into by the parties on 2 July 2001, resulting in SGIVCB having suffered, amongst others, loss and damage amounting to a total of RM5,280,344.16. In this civil suit, the Agent has filed a counter claim against SGIVCB for, amongst others, its marketing fee amounting to RM21,040,518.31 pursuant to the Marketing Agreement, electricity and rental charges amounting to RM90,995.32 interests and costs.

On 27 August 2010, the Court had allowed SGIVCB’s claim against the Agent and ordered the Agent to pay damages amounting to RM5,231,706.00, damages for the loss of use of promotion materials amounting to RM48,638.16, damages for misrepresentation and loss of goodwill of SGIVCB which are to be assessed by a Senior Assistant Registrar, interest at 8% per annum on the damages allowed commencing from the date when the writ was filed until full and final satisfaction and costs. The Agent had appealed against the Court award.

On the counter claim, the Court had allowed the claim for the marketing fee, rental arrears amounting to RM1,840 and costs. The amount of the said marketing fee, however, would need to be assessed by a qualified accountant agreed by both parties. The Court further ordered that the total amount of damages assessed in the Agent’s counterclaim shall be set off with the total amount of damages ordered by the Court to be paid by the Agent to SGIVCB. On 3 September 2010, the Court appointed a qualified accountant to assess the Agent’s marketing fee and subsequently fixed 6 October 2010 as mention date to monitor the assessment exercise.

On 6 October 2010, the Court had determined the scope of work for the qualified accountant and the assessment is currently still ongoing by the qualified accountant.

The Board of Directors are of the opinion that, after taking into consideration the award of the High Court allowed in favour of SGIVCB comprising of, amongst others, damages amounting to RM5,280,344.16 and the accrued marketing fees, the outcome of the assessment exercise by the qualified accountant will not have material impact to the financial statements of the Group.

B14 Dividend

No dividend is proposed for the period under review.

B15 Basic Earnings Per Share

The calculation of basic earnings per share is based on the net profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the period, after taking into consideration of treasury shares held by the Company.

The diluted earnings per share are not shown as the exercise price of the warrants was higher than the market price of the ordinary shares as at the balance sheet date.

By Order of the Board

Leong Keng Yuen
Wong Tiew Kim
Secretaries