

**Notes To The Interim Financial Statements  
For the Fourth Quarter ended 30<sup>th</sup> June 2012**

**A1. BASIS OF PREPARATION**

The interim financial statements have not been audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's Audited Financial Report for the 18-month period ended 30<sup>th</sup> June 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 18-month period ended 30<sup>th</sup> June 2011.

**A2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those as applied in the preparation of the audited financial statements for the 18-month period ended 30<sup>th</sup> June 2011 and principally remain unchanged. The Group has adopted the new/revised FRS as disclosed below:

**(i) FRS 8 Operating Segments**

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting had been presented based on the internal reporting to the management, who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial positions or results of the Group.

**(ii) FRS 7 Financial Instruments: Disclosure**

FRS 7 requires disclosure of the following:

- (a) the significance of financial instruments for the Group's financial position and performance; and
- (b) quantitative and qualitative information about exposure to risks arising from financial instruments including specific minimum disclosures about credit risk, liquidity risk and market risk.

**(iii) FRS 139 Financial instruments**

FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities, including hedge accounting.

**(iv) FRS 101(revised) Presentation of financial statements**

This revised standard introduce the titles of "statement of financial position" and "statements of cash flows" to replace the current titles "balance sheet" and "cash flow statements" respectively. A new statement known as the "statement of comprehensive income" is also introduced in this standard whereby all non-owner change in equity are required to be presented in either one statement of comprehensive income or in two statement (i.e. a separate income statements and a statements of comprehensive income).

**(v) IC Interpretation 10 Interim Financial Reporting and Impairment**

IC Interpretation 10 prohibits impairment losses recognised in an interim period on goodwill and investment in equity instruments and financial assets carried at cost to be reversed at a subsequent reporting date.

**(vi) IC Interpretation 15 Agreements for the Construction of Real Estate**

IC Interpretation 15 establishes the developer will have to evaluate whether control, and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised as a percentage of completion method.

**(vii) FRS3 (revised) and FRS 127 (revised)**

The FRS 3 (revised) and FRS 127 (revised) require all acquisition related costs to be recognised as an expense and the purchase and sale of non-controlling shareholdings when control is retained to be accounted as an equity transaction. In addition, the revised FRS3 and FRS 127 require losses to be allocated to Non controlling interest (“NCI”) even if it results in a deficit position.

The adoption of the above FRSs and IC Interpretations do not have any significant impact on the interim financial report of the Group.

**A3. QUALIFICATION OF AUDIT REPORT**

There was an ‘emphasis of matter’ in the auditors’ opinion on the audited financial accounts of the Group and the Company for the 18-month period ended 30th June 2011. Such emphasis concerned the ability of the Group and the Company to continue as going concerns the Company generating adequate cash flows for their operating activities. This outcome will be satisfactory dealt with the completion of the settlement scheme with the Lender.

**A4. SEASONAL OR CYCLICAL FACTORS**

Other than the hospitality sector, the operation of the Group was not affected by any significant seasonal or cyclical factors during the quarter under review.

**A5. UNUSUAL ITEMS DUE TO THEIR NATURE SIZE OF INCIDENCE**

Save for the event explained under note A11, there were no unusual items for the quarter under review.

**A6. CHANGES IN ESTIMATES**

There were no changes in the estimates that have had a material effect in the current quarter results under review.

**A7. ISSUANCES AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter under review.

**A8. DIVIDEND**

No dividend has been paid since the end of the previous financial period.

**A9. SEGMENTAL REPORTING**

	<b>Revenue</b>	<b>Profit/(Loss)</b>
	<b>12 months</b>	<b>before tax</b>
	<b>Ended</b>	<b>12 months</b>
	<b>30/06/2012</b>	<b>Ended</b>
<b>Analysis by Activity</b>	<b>RM'000</b>	<b>RM'000</b>
Property Development Resorts and Club	250	(2,161)
Operation/Management Investment Holdings	9,396	5,597
	-	(3,236)
Sales of Properties	10,000	471
	<u>19,646</u>	<u>671</u>

Segmental reporting by geographical locations is not presented as the activities of the Group are carried out mainly in Malaysia.

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss.

**A11. SUBSEQUENT EVENTS**

The Company and its affected subsidiaries (collectively “the THB Group”) had on 21st February 2011 executed a conditional Settlement Agreement with the Lender and other related parties on the amicable settlement of all claims on the Facility Agreement dated 16<sup>th</sup> November 2007 and the Amended Facility Agreement dated 24th December 2007 (collectively “the Facility Agreements”), the writ against the Lender and other related parties and the Defence and Counterclaim by the Lender against the THB Group [cumulatively “the Civil Suit”] for the sum of RM144,587,595 (the Settlement Sum). The Settlement Sum comprises of a Cash Settlement sum of RM44 million (to be paid by the Group over a period of 12 months in the manner prescribed in the Proposed Settlement Scheme), and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595 (as prescribed in the Proposed Settlement Scheme) to Malaysian Trustees Bhd for the benefit of the Lender or such other person nominated by the Lender, on the terms and conditions set out in the Proposed Settlement Scheme.

The Proposed Settlement Scheme as set out in the Settlement Agreement was subject to the approval of the Company’s shareholders, which has been secured on 24th May 2011 with a consent judgment on the settlement terms being entered in the Civil Suit on 30th June 2011.

On 8th August 2011, the Lender, with the consent of the THB Group, had filed a notice of discontinuance in the Court of Appeal of Malaysia to discontinue the Lender’s appeal, with no order as to costs.

The Company paid RM9.934 million towards the first instalment of the Cash Settlement sum on 6th July 2011. Subsequently, RM5.4 million and RM4.2 million, being proceeds from the sale of certain identified properties as prescribed in the Settlement Scheme, was made on 28th September 2011 and 12th January 2012

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respectively. The balance sum of RM24.466 million will be paid via bank borrowings.

As announced by the Company on 8<sup>th</sup> May 2012, the High Court of Malaya at Kuala Lumpur has allowed an application by the parties to vary the Consent Judgment dated 30 June 2011 to the extent that the Settlement Scheme pursuant to the Settlement Agreement dated 21 February 2011 which is attached to the Consent Judgment is amended.

The variation of the Consent Judgment is necessary to facilitate the release of some securities, (“the Special Security”) to Bank Kerjasama Rakyat Malaysia Berhad in compliance with the terms of financing facilities totaling RM 77 Million (“the BKR Facilities”) obtained by Palm Springs Development Sdn Bhd, (“PSDSB”) a wholly owned subsidiary of the Company. Part of the BKR Facilities amounting to RM 24 million has been utilized towards the payment of the balance Cash Settlement Sum to Lehman on 8<sup>th</sup> June 2012. The remaining RM 53 million will be utilized to fund the development of the Spa Village and Water Theme Park projects of PSDSB in Palm Springs Resort City.

The consent to transfer the Settlement Properties located in Negeri Sembilan to Malaysian Trustees Bhd (“MTB”), the nominee of the Lender has been obtained, whilst the Consent to transfer the Settlement Properties located in Selangor is being processed by the relevant authority.

The release and discharge of all the relevant debentures and properties to the relevant Tanco Parties will only take place when all the transfer and vesting of the settlement properties of the relevant Tanco Parties to MTB have been completed.

### A12. CHANGES IN THE COMPOSITION OF THE GROUP

There was no material change to the composition of the Group during the current financial quarter.

### A13. CONTINGENT LIABILITIES

As at 30<sup>th</sup> June 2012, the contingent liabilities of the Group are as follows: -

	RM'000
Bank guarantees	
- secured over fixed deposit of certain subsidiary companies	-
A resort property pledged to a merchant bank for loan facility granted to Renown Projects Sdn Bhd in which certain directors have interests	14,816
	<hr/>
	14,816
	<hr/>

As at 30<sup>th</sup> June 2012, the Company has given a corporate guarantee amounting to RM129.162 million to secure banking facilities given to its subsidiaries and has advanced in total RM332.652 million in the form of loans and advances to its subsidiaries with interest ranging from 1% to 15% per annum.

The corporate guarantee shall be discharged upon full completion of the Settlement Scheme in accordance to the terms prescribed therein.

**Bursa Malaysia Listing Requirements (Part A of Appendix 9B)**

**B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES**

For the year ended 30 June 2012, the Group had recorded a profit before taxation and minority interest of RM671 thousands as compare to the profit of RM8.147 million for the ended quarter 2012. The increased of company's overall performance in current quarter 2012 as compared to the year ended 30 June 2012 was due to sale of property.

**B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER ENDED 31<sup>ST</sup> MARCH 2012**

For the current quarter ended 30 June 2012, the Group recorded revenue of RM15.872 million and a profit before tax of RM8.147 million compared to RM1.106 million in revenue and a loss before tax of RM2.294 million for the preceding quarter ended 31 March 2012. This was mainly attributable to the sale of property and slight increase in consumer's demand for vacation. However, the operating costs in resort management remains high. The segments of investment holding do not have any changes compared to previous quarter.

**B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

The Board of Directors is of the opinion that the Group will be able to revive its business operations in the property development sector via the development of the Spa Village and Water Theme Park projects in Palm Springs Resort City while maintaining the other operations in the other sectors.

**B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Company did not issue any profit forecast during the financial year.

**B5. TAXATION**

Included in Taxation is: -

	Current Quarter	Year to date
	RM'000	RM'000
Provision for current year	(206)	(206)
Over provision in prior years	-	-
	<u>(206)</u>	<u>(206)</u>

**B6. PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

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There was no other sale of unquoted investments or properties other than those exercised in the ordinary course of business of the Group for the quarter.

### B7. QUOTED SECURITIES

a) There were no purchases or sale of quoted securities made in this quarter.

b) Investments in Quoted Securities

	RM'000
Quoted shares in Malaysia, at cost	23
Provision for diminution in value	(21)
	<hr/>
	2
	<hr/>
Market value of quoted shares	<hr/> <hr/> 2

### B8. STATUS OF CORPORATE PROPOSALS

There is none currently being worked on by the Group and the Company.

### B9. GROUP BORROWINGS AND DEBT SECURITIES

Total Group borrowings as at 30 June 2012 are as follows: -

Short term borrowings	
Hire purchase and lease payables	RM'000 80
Subtotal	<hr/> 80
Long Term Borrowings	
Hire purchase and lease payables	RM'000 248
Subtotal	<hr/> 248
Total	<hr/> <hr/> 328

### B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 23<sup>rd</sup> August 2012, the latest practicable date, which is not earlier than 7 days from the date of this issue of this quarterly report, the Group does not have any financial instruments with off balance sheet risk.

### B11. MATERIAL LITIGATION

As at 23<sup>rd</sup> August 2012, the latest practicable date that is not earlier than 7 days from the issue of this quarterly report, the Group is not engaged in any material litigation except for:

- i. claims by purchasers against a wholly owned subsidiary of the Company for specific performance and/ or damages on units purchased. The purchasers have obtained judgments on their respective claims and are now claiming damages totalling approximately RM758,148.97. Appeals to review the judgments have been filed and heard. The orders for specific performance have been set aside and the issue of damages is to be re-assessed by the court.

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- ii. a claim against a wholly owned subsidiary of the Company by a group of Claimants for damages, the sum of RM4,385,169.51 and RM294,092.05 together with interest at the rate of 8.9% per annum from 24th October 2003 until realisation, late payment interest and such further relief as the court may allow. This claim is initiated by way of a counterclaim against the subsidiary from an initial suit filed against the said group by a financial institution allegedly for breach of certain terms and conditions of a facilities agreement by the said group. The claim against the subsidiary is disputed and is being defended by the subsidiary's solicitors;
- iii. claims by a party against a wholly owned subsidiary of the Company for inter alia the sum of RM2,489,857.91 and RM39,590,400.00 together with interest at the rate of 14% per annum from date of the Statement of Claim until realisation and damages allegedly for breach of certain terms and conditions of agreements that the claimant has entered into with the subsidiary. The claims are disputed and are being defended by the subsidiary's solicitors.

Note: The claimants in both (ii) and (iii) above are related parties claiming against the same subsidiary and referencing the agreements stated in (iii).

- iv. A claim by 2 related Claimants against a wholly owned subsidiary of the Company for the sum of RM1,100,000.00 and RM400,000.00 respectively (together with interest at 8% per annum from the date of the demand till full realisation, costs and other relief as may be granted by the Court), being the refund of moneys paid by the Claimants on the sale and purchase transaction(s) for the said subsidiary's properties, which have been terminated by the said subsidiary. This claim is being disputed and contested by the said subsidiary vide its solicitors. No trial date has been set as yet as the matter may be mediated.

Apart from the above, there is no other material litigation pending as at the date of this announcement.

### **B12. DIVIDEND**

The Board does not recommend the payment of any dividend for the financial period ended 30<sup>th</sup> June 2012.

### **B13. EARNINGS PER SHARE**

The basic profit per share is calculated based on the Group's profit for the period after taxation and minority interest of RM0.5 million and on number of ordinary shares in issue of 334,886,726.

By Order of the Board,

Choi Siew Fun  
Company Secretary  
Date: 30<sup>th</sup> August 2012