

**Notes to the Interim Financial Statements
For the Fourth Quarter ended 30 June 2015**

A1. BASIS OF PREPARATION

The interim financial statements have not been audited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014. 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 financial year ended 30 June 2014.

A2. CHANGES IN ACCOUNTING POLICIES

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issue a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities shall apply the MFRSs framework for annual periods beginning on or after 1st January 2017. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, the Group which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. The Group will prepare their first MFRSs financial statements using the MFRSs framework for annual periods beginning on 1st July 2017.

The accounting policies adopted are consistent with those as applied in the preparation of the Group’s audited financial statements for the financial year ended 30 June 2014, except for the changes arising from the adoption of new Financial Reporting Standards (“FRSs”), amendments/improvements to FRSs and IC Interpretations (“IC Int”) issued by MASB:-

Effective for the financial periods beginning on or after 1 January 2014

Amendments/Improvements to FRSs

| | |
|---------|--|
| FRS 10 | Consolidated Financial Statements |
| FRS 12 | Disclosure of Interests in Other Entities |
| FRS 127 | Separate Financial Statements |
| FRS 132 | Financial Instruments: Presentation |
| FRS 136 | Impairment of Assets |
| FRS 139 | Financial Instruments: Recognition and Measurement |

New IC Int

| | |
|-----------|--------|
| IC Int 21 | Levies |
|-----------|--------|

Effective for the financial periods beginning on or after 1 July 2014

Amendments/Improvements to FRSs

| | |
|---------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 2 | Share-based Payment |
| FRS 3 | Business Combinations |
| FRS 8 | Operating Segments |
| FRS 13 | Fair Value Measurement |
| FRS 116 | Property, Plant and Equipment |
| FRS 119 | Employee Benefits |
| FRS 124 | Related Party Disclosures |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

A3. AUDITORS' REPORT

The audit report of the Group's audited financial statements for the financial year ended 30 June 2014 was not subject to any audit qualification.

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 OR 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 of amounts reported which have material effect in the current quarter under review.

A7. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current quarter under review.

A8. DIVIDENDS PAID

No dividend has been paid for the current financial period.

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A9. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's business segments. The primary format, business segments, is based upon the industry of the underlying investment.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

| 12 months ended 30-Jun-15 | Property development/ Management RM'000 | Resorts and Club Operation/ Management RM'000 | Construction RM'000 | Investment holding RM'000 | Elimination RM'000 | Consolidated RM'000 |
|--|--|---|------------------------|---------------------------------|-----------------------|------------------------|
| Revenue | | | | | | |
| External sales | 4,271 | 2,202 | - | - | - | 6,473 |
| Inter-segment sales | - | 713 | - | 64 | (777) | - |
| Total revenue | 4,271 | 2,915 | - | 64 | (777) | 6,473 |
| Results | | | | | | |
| (Loss)/Profit from operations | (12,350) | 2,795 | (23) | (78) | (1,552) | (11,208) |
| Finance costs | | | | | | (2,591) |
| Loss before taxation | | | | | | (13,799) |
| Taxation | | | | | | (18) |
| Loss after taxation | | | | | | (13,817) |
| Other comprehensive income | | | | | | - |
| Total comprehensive loss | | | | | | (13,817) |
| Other Information | | | | | | |
| Depreciation and amortisation | 467 | 1,121 | - | 66 | (51) | 1,603 |
| Consolidated Statements of Financial Position | | | | | | |
| Assets | | | | | | |
| Segment assets | 321,458 | 89,631 | 9,735 | 307,040 | (442,632) | 285,232 |
| Liabilities | | | | | | |
| Segment liabilities | (252,577) | (161,994) | (10,016) | (303,169) | 605,678 | (122,078) |

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no material changes in the valuation on property, plant and equipment in the current quarter under review.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

As at 20 August 2015, being the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report, the material events of the Group subsequent to the end of the interim period are as follows:

- i) In 2007, the Company and its affected subsidiaries (collectively known as “THB Group”) had obtained a loan from Lehman Brothers Commercial Corporation Asia Limited (in liquidation) (“Lehman”). THB Group had on 21 February 2011 executed a conditional Settlement Agreement with Lehman and other related parties on the amicable settlement of all claims on the term loan facility with Lehman, the writ against Lehman and other related parties and the Defence and Counterclaim by Lehman against THB Group for a settlement sum of RM144,587,595/- (“Settlement Sum”).

The Settlement Sum comprises of a cash settlement sum of RM44 million, and the transfer and vesting of Settlement Properties at the agreed value of RM100,587,595/- to Malaysian Trustees Bhd (“MTB”) for the benefit of Lehman or such other person nominated by Lehman, on the terms and conditions set out in the Settlement Agreement.

The THB Group has fully paid the cash settlement sum of RM44 million and has secured the requisite consents from the relevant State Authorities for the transfer of the Settlement Properties, and all of the Settlement Properties have been successfully disposed by Lehman's liquidator. Lehman's liquidator has also released all discharge documentation and returned all titles previously held as securities back to the THB Group as its final discharge of the matter. Upon the presentation of all the discharges to the relevant authorities, the final certificate may be issued to formally complete the settlement.

- ii) On 4 April 2014, the Board of Directors of the Group announced that Tanco Resorts Berhad (“TRB”), a wholly owned subsidiary of the Company, proposed to undertake the proposed payment in cash to the respective eligible Vacation SuperClub (“VSC”) members an entitlement sum calculated based on the remaining unutilized tenure of their respective VSC membership agreements as at 30 April 2014 (“cut-off date”) and proposed distribution and refund and thereafter the proposed termination and dissolution of the VSC (“Proposal”). The proposal was duly approved by the VSC Members at the Extraordinary General Meeting held on 26 April 2014 by a poll with a 86.17% majority. On 29 August 2014, the Group has secured a loan facility of RM15,000,000.00 from HSBC Bank Malaysia Berhad to fund the Pay-Out Sum.

The relevant Court Order ratifying the Proposal has been obtained by the VSC Trustee and the funds for the Pay-Out Sum have been deposited with the VSC Trustee, towards enabling the Trustee to effect the relevant pay-outs to the eligible VSC members. As at 20 August 2015, the VSC Trustee is still processing the pay-outs to the Eligible VSC Members.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

TRB Leisure (Mauritius) Pte. Limited and TRB Vacation (Mauritius) Pte. Limited are indirect wholly-owned subsidiaries of the Company, both incorporated in Mauritius, have been placed under members' voluntary winding up. Both companies are dormant and there are no future plans to activate them.

Save for the above, there was no material change to the composition of the Group during the current financial quarter under review.

A13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2015, the Group has no other contingent assets and contingent liabilities save as disclosed below.

| | RM'000 |
|---|---------------|
| Corporate guarantees given by our Company to banks for credit facilities granted to the subsidiaries | <u>59,192</u> |

Bursa Securities Listing Requirements (Part A of Appendix 9B)

B1. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2015, the Group had recorded a loss before taxation ("LBT") of RM4.64 million as compared to a LBT of RM18.01 million in the preceding year's corresponding quarter ended 30 June 2014. The decrease in LBT was mainly attributed to the once off provision of RM 15 million for the proposed payment to the respective eligible Vacation Superclub ("VSC") members in the preceding year corresponding quarter.

For the twelve (12) months financial year ended 30 June 2015, the Group has recorded a LBT of RM13.80 million as compared to LBT of RM29.16 million in the preceding year's corresponding financial year ended 30 June 2014. The higher losses in previous year was primarily due to the once off provision of RM15.0 million for the proposed payment to the respective eligible VSC members as explained under note A11 (ii).

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER ENDED 31 MARCH 2015

For the current quarter ended 30 June 2015, the Group recorded revenue of RM2.87 million and a LBT of RM4.64 million as compared to RM2.25 million in revenue and a LBT of RM2.50 million for the preceding quarter ended 31 March 2015. The increase in revenue was mainly attributable to the increase in sales of Splash Park Suites. However, the additional losses was primarily due to the writing off of bad debts in resort division in the current quarter ended 30 June 2015.

B3. PROSPECTS

A more challenging environment is anticipated for the Financial Year 2015/2016. The continuing property cooling measures, coupled with the challenges faced by the local and regional economies and the weakened Ringgit will without a doubt, weigh heavily on the overall market sentiments. Notwithstanding this, the sales of Splash Park Suites have been quite encouraging thus far and with the relaxation of the minimum pricing threshold granted for foreign purchases of Splash Park Suites, the Group will step up its efforts in the foreign markets to generate more sales.

The Board is cautiously optimistic that the prospects of the Group will be satisfactory for the financial year ending 30 June 2016. The Group will continue to explore business opportunities with strategic partnerships that will enable the Group to obtain greater values for the Group's core assets.

B4. PROFIT FORECAST

The Company did not announce any profit forecast nor profit guarantee for the current financial period under review.

B5. TAXATION

| | Current Quarter 30/06/2015 RM'000 | Current Year to date 30/06/2015 RM'000 |
|------------------------------|---|---|
| Income Tax - Current year | (15) | (18) |
| | (15) | (18) |

The Group's tax rate is disproportionate to the statutory tax rate due to unabsorbed tax loss and unutilised tax allowances and deferred tax benefits of certain companies within the Group.

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

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 disposal 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) |
| | 2 |
| Market value of quoted shares | 2 |

B8. STATUS OF CORPORATE PROPOSALS

As at 20 August 2015, being the latest practicable date of this Report, there were no other corporate proposals announced by the Company and completion except below, which is not earlier than 7 days from the date of issue of this quarterly report.

(a) Rights Issue of ICULS

On 14 February 2014, the issuance and listing of the irredeemable convertible unsecured loan stock ("ICULS") was completed following the admission of RM19,232,673.40 nominal value of the ICULS to the Official List and the listing of and quotation for the same on the Main Market of Bursa Securities.

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As at the date of this report, the total proceeds of RM19,232,673.40 arising from the rights issue of ICULS were utilised as follows:-

| Purposes | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Intended Timeframe for Utilisation | Explanations |
|--|-----------------------------|---------------------------|------------------------------------|--------------|
| Part repayment of the amount owing to director | 7,500 | 7,500 | Within six (6) months | |
| Repayment of bank borrowings | 2,490 | 2,490 | Within twelve (12) months | |
| Working capital | 8,443 | 8,005 | Within twenty four (24) months | Note A |
| Estimated expenses relation to the said corporate exercise | 800 | 800 | Within six (6) months | |
| Total | 19,233 | 18,795 | | |

Note A: The utilisation of the proceeds from the rights issue of ICULS is within the estimated timeframe. The Group does not expect any material deviation as at the date of this quarterly report.

(b) Share Issuance Scheme ("SIS")

On 12 March 2014, the Board of Directors of the Group announced that the effective date for the implementation of the SIS was 12 March 2014, which was the date of full compliance of the provisions as set out in Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

B9. GROUP BORROWINGS AND DEBT SECURITIES

Total Group's borrowings as at 30 June 2015 are as follows: -

| | As at 30/06/2015 RM'000 |
|---------------------------------------|-------------------------------|
| Short term borrowings | |
| Secured: - | |
| - Bank overdraft | 1,906 |
| - Hire purchase and lease liabilities | 324 |
| - Term loan | 2,744 |
| | <hr/> |
| | 4,974 |
| Long Term Borrowings | |
| Secured: - | |
| - Hire purchase and lease liabilities | 1,249 |
| - Bridging loan | 34,664 |
| - Term loan | 6,784 |
| | <hr/> |
| | 42,697 |
| | <hr/> |
| Total | 47,671 |

The above borrowings are denominated in Ringgit Malaysia (RM).

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 20 August 2015, being the latest practicable date, which is not earlier than 7 days from the date of issue of this quarterly report, the Group does not have any off balance sheet financial instruments.

B11. MATERIAL LITIGATION

As at 20 August 2015, being the latest practicable date that is not earlier than 7 days from the date of 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 damages on units purchased totalling approximately RM758,148.97. Following hearings and appeals on the matter, the claims for specific performance have been dismissed and only the issue of damages remains to be re-assessed by the court, which is set for Case Management on 1 October 2015.
- ii. A claim against a wholly-owned subsidiary of the Company by a group of claimants for damages, the sum of RM4,679,261/- together with interest at the rate of 8.9% per annum from 24 October 2003 until realisation, late payment interest and such further relief as the court may allow. This claim was 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. No provision for losses has been made as the directors, based on the Company's solicitor's advice, are confident that the subsidiary will succeed in its defence. The claimants have also not pursued further action on their counterclaim against the subsidiary since judgment was taken against the claimants by the financial institution in October 2007. Solicitors of the subsidiary are in the process of submitting an application to strike out the counterclaim against the subsidiary. The Company has filed winding-up proceedings against one of the claimants on another matter, which is fixed for Hearing on 8 October 2015.

B12. DIVIDEND

There was no dividend declared during the current quarter under review.

B13. EARNINGS PER SHARE

| <u>Basic</u> | | Current Period Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
|--|----------|---------------------------|--|-------------------------|---|
| | | <u>30/06/2015</u> | <u>30/06/2014</u> | <u>30/06/2015</u> | <u>30/06/2014</u> |
| Net loss attributable to owners of the Company | (RM'000) | (4,657) | (18,169) | (13,805) | (29,208) |
| Weighted average number of ordinary shares | ('000) | 334,887 | 334,887 | 334,887 | 334,887 |
| Basic loss per share | (Sen) | (1.39) | (5.43) | (4.12) | (8.72) |

As at 30 June 2015, the Group has no potential dilutive ordinary shares. As such, there is no dilutive effect on the net loss per share of the Group for the current quarter under review.

B14. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised profits or losses at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements*, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Securities:-

| | As at 30/06/2015 (Unaudited) RM'000 | As at 30/06/2014 (Audited) RM'000 |
|--|--|--|
| Total retained profits of the Group:- | | |
| - Realised | 82,688 | 96,493 |
| - Unrealised | - | - |
| Total group retained profits as per statements of financial position | 82,688 | 96,493 |

By Order of the Board,

Choi Siew Fun
Company Secretary
Date: 26 August 2015