

**CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE PERIOD ENDED 30 NOVEMBER 2008**

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|-------------------------|--|-------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 30/11/2008 | 30/11/2007 | 30/11/2008 | 30/11/2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 11,756 | N/A | 22,302 | N/A |
| Cost of sales | (10,006) | N/A | (18,863) | N/A |
| Gross profit | 1,750 | N/A | 3,439 | N/A |
| Other operating income | 179 | N/A | 238 | N/A |
| Distribution costs | (188) | N/A | (387) | N/A |
| Administration expenses | (1,917) | N/A | (3,872) | N/A |
| Other operating expenses | (619) | N/A | (1,338) | N/A |
| Loss from operations | (795) | N/A | (1,920) | N/A |
| Finance costs | (2,980) | N/A | (6,073) | N/A |
| Share of profit after tax and minority interest of associate | 235 | N/A | 330 | N/A |
| Loss before tax | (3,540) | N/A | (7,663) | N/A |
| Income tax expense | (9) | N/A | (40) | N/A |
| Loss for the period | (3,549) | N/A | (7,703) | N/A |
| Attributable to: | | | | |
| Shareholders of the Company | (3,533) | N/A | (7,648) | N/A |
| Minority interests | (16) | N/A | (55) | N/A |
| Loss for the period | (3,549) | N/A | (7,703) | N/A |
| Basic loss per ordinary share (sen) | (0.54) | N/A | (1.18) | N/A |
| Diluted loss per ordinary share (sen) | - | - | - | - |

Note:

The comparative figures are not applicable due to the change of financial year as detailed in Note A1.

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the financial period ended 31 May 2008.

**CONDENSED CONSOLIDATED BALANCE SHEETS
 AS AT 30 NOVEMBER 2008**

| | (Unaudited) 30/11/2008 RM'000 | (Audited) 31/05/2008 RM'000 |
|--|-------------------------------------|-----------------------------------|
| Non-current assets | | |
| Property, plant and equipment | 42,522 | 41,027 |
| Investment properties | 289,584 | 289,584 |
| Prepaid lease payments | 1,151 | 1,090 |
| Investment in an associate | 24,644 | 24,315 |
| Other long-term investments | 6,886 | 6,881 |
| Deferred tax assets | 1,276 | 1,276 |
| Intangible asset | 519 | 538 |
| | <u>366,582</u> | <u>364,711</u> |
| Current assets | | |
| Inventories | 1,036 | 886 |
| Non current asset held for sale | 2,250 | 2,250 |
| Property development costs | 88,242 | 88,226 |
| Trade receivables | 47,562 | 49,219 |
| Other receivables, deposits and prepayments | 8,759 | 6,735 |
| Prepaid lease payments | 14 | 14 |
| Tax recoverable | 227 | 172 |
| Fixed deposits with licensed banks | 253 | 976 |
| Cash and bank balances | 958 | 2,010 |
| | <u>149,301</u> | <u>150,488</u> |
| TOTAL ASSETS | <u>515,883</u> | <u>515,199</u> |
| Equity | | |
| Share Capital | 325,074 | 325,074 |
| Reserves | (99,197) | (93,047) |
| Equity attributable to shareholders of the Company | <u>225,877</u> | <u>232,027</u> |
| Minority interests | 15,191 | 14,946 |
| Total equity | <u>241,068</u> | <u>246,973</u> |
| Non-current liabilities | | |
| Hire purchase liabilities | 700 | 803 |
| Long-term borrowings | 102,355 | 102,178 |
| | <u>103,055</u> | <u>102,981</u> |
| Current liabilities | | |
| Trade payables | 9,959 | 5,896 |
| Amount due to an associate | 2,815 | 3,100 |
| Other payables and accruals | 94,538 | 93,383 |
| Hire purchase liabilities | 192 | 197 |
| Short-term borrowings | 30,629 | 29,022 |
| Tax payable | 33,627 | 33,647 |
| | <u>171,760</u> | <u>165,245</u> |
| TOTAL EQUITY AND LIABILITIES | <u>515,883</u> | <u>515,199</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 0.3474 | 0.3569 |

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the financial period ended 31 May 2008.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 NOVEMBER 2008**

| | Share capital RM'000 | Share premium RM'000 | Revaluation reserve RM'000 | Foreign ex change translation reserve RM'000 | Accumulated losses RM'000 | Shareholders' equity RM'000 | Minority interests RM'000 | Total equity RM'000 |
|---|----------------------------|----------------------------|----------------------------------|--|---------------------------------|-----------------------------------|---------------------------------|---------------------------|
| Balance as at 31 May 2008 | 325,074 | 295,727 | 1,436 | (5,131) | (385,079) | 232,027 | 14,946 | 246,973 |
| Exchange differences on translation of financial statements of foreign subsidiaries | - | - | (1) | 1,499 | - | 1,498 | - | 1,498 |
| Subscription of shares in a subsidiary | - | - | - | - | - | - | 300 | 300 |
| Net loss for the period | - | - | - | - | (7,648) | (7,648) | (55) | (7,703) |
| Balance as at 30 November 2008 | 325,074 | 295,727 | 1,435 | (3,632) | (392,727) | 225,877 | 15,191 | 241,068 |

Note:

The comparative figures are not applicable due to the change of financial year as detailed in Note A1.

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the financial period ended 31 May 2008.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
 FOR THE PERIOD ENDED 30 NOVEMBER 2008**

| | Six Months Ended 30/11/2008 RM'000 | Six Months Ended 30/11/2007 RM'000 |
|--|---|---|
| <u>Cash flows from/(used in) operating activities</u> | | |
| Loss before taxation | (7,663) | N/A |
| Adjustments for: | | |
| Non-cash items | 1,023 | N/A |
| Non-operating items | 5,581 | N/A |
| Operating loss before working capital changes | (1,059) | N/A |
| Changes in working capital | 4,416 | N/A |
| Cash generated from operations | 3,357 | N/A |
| Income tax paid - net | (115) | N/A |
| Net cash from operating activities | 3,242 | N/A |
| <u>Cash Flows from/(used in) investing activities</u> | | |
| Equity investments | - | N/A |
| Others | (211) | N/A |
| Net cash used in investing activities | (211) | N/A |
| <u>Cash flows from/(used in) financing activities</u> | | |
| Bank borrowings | (5,098) | N/A |
| Others | 1,009 | N/A |
| Net cash used in financing activities | (4,089) | N/A |
| Net decrease in cash and cash equivalents | (1,058) | N/A |
| Effects of exchange rate changes | (708) | N/A |
| Cash and cash equivalents at beginning of period | (285) | N/A |
| Foreign exchange differences on opening cash and cash equivalents | - | N/A |
| Cash and cash equivalents at end of period | (2,051) | N/A |
| Cash and cash equivalents comprise: | | |
| | RM'000 | RM'000 |
| Cash and bank balances | 958 | N/A |
| Fixed deposits | 253 | N/A |
| Bank overdrafts | (3,031) | N/A |
| | (1,820) | N/A |
| Less: Fixed deposits pledged | (231) | N/A |
| | (2,051) | N/A |

Note:

The comparative figures are not applicable due to the change of financial year as detailed in Note A1.

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the period ended 31 May 2008.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2008

A. *DISCLOSURE REQUIREMENTS AS PER FRS 134*

1. **Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with requirements of FRS 134: Interim Financial Reporting and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report has been prepared in accordance with the same accounting policies adopted in 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the period ended 31 May 2008. These explanatory notes attached to the financial statements provided 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 period ended 31 May 2008.

As announced on 1 April 2008, the Company changed its financial year-end from 31 July to 31 May. The comparative figures are not applicable for the current financial period due to the change of financial year end.

2. **Qualification of Audit Report**

The audit report of the financial statement of the Group for the period ended 31 May 2008 was not qualified.

3. **Seasonal or Cyclical Factors**

There are no seasonal factors affecting the Group performance.

4. **Material Changes In Estimates**

There were no material changes in estimates that have had a material effect in the financial period to-date results.

5. **Debt and Equity Securities**

There were no cancellation, repurchases, resale and repayments of debts and equity securities during the financial period to-date.

6. **Dividends Paid**

There were no dividends paid during the financial period to-date.

7. Segmental Reporting

| | Gross Operating Revenue RM'000 | Profit/ (Loss) Before Taxation RM'000 |
|---------------------------------|---|--|
| Construction | 14,028 | 636 |
| Property | 3,036 | (161) |
| Network Marketing | 3,965 | 329 |
| Investment & Others | 2,326 | (2,724) |
| | <u>23,355</u> | <u>(1,920)</u> |
| Elimination | (1,053) | - |
| Financing Costs | - | (6,073) |
| Share of Profit of An Associate | - | 330 |
| | <u>22,302</u> | <u>(7,663)</u> |

8. Valuation of Property, Plant & Equipment

The valuation of land and building have been brought forward, without amendments from the previous annual report.

9. Material Subsequent Events

There were no material events subsequent to the end of the interim period to 21 January 2009 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report) that have not been reflected in the financial statements for the financial period ended 30 November 2008.

10. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current interim period.

11. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 30 November 2008 are as follows:

| | RM'000 |
|---|--------------|
| Guarantees and Contingencies Relating to: | |
| - An affiliated company | <u>6,443</u> |

B. ADDITIONAL DISCLOSURE PURSUANT TO CHAPTER 9, PART K OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The Group achieved a revenue of RM22.3 million for the 6 month period ended 30 November 2008. The main contributors were from the construction, property and network marketing divisions.

Both the construction and network marketing divisions contributed profits during the period under review. However, the Group recorded a loss before tax of RM7.7 million mainly due to high finance costs incurred during the period to-date.

2. Variation of results against preceding quarter

The Group recorded a loss before tax of RM3.5 million for the current quarter compared to a loss of RM4.1 million in the previous quarter.

3. Current year prospects

Despite the current challenging economic environment, the Group shall continue with its cost efficient measures and prudent expansion plans.

Businesses under the construction, property, network marketing and food services divisions will continue to be strengthened through more operational efficiencies.

4. Variance of Profit Forecast / Profit Guarantee

Not applicable.

5. Income Tax Expense

| | Current Quarter Ended 30 November 2008 RM'000 | Cumulative Year To-Date 30 November 2008 RM'000 |
|---|---|---|
| Under provision in prior years | - | 25 |
| Current year tax expenses and provision | 9 | 15 |
| | <u>9</u> | <u>40</u> |

6. Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the current quarter.

7. Purchase or Disposal of Quoted Investments

- (a) There was no acquisition of quoted investments during the current quarter.
- (b) Total investments in quoted securities as at the end of the financial period to-date are as follows:

| | RM'000 |
|-----------------------|--------|
| (i) At cost | 73,002 |
| (ii) At book value | 30,392 |
| (iii) At market value | 19,246 |

8. Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 19 January 2009.

9. Group Borrowings and Debt Securities

Total Group borrowings as at 30 November 2008 are as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|--|-------------------|---------------------|-----------------|
| <u>Long Term Borrowings</u> | | | |
| Amount repayable after twelve months | 101,355 | - | 101,355 |
| Non-Convertible Redeemable Preference Shares | - | 1,000 | 1,000 |
| | <u>101,355</u> | <u>1,000</u> | <u>102,355</u> |

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------------|-------------------|---------------------|-----------------|
| <u>Short Term Borrowings</u> | | | |
| Bank overdrafts | 3,032 | - | 3,032 |
| Revolving credits | 6,241 | - | 6,241 |
| Current portion of long term loans | 21,356 | - | 21,356 |
| | <u>30,629</u> | <u>-</u> | <u>30,629</u> |
| Total Group Borrowings | <u>131,984</u> | <u>1,000</u> | <u>132,984</u> |

Included in the above Group borrowings are the following loans denominated in Solomon Dollars (SBD):

Secured Borrowings:

| | Foreign Currency SBD'000 | RM'000 (equivalent) |
|----------------------------|-----------------------------|------------------------|
| Short term bank borrowings | 643 | 287 |

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 19 January 2009 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

11. Changes in Material Litigation

Further to the disclosure in the previous quarter's report on material litigation, the changes in material litigation as at 19 January 2009 (being the last practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:

- (i) *The Company v Individual (1st defendant) and Astounding Holdings Sdn Bhd (2nd defendant) for RM15 million*

The case is now consolidated with another suit between Pica (M) Corporation Berhad Vs Individual (1st defendant). This matter is now fixed for hearing of pre-trial case management on 27 February 2009.

- (ii) *Jiddi Joned Enterprises Sdn Bhd and 3 other subsidiary companies v Yeng Chong Realty Sdn Bhd (1st defendant)/ Louis KH Wong (2nd defendant)*

The Court of Appeal has on 25 February 2008 allowed the plaintiffs' appeal against the striking out of the plaintiffs' suit by the 1st defendant. The matter is now reinstated in the High Court and fixed for further case management on 9 April 2009.

- (iii) *56 purchasers of South City Condominiums v Pujian Development Sdn Bhd ("Pujian"), a subsidiary company, and seven others.*

Matter is fixed for further case management on 25 February 2009.

- (iv) *24 purchasers of South City Plaza v Pujian*

Matter is fixed for clarification and decision of Summary Judgement on 23 March 2009.

- (v) *Pujian v Arab-Malaysian Assurance Berhad*

Pujian's claim has been dismissed with costs. Pujian has since filed an appeal on 30 August 2007.

- (vi) *The Government of Malaysia (Inland Revenue Board) ("IRB") v 4 Subsidiary companies, Mudek Sdn Bhd ("Mudek"), Seri Jasin Sdn Bhd ("Seri Jasin"), Berembang Sdn Bhd ("Berembang") and Jiddi Joned Sdn Bhd ("Jiddi Joned") in individual cases*

Mudek was successful in its application to set aside the judgement in default obtained earlier by IRB. The court has dismissed IRB's application to renew the summons with costs on 3 October 2007. IRB has since filed and served a fresh writ of summons of which the defence has been filed by Mudek on 22 May 2008.

In respect of Seri Jasin's suit, the matter is pending extraction of IRB's summary judgement application.

Jiddi Joned and Berembang have both filed their defences. In respect of Jiddi Joned's suit, the plaintiff has filed an application for summary judgement, of which the decision has yet to be delivered.

The said subsidiary companies have initiated another legal proceeding against Yeng Chong Realty Bhd similar to (ii) above, for part of the said real property gains tax withheld from the purchase consideration for the disposal of the properties concerned. The defendant has again filed an application to strike out the action which was dismissed. The defendant's further appeal was also dismissed on 12 July 2007. Matter is now fixed for further case management on 7 April 2009.

(vii) *Yeng Chong Realty Bhd ("Yeng Chong") v Tenaga Nasional Bhd ("TNB"), Mudek and Berembang*

Yeng Chong has also applied for an injunction against TNB to prevent TNB from entering into the property and making compensation to Mudek and Berembang, the injunction of which was refused on 27 September 2006. Yeng Chong has since filed an appeal against the decision. Both applications to transfer proceedings to Kuala Lumpur and for leave to file Rejoinder were dismissed by the Court with costs.

(viii) *IRB v Pujian*

The Government of Malaysia is claiming for tax assessment for the year 1998, 1999, 2000 in one action and for year 1999 (Tambahan) in another action, and for year 2001 in another action, and for year 2004 in another action. For the first action, Pujian succeeded in setting aside the judgement in default of appearance. IRB has since filed an appeal against the said decision. In relation to the second action, Pujian's defence was filed on 29 August 2007. In relation to the third action, Pujian succeeded in striking out the action on 27 December 2006. IRB has since filed and served a fresh suit for the same subject matter and Pujian's defence was filed on 29 August 2007. IRB has filed an application for summary judgement and it is fixed for hearing on 12 March 2009. As for the fourth action, the plaintiff's application for summary judgement was allowed with costs on 6 August 2008. Pujian has since filed an appeal against the decision and it is now fixed for hearing on 24 April 2009.

(ix) *IRB v Tashima Development Sdn Bhd ("Tashima")*

IRB commenced two actions against Tashima for income tax outstanding for assessment years 2000 in one action, and 2001 and 2002 in another action. In the first action, Tashima has filed its statement of defence on 10 April 2007. In respect of the second action, the court has allowed the plaintiff's summary judgement application on 12 February 2008. Tashima has since filed its appeal against the said decision. Matter is now fixed for mention on 11 March 2009 of our stay application.

(x) *IRB v Sawitani Sdn Bhd ("Sawitani")*

IRB filed a suit against Sawitani for real property gains tax outstanding for assessment year 2000. Sawitani has filed its statement of defence on 9 September 2008.

12. Dividend

No dividend has been declared for the current financial period to-date.

13. Loss Per Share

The basic loss per share have been calculated based on the consolidated net loss attributable to ordinary shareholders for the period and the weighted average number of ordinary shares in issue during the period.

| <i>Basic loss per share</i> | Current Quarter Ended | Comparative Quarter Ended | Cumulative Period To-Date | |
|---|--------------------------|------------------------------|------------------------------|---------------------|
| | 30/11/08 | 30/11/07 | 30/11/08 | 30/11/07 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Loss | | | | |
| Net loss attributable to ordinary shareholders | (3,533) | N/A | (7,648) | N/A |
| Weighted average number of ordinary shares | (^{'000}) | (^{'000}) | (^{'000}) | (^{'000}) |
| | 650,148 | N/A | 650,148 | N/A |

Note:

The comparative figures are not applicable due to the change of financial year as detailed in Note A1.

There is no dilution in the earnings per share as the average market value of the Company's ordinary shares during the period was lower than the exercise price of the outstanding warrants 2004/2009. Accordingly, there would be no conversion of these outstanding instruments for the purposes of calculating the fully diluted earnings per share.

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