

**CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE PERIOD ENDED 31 MAY 2010**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/05/2010	31/05/2009	31/05/2010	31/05/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	2,693	11,869	21,072	44,018
Cost of sales	(2,592)	(10,790)	(17,796)	(38,062)
Gross profit	101	1,079	3,276	5,956
Other operating income	22,766	22,781	23,751	23,253
Distribution costs	(79)	(247)	(722)	(850)
Administration expenses	(1,335)	(2,005)	(5,801)	(7,578)
Other operating expenses	(40,487)	(98,730)	(51,724)	(101,476)
Loss from operations	(19,034)	(77,122)	(31,220)	(80,695)
Finance costs	(2,762)	(2,726)	(11,001)	(11,716)
Share of profit after tax and minority interest of associate	(0)	1,653	826	2,082
Loss before tax	(21,796)	(78,195)	(41,395)	(90,329)
Income tax expense	(99)	(333)	(79)	(382)
Loss for the period	(21,895)	(78,528)	(41,474)	(90,711)
Attributable to:				
Shareholders of the company	(21,871)	(78,474)	(41,381)	(90,576)
Minority interests	(24)	(54)	(93)	(135)
Loss for the period	(21,895)	(78,528)	(41,474)	(90,711)
Basic loss per ordinary share (sen)	(3.36)	(12.07)	(6.36)	(13.93)
Diluted loss per ordinary share (sen)	-	-	-	-

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2009.

**CONDENSED CONSOLIDATED BALANCE SHEETS
 AS AT 31 MAY 2010**

	(Unaudited) 31/05/2010 RM'000	(Audited) 31/05/2009 RM'000
Non-current assets		
Property, plant and equipment	3,296	15,588
Investment properties	263,247	263,247
Prepaid lease payments	-	1,277
Investment in an associate	-	41,359
Other long-term investments	3,366	5,248
Deferred tax assets	812	912
	<u>270,721</u>	<u>327,631</u>
Current assets		
Inventories	404	1,052
Non-current assets held for sale	-	2,250
Property development costs	54,944	81,268
Trade receivables	526	16,497
Other receivables, deposits and prepayments	2,586	3,886
Prepaid lease payments	-	19
Tax recoverable	229	226
Fixed deposits with licensed banks	22,292	91
Cash and bank balances	3,878	661
	<u>84,859</u>	<u>105,950</u>
TOTAL ASSETS	<u>355,580</u>	<u>433,581</u>
Equity		
Share capital	325,074	325,074
Reserves	(219,866)	(179,811)
Equity attributable to shareholders of the Company	<u>105,208</u>	<u>145,263</u>
Minority interests	<u>15,018</u>	<u>15,111</u>
Total equity	<u>120,226</u>	<u>160,374</u>
Non-current liabilities		
Hire purchase liabilities	457	798
Long-term borrowings	101,890	103,909
	<u>102,347</u>	<u>104,707</u>
Current liabilities		
Trade payables	6,127	9,206
Amount due to an associate	-	2,813
Other payables and accruals	64,460	92,702
Hire purchase liabilities	190	227
Short-term borrowings	28,608	29,884
Tax payable	33,622	33,668
	<u>133,007</u>	<u>168,500</u>
TOTAL EQUITY AND LIABILITIES	<u>355,580</u>	<u>433,581</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.1618	0.2234

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2009.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 MAY 2010**

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Accumulated losses RM'000	Shareholders' equity RM'000	Minority interests RM'000	Total equity RM'000
Balance as at 1 June 2009	325,074	295,727	1,436	(1,319)	(475,655)	145,263	15,111	160,374
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(2,058)	-	(2,058)	-	(2,058)
Disposal of subsidiary	-	-	-	3,384	-	3,384	-	3,384
Net loss for the period	-	-	-	-	(41,381)	(41,381)	(93)	(41,474)
Balance as at 31 May 2010	325,074	295,727	1,436	7	(517,036)	105,208	15,018	120,226
Balance as at 1 June 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	-	-	-	3,812	-	3,812	-	3,812
Subscription of shares in subsidiaries	-	-	-	-	-	-	300	300
Net loss for the period	-	-	-	-	(90,576)	(90,576)	(135)	(90,711)
Balance as at 31 May 2009	325,074	295,727	1,436	(1,319)	(475,655)	145,263	15,111	160,374

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2009.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
 FOR THE PERIOD ENDED 31 MAY 2010**

	Twelve Months Ended 31/05/2010 RM'000	Twelve Months Ended 31/05/2009 RM'000
<u>Cash flows from/(used in) operating activities</u>		
Loss before taxation	(41,395)	(90,329)
Adjustments for:		
Non-cash items	924	1,664
Non-operating items	42,528	83,452
Operating profit/(loss) before working capital changes	2,057	(5,213)
Changes in working capital	(1,602)	10,856
Cash generated from operations	455	5,643
Income tax paid	(23)	(50)
Net cash generated from operating activities	432	5,593
<u>Cash Flows from/(used in) investing activities</u>		
Equity investments	37,505	2,808
Others	1,862	(96)
Net cash generated from investing activities	39,367	2,712
<u>Cash flows from/(used in) financing activities</u>		
Bank borrowings	(11,509)	(8,815)
Others	69	884
Net cash used in financing activities	(11,440)	(7,931)
Net increase in cash and cash equivalents	28,359	374
Effects of exchange rate changes	302	(2,580)
Cash and cash equivalents at beginning of period	(2,491)	(285)
Foreign exchange differences on opening cash and cash equivalents	-	-
Cash and cash equivalents at end of period	26,170	(2,491)
Cash and cash equivalents comprise:		
	RM'000	RM'000
Cash and bank balances	3,878	661
Fixed deposits	22,292	91
Bank overdrafts	-	(3,174)
	26,170	(2,422)
Less: Fixed deposits pledged	-	(69)
	26,170	(2,491)

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 May 2009.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
31 MAY 2010**

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 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 May 2009. 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 year ended 31 May 2009.

2. Qualification of Audit Report

The audit report of the financial statement of the Group for the year ended 31 May 2009 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	11,041	761
Property	6,504	(31,170)
Network Marketing	3,139	(1,777)
Investment & Others	4,509	960
	<u>25,193</u>	<u>(31,226)</u>
Elimination	(4,121)	6
Financing Costs	-	(11,001)
Share of Profit of An Associate	-	826
	<u>21,072</u>	<u>(41,395)</u>

8. Valuation of Property, Plant & Equipment

The valuation of land and building has 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 23 July 2010 (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 31 May 2010.

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 except that the Group disposed its entire holding of 20,594,025 ordinary shares representing 23.12% equity interest in SEG International Bhd.

11. Changes in Contingent Liabilities/Contingent Assets

The contingent liabilities as at financial period ended 31 May 2010 are as follows:

	RM'000
Guarantees and Contingencies Relating to:	
- An affiliated company	<u>3,169</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 recorded a revenue of RM21 million for the financial year ended 31 May 2010 with the construction division being the main contributor.

Taking into account the RM26 million impairment loss on the uncompleted development in Seri Kembangan, the Group made a total loss before tax of RM41 million for the financial year ended 31 May 2010.

2. Variation of results against preceding quarter

The current quarter's loss of RM22 million as compared to the previous quarter's loss of RM12 million was mainly due to the RM26 million impairment loss as mentioned above less provisions no longer required of approximately RM17 million.

3. Prospects for the Next Financial Year

The Group is actively seeking opportunities to venture into new businesses which are within the Group's strategic plan to position the Group on a better financial footing.

The Group will also focus on more efficient use of resources to achieve better operational efficiencies. Businesses under the construction, property and network marketing divisions will continue to be strengthened to increase contribution to the Group.

4. Variance of Profit Forecast / Profit Guarantee

Not applicable.

5. Income Tax Expense

	Current Quarter Ended 31 May 2010 RM'000	Cumulative Year To-Date 31 May 2010 RM000
Over provision in prior years	(1)	(41)
Current year provision	-	20
Deferred taxation	100	100
	<u>99</u>	<u>79</u>

6. Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the current quarter, other than the sale of leasehold land which was previously held under non-current assets held for sale. The said property was sold at the market value of RM2.25 million.

7. Purchase or Disposal of Quoted Investments

- (a) There was no acquisition of quoted investments during the current quarter.
- (b) During the quarter, the Group disposed quoted shares for RM35.5 million realising a gain of RM2.8 million.
- (c) Total investments in quoted securities as at the end of the financial period to-date are as follows:

	RM'000
(i) At cost	22,429
(ii) At book value	2,226
(iii) At market value	3,188

8. Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 23 July 2010.

9. Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long-Term Borrowings</u>			
Amount repayable after twelve months	100,890	-	100,890
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>100,890</u>	<u>1,000</u>	<u>101,890</u>
<u>Short-Term Borrowings</u>			
Bank overdrafts	-	-	-
Revolving credits	413	-	413
Current portion of long term loans	28,195	-	28,195
	<u>28,608</u>	<u>-</u>	<u>28,608</u>
Total Group Borrowings	<u>129,498</u>	<u>1,000</u>	<u>130,498</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 23 July 2010 (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 23 July 2010 (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). The company has obtained judgement in default against both defendants on 10 December 2009. The draft order was approved on 19 July 2010 and now pending the fair order to be extracted from the Court

- (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 was reinstated in the High Court. Our application for further and better particulars was allowed on 29 June 2009 and the defendants appeal to set aside the further and better particulars order was dismissed on 22 April 2010. Pursuant to our application to strike out part of the defendants' defence which was fixed for case management on 4 July 2010, the Court has directed all parties to file Bundle of Documents.

- (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 12 August 2010.

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

Matter is fixed for case management of the plaintiffs' summary judgement application on 6 August 2010.

- (v) *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. IRB has applied for summary judgement and is fixed for case management on 10 August 2010. In respect of Seri Jasin's suit, IRB has obtained summary judgement against Seri Jasin on 1 April 2010. We have filed our appeal to the Court of Appeal which is pending hearing and our application for a stay of execution of the summary judgement is to be heard on 24 August 2010.

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 which was allowed on 1 April 2010. We have filed our appeal to the Court of Appeal which is pending hearing. In respect of Berembang's suit, the Plaintiff application for summary judgement was heard on 12 July 2010 whereby the application was dismissed on the basis that there are triable issues. The Court has yet to fix a date for case management.

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 as our writ of summons was struck off. We have appealed to the Court of Appeal and case management is fixed on 28 September 2010.

(vi) *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 but has withdrawn it on 12 April 2010. The High Court matter is pending. Both our applications to transfer proceedings to Kuala Lumpur and for leave to file Rejoinder were dismissed by the Court with costs. Notice of pre-trial case management was filed by Yeng Chong but pending extraction and fixture of court date.

(vii) *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 appealed and it was allowed on 8 June 2010. We have filed to the Court of Appeal and it is pending hearing. In relation to the second action, Pujian's defence was filed on 29 August 2007. IRB has filed an application for summary judgement which is fixed for case management on 26 August 2010. 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 27 July 2010. 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. Pujian has also filed a stay application which was dismissed on 17 June 2010 and Pujian has appealed the stay application which is pending hearing.

(viii) *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. IRB has filed an application for summary judgement which is fixed for case management on 2 August 2010. 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 which is pending fixture of date. Our stay of execution application was dismissed on 17 June 2010 and Tashima has appealed the stay application which is fixed for hearing on 6 August 2010.

(ix) *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. Case management was heard on 13 July 2010 wherein the parties are to submit written submissions by 13 August 2010 on the Plaintiff's application for summary judgement.

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	
	31/05/10	31/05/09	31/05/10	31/05/09
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Loss Net loss attributable to ordinary shareholders	(21,871)	(78,474)	(41,381)	(90,576)
Weighted average number of ordinary shares	(‘000) 650,148	(‘000) 650,148	(‘000) 650,148	(‘000) 650,148

28 July 2010