

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 31 AUGUST 2010**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/08/2010	31/08/2009	31/08/2010	31/08/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	6,027	6,807	6,027	6,807
Cost of sales	(5,944)	(5,806)	(5,944)	(5,806)
Gross profit	83	1,001	83	1,001
Other income	2,629	252	2,629	252
Distribution costs	(156)	(320)	(156)	(320)
Administration expenses	(1,201)	(1,571)	(1,201)	(1,571)
Other expenses	(306)	(706)	(306)	(706)
Finance costs	(3,209)	(2,773)	(3,209)	(2,773)
Share of profit after tax and minority interest of associate	-	75	-	75
Net loss before tax	(2,160)	(4,042)	(2,160)	(4,042)
Income tax expense	(2)	(5)	(2)	(5)
Net loss for the period	(2,162)	(4,047)	(2,162)	(4,047)
Attributable to:				
Equity holders of the Company	(2,124)	(4,027)	(2,124)	(4,027)
Minority interests	(38)	(20)	(38)	(20)
Net loss for the period	(2,162)	(4,047)	(2,162)	(4,047)
Other comprehensive income, net of tax				
Available-for-sales financial assets - fair value gain	1,051	-	1,051	-
Foreign currency translation differences for foreign operations	2	-	2	-
Total comprehensive income for the period	(1,109)	(4,047)	(1,109)	(4,047)
Total comprehensive income				
Attributable to:				
Equity holders of the Company	(1,071)	(4,027)	(1,071)	(4,027)
Minority interests	(38)	(20)	(38)	(20)
	(1,109)	(4,047)	(1,109)	(4,047)
Basic loss per ordinary share (sen)	(0.33)	(0.62)	(0.33)	(0.62)
Diluted loss per ordinary share (sen)	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2010.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 AUGUST 2010**

	(Unaudited) 31/08/2010 RM'000	(Audited) 31/05/2010 RM'000
Non-current assets		
Property, plant and equipment	3,461	3,296
Investment properties	263,247	263,247
Available-for-sale financial assets	5,359	3,366
Deferred tax assets	812	812
	<u>272,879</u>	<u>270,721</u>
Current assets		
Inventories	355	428
Property development costs	56,005	54,944
Trade receivables	3,238	1,515
Other receivables, deposits and prepayments	5,870	4,676
Tax recoverable	229	229
Cash and bank balances	20,151	26,172
	<u>85,848</u>	<u>87,964</u>
TOTAL ASSETS	<u>358,727</u>	<u>358,685</u>
Equity		
Share capital	325,074	325,074
Reserves	(219,962)	(219,861)
Equity attributable to shareholders of the Company	<u>105,112</u>	<u>105,213</u>
Minority interests	14,980	15,018
Total equity	<u>120,092</u>	<u>120,231</u>
Non-current liabilities		
Hire purchase liabilities	443	457
Long-term borrowings	74,448	77,085
	<u>74,891</u>	<u>77,542</u>
Current liabilities		
Trade payables	7,537	6,127
Other payables and accruals	66,971	67,560
Hire purchase liabilities	209	190
Short-term borrowings	55,405	53,413
Tax payable	33,622	33,622
	<u>163,744</u>	<u>160,912</u>
TOTAL EQUITY AND LIABILITIES	<u>358,727</u>	<u>358,685</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.1617	0.1618

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 AUGUST 2010**

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange translation reserve RM'000	Available-for- sale financial assets reserve RM'000	Accumulated losses RM'000	Shareholders' equity RM'000	Minority interests RM'000	Total equity RM'000
Balance as at 1 June 2010 (as previously stated)	325,074	295,727	1,436	6	-	(517,030)	105,213	15,018	120,231
Effects of adopting FRS 139	-	-	-	-	970	-	970	-	970
Balance as at 1 June 2010 (restated and adjusted)	325,074	295,727	1,436	6	970	(517,030)	106,183	15,018	121,201
Total comprehensive income for the period	-	-	-	2	1,051	(2,124)	(1,071)	(38)	(1,109)
Balance as at 31 August 2010	325,074	295,727	1,436	8	2,021	(519,154)	105,112	14,980	120,092
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	-	-	-	(1,049)	-	-	(1,049)	-	(1,049)
Net loss for the period	-	-	-	-	-	(4,027)	(4,027)	(20)	(4,047)
Balance as at 31 August 2009	325,074	295,727	1,436	(2,368)	-	(479,682)	140,187	15,091	155,278

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 May 2010.

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

	Three Months Ended 31/08/2010 RM'000	Three Months Ended 31/08/2009 RM'000
<u>Cash flows from/(used in) operating activities</u>		
Loss before taxation	(2,160)	(4,042)
Adjustments for:		
Non-cash items	158	216
Non-operating items	706	2,901
Operating loss before working capital changes	(1,296)	(925)
Changes in working capital	(1,700)	862
Cash used in operations	(2,996)	(63)
Income tax paid	(2)	(8)
Net cash used in operating activities	(2,998)	(71)
<u>Cash Flows from/(used in) investing activities</u>		
Equity investments	-	774
Others	(1,214)	(187)
Net cash (used in)/generated from investing activities	(1,214)	587
<u>Cash flows from/(used in) financing activities</u>		
Bank borrowings	(1,810)	(1,348)
Others	-	69
Net cash used in financing activities	(1,810)	(1,279)
Net decrease in cash and cash equivalents	(6,022)	(763)
Effects of exchange rate changes	2	763
Cash and cash equivalents at beginning of period	26,171	(2,491)
Cash and cash equivalents at end of period	20,151	(2,491)

Cash and cash equivalents comprise:

	RM'000	RM'000
Cash and bank balances	6,011	713
Fixed deposits	-	2
Short term deposits with licensed financial institutions	14,140	-
Bank overdrafts	-	(3,206)
	20,151	(2,491)

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 May 2010.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
31 AUGUST 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 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 2010. The 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 year ended 31 May 2010.

2. *Significant Accounting Policies*

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 May 2010, except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”), Amendments to FRSs and IC Interpretations with effect from 1 January 2010:

FRSs, Amendment to FRSs and IC Interpretations

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

Revised FRS 101 (2009) Presentation of Financial Statements

Revised FRS 123 (2009) Borrowing Costs

Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above standards, amendments and interpretations has resulted in changes of certain accounting policies and classification adopted by the Group as well as presentation of financial statements as described hereunder:-

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

The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in a single statement.

(b) FRS 139: Financial Instruments: Recognition and Measurement (FRS 139)

The Group classifies its financial assets in the following categories: at fair value through profit or loss, receivables, held to maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at the initial recognition. Set out below are the major changes in classifications of financial assets of the Group:

(i) Other receivables

Non-current receivables, previously measured at invoice amount and subject to impairment, are now classified as other receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When other receivables are impaired, the carrying amount of the asset is reduced and the amount of loss is recognised in profit or loss. Impairment loss is measured as difference between the asset’s carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset’s original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Available-for-sale financial assets

Non-current investments, previously measured at cost and subject to impairment, are now classified as available-for-sale financial assets. These are initially measured at fair value plus transaction costs and subsequently, at fair value.

Changes in the fair values of the available-for-sale debt securities denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and other changes are recognised in other comprehensive income. If there is any objective evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss, is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Changes in fair values of available-for-sale equity securities are recognised in other comprehensive income, together with the related currency translation differences. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the asset is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are reversed through other comprehensive income and not through profit or loss.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss.

Impact on opening balances

In accordance with the transitional provisions for FRS 139, the above changes are applied prospectively and the comparatives as at 31 May 2010 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the statement of financial position as at 1 June 2010:

	As previously reported RM'000	Effect of FRS 139 RM'000	As restated RM'000
Non-Current Assets			
-Available-for-sale financial assets	3,366	970	4,336
Equity			
-Available-for-sale financial assets reserve	-	970	970

3. Qualification of Audit Report

The audit report of the financial statement of the Group for the year ended 31 May 2010 was not qualified.

4. Seasonal or Cyclical Factors

There are no seasonal factors affecting the Group performance.

5. Material Changes In Estimates

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

6. Debt and Equity Securities

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

7. Dividends Paid

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

8. Segmental Reporting

	Gross Operating Revenue RM'000	Profit/ (Loss) Before Taxation RM'000
Construction	3,621	52
Property	2,079	636
Network Marketing	178	(473)
Investment & Others	219	834
	<u>6,097</u>	<u>1,049</u>
Elimination	(70)	-
Financing Costs	-	(3,209)
	<u><u>6,027</u></u>	<u><u>(2,160)</u></u>

9. Valuation of Property, Plant & Equipment

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

10. Material Subsequent Events

There were no material events subsequent to the end of the interim period to 22 October 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.

11. Changes in Contingent Liabilities/Contingent Assets

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

	RM'000
Guarantees and Contingencies Relating to:	
- An affiliated company	<u>2,787</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 RM6.0 million for the quarter ended 31 August 2010 with the construction and property divisions being the main contributors.

The Group recorded a loss before tax of RM2.2 million for the quarter ended 31 August 2010 mainly due to finance cost.

2. Variation of results against preceding quarter

The current quarter's loss of RM2.2 million was significantly lower than the previous quarter's loss of RM21.9 million which included a RM26 million impairment loss on property development cost.

3. Current year prospects

Pursuant to the Co-operation Agreement entered into with CV Geo Mineral Resources on 5 August 2010 for the exploitation of an iron ore mine in South Kalimantan, Indonesia, the Group expects positive contribution from the iron ore mining activity in the second half of this financial year. This business operation would help mitigate the drop in contribution from the construction division arising from the completion of the existing project.

The property division will continue to see improvement in terms of rental income derived from South City Plaza. The development of the Group's other retail mall in Segamat is expected to be completed before the end of the financial year and has received stronger than expected enquiries and interests from potential tenants. The anticipated opening of the Segamat retail mall in the second half of 2011 is expected to contribute positively to the Group's earnings in the next financial ending 31 May 2012 and beyond.

4. Variance of Profit Forecast / Profit Guarantee

Not applicable.

5. Income Tax Expense

	Current Quarter Ended 31 August 2010 RM'000	Cumulative Year To-Date 31 August 2010 RM'000
Current year provision	2	2
	<u>2</u>	<u>2</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 or disposal of quoted investments during the current quarter.
- (b) The investments in quoted securities have been reclassified from other investments to available-for-sale financial assets upon adoption of FRS139 on 1 June 2010.

	RM'000
Cost	22,429
Carrying value	
Opening balance as at 1 June 2010	2,228
Fair value adjustment upon the adoption of FRS139	970
Fair value gain recognised in other comprehensive income	1,051
Foreign exchange loss recognised to profit or loss	(28)
Balance as at 31 August 2010	<u>4,221</u>
Market value as at 31 August 2010	4,221

8. Status of Corporate Proposals Announced

There are no corporate proposals announced but not completed as at 22 October 2010.

9. Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long-Term Borrowings</u>			
Amount repayable after twelve months	73,448	-	73,448
Non-Convertible Redeemable Preference Shares	-	1,000	1,000
	<u>73,448</u>	<u>1,000</u>	<u>74,448</u>
<u>Short-Term Borrowings</u>			
Current portion of long term loans	55,405	-	55,405
	<u>55,405</u>	<u>-</u>	<u>55,405</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 22 October 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 22 October 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 the fair order has been extracted from the Court and to be served on both defendants.

- (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. 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. The Court has fixed 23 November 2010 for case management and 30 November 2010 for trial.

- (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 26 October 2010.

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

The Court has fixed for hearing or decision of the Plaintiffs' Judgement Application on 2 November 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 1 December 2010 and hearing on 17 December 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 date. Application for Stay of Execution was fixed for mention on 11 October 2010 where the Court directed to file the Notice of Motion.

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. Our application for stay of execution was dismissed and we are to file to Notice of Motion at the Court of Appeal. In respect of Berembang's suit, the Plaintiff's 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. In respect of Berembang, the plaintiff has filed an appeal to the Court of Appeal and the Court has yet to fix a hearing date.

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 further case management is fixed on 2 December 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 hearing on 25 October 2010. In relation to the third action, Pujian succeeded in striking out the action on 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 which was allowed. We have filed an appeal which is pending hearing date. 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 has appealed the stay application which is fixed for hearing on 25 November 2010.

(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 hearing on 25 November 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 12 November 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. IRB has filed an application for summary judgement which is fixed for case management on 16 December 2010.

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	
	31/08/10	31/08/09	31/08/10	31/08/09
Loss Net loss attributable to ordinary shareholders	(RM'000) (2,124)	(RM'000) (4,027)	(RM'000) (2,124)	(RM'000) (4,027)
Weighted average number of ordinary shares	('000) 650,148	('000) 650,148	('000) 650,148	('000) 650,148