



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 March 2011 (unaudited)**

|  | 31/03/2011<br>(Unaudited)<br>RM'000 | 31/12/2010<br>(Audited)<br>RM'000 |
|--|-------------------------------------|-----------------------------------|
| <b>ASSETS</b>  |                                     |                                   |
| <b>Non-current assets</b>                                  |                                     |                                   |
| Property, plant and equipment                              | 34,589                              | 34,848                            |
| Land held for property development                         | 43,913                              | 43,904                            |
| Investment properties                                      | 83,617                              | 83,617                            |
| Goodwill on consolidation                                  | 811                                 | 811                               |
| Investments in associates                                  | 2,678                               | 2,696                             |
|  | <b>165,608</b>                      | <b>165,876</b>                    |
| <b>Current Assets</b>                                      |                                     |                                   |
| Property development cost                                  | 21,996                              | 21,599                            |
| Inventories  | 5,508                               | 5,506                             |
| Amount due from contract customers                         | 5,737                               | 4,062                             |
| Trade & other receivables                                  | 88,314                              | 96,331                            |
| Amount due from former subsidiaries                        | 4,103                               | 4,103                             |
| Amount due from an associate                               | 10,864                              | 10,848                            |
| Deposits placed with licensed banks                        | 220                                 | 220                               |
| Tax recoverable  | 111                                 | 111                               |
| Cash & bank balances                                       | 6,733                               | 2,842                             |
|  | <b>143,586</b>                      | <b>145,622</b>                    |
|  | <b>309,194</b>                      | <b>311,498</b>                    |
| <b>EQUITY AND LIABILITIES</b>                              |                                     |                                   |
| <b>Equity attributable to equity holders of the parent</b> |                                     |                                   |
| Share capital  | 213,470                             | 213,470                           |
| Share premium  | 20,013                              | 20,013                            |
| Revaluation Reserve  | 41,027                              | 41,027                            |
| Accumulated losses   | (123,618)                           | (124,087)                         |
|  | <b>150,892</b>                      | <b>150,423</b>                    |
| <b>Non-current liabilities</b>                             |                                     |                                   |
| Borrowings   | 29,835                              | 29,978                            |
| Deferred taxation  | 1,929                               | 1,929                             |
|  | <b>31,764</b>                       | <b>31,907</b>                     |
| <b>Current Liabilities</b>                                 |                                     |                                   |
| Trade & other payables                                     | 57,849                              | 59,188                            |
| Overdraft & short term borrowings                          | 19,628                              | 20,919                            |
| Provision for taxation                                     | 49,061                              | 49,061                            |
|  | <b>126,538</b>                      | <b>129,168</b>                    |
| <b>Total liabilities</b>                                   | <b>158,302</b>                      | <b>161,075</b>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>309,194</b>                      | <b>311,498</b>                    |
| <b>Net assets (in RM)</b>                                  | <b>0.35</b>                         | <b>0.35</b>                       |

*The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim financial statements.*



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (unaudited)**

|   | 3 MONTHS ENDED |                | 3 MONTHS ENDED |                |
|---|----------------|----------------|----------------|----------------|
|   | 31/03/2011     | 31/03/2010     | 31/03/2011     | 31/03/2010     |
|   | RM'000         | RM'000         | RM'000         | RM'000         |
| <b>CONTINUING OPERATIONS</b>  |                |                |                |                |
| Revenue   | 13,038         | 12,340         | 13,038         | 12,340         |
| Cost of sales   | (6,811)        | (7,222)        | (6,811)        | (7,222)        |
| <b>Gross Profit</b>   | <b>6,227</b>   | <b>5,118</b>   | <b>6,227</b>   | <b>5,118</b>   |
| Other income  | 975            | 491            | 975            | 491            |
| Administrative and general expenses   | (5,533)        | (5,523)        | (5,533)        | (5,523)        |
| Selling and marketing expenses  | (182)          | (310)          | (182)          | (310)          |
| Finance cost  | (1,000)        | (967)          | (1,000)        | (967)          |
| Share of loss of associates   | (18)           | (38)           | (18)           | (38)           |
| <b>Profit / (Loss) before tax</b>   | <b>469</b>     | <b>(1,229)</b> | <b>469</b>     | <b>(1,229)</b> |
| Taxation  | -              | -              | -              | -              |
| <b>Net profit / (loss) for the period from continuing operation</b>   | <b>469</b>     | <b>(1,229)</b> | <b>469</b>     | <b>(1,229)</b> |
| <b>DISCONTINUED OPERATION</b>   |                |                |                |                |
| <b>Net profit / (loss) for the period from discontinued operation</b>                                       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Net profit / (loss) for the period</b>   | <b>469</b>     | <b>(1,229)</b> | <b>469</b>     | <b>(1,229)</b> |
| <b>Attributable to:</b>   |                |                |                |                |
| Equity holders of the parent company  | 469            | (1,229)        | 469            | (1,229)        |
| Minority interest   | -              | -              | -              | -              |
|   | <b>469</b>     | <b>(1,229)</b> | <b>469</b>     | <b>(1,229)</b> |
| <b>Earning / (Loss) per share, EPS / (LPS), attributable to equity holders of the parent company (Sen):</b> |                |                |                |                |
| Basic EPS / (LPS) from continuing operation   | 0.11           | (0.29)         | 0.11           | (0.29)         |
| Basic EPS / (LPS) from discontinued operation   | -              | -              | -              | -              |
| Basic EPS / (LPS) per ordinary share  | 0.11           | (0.29)         | 0.11           | (0.29)         |
| Fully Diluted EPS / (LPS) per ordinary shares   | N.A.           | N.A.           | N.A.           | N.A.           |
| N.A.  | Not Applicable |                |                |                |

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim financial statements.*



**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (unaudited)**

*Attributable to Equity Holders of the Company*

|  | <b>Share<br/>Capital<br/>RM'000</b> | <b>Share<br/>Premium<br/>RM'000</b> | <b>Revaluation<br/>Reserve<br/>RM'000</b> | <b>Accumulated<br/>Loss<br/>RM'000</b> | <b>Total<br/>Equity<br/>RM'000</b> |
|--|-------------------------------------|-------------------------------------|---|--|------------------------------------|
| <b>Balance as at 01 January 2010</b>                 | <b>213,470</b>                      | <b>20,013</b>                       | <b>41,143</b>                             | <b>(138,007)</b>                       | <b>136,619</b>                     |
| Total comprehensive loss<br>for the current period   | -                                   | -                                   | -   | (1,229)                                | (1,229)                            |
| <b>Balance as at 31 March 2010</b>                   | <b>213,470</b>                      | <b>20,013</b>                       | <b>41,143</b>                             | <b>(139,236)</b>                       | <b>135,390</b>                     |
| <b>Balance as at 01 January 2011</b>                 | <b>213,470</b>                      | <b>20,013</b>                       | <b>41,027</b>                             | <b>(124,087)</b>                       | <b>150,423</b>                     |
| Total comprehensive income<br>for the current period | -                                   | -                                   | -   | 469                                    | 469                                |
| <b>Balance as at 31 March 2011</b>                   | <b>213,470</b>                      | <b>20,013</b>                       | <b>41,027</b>                             | <b>(123,618)</b>                       | <b>150,892</b>                     |

*The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim financial statements.*



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

|  | <b>3 Months ended<br/>31/03/2011<br/>RM'000</b> | <b>3 Months ended<br/>31/03/2010<br/>RM'000</b> |
|--|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |   |   |
| Profit / (Loss) before Tax   | 469   | (1,229)   |
| Adjustments for:   |   |   |
| Share of losses in associate company   | 18  | 38  |
| Depreciation   | 297   | 331   |
| Gain on disposal of property, plant and equipment                                  | -   | (3)   |
| Interest expense   | 1,000   | 967   |
| Interest income  | (138)   | (123)   |
| <b>Operating Profit (Loss) before Changes in Working Capital</b>                   | <b>1,646</b>                                    | <b>(19)</b>                                     |
| Changes in development properties  | (22)  | (8,744)   |
| Changes in inventories   | (2)   | 7   |
| Changes in amount due from contract customers                                      | (1,675)   | 8,175   |
| Changes in trade and other receivables   | 8,017   | 2,320   |
| Changes in trade and other payables  | (2,371)   | (3,251)   |
| <b>Cash Generated From / (Used In) Operating Activities</b>                        | <b>5,593</b>                                    | <b>(1,512)</b>                                  |
| Interest received  | 138   | 123   |
| <b>Net Cash Generated From / (Used In) Operating Activities</b>                    | <b>5,731</b>                                    | <b>(1,389)</b>                                  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |   |   |
| Development Expenditure incurred on land held for development                      | (9)   | (32)  |
| Purchase of property, plant and equipment  | (38)  | (57)  |
| Proceed from disposal of property, plant and equipment                             | -   | 65  |
| <b>Net Cash Used In Investing Activities</b>                                       | <b>(47)</b>                                     | <b>(24)</b>                                     |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |   |   |
| Repayment of Loan  | (1,379)   | (488)   |
| Repayment of hire purchase liabilities   | (55)  | (186)   |
| Interest paid  | (359)   | (950)   |
| <b>Net Cash Used In Financing Activities</b>                                       | <b>(1,793)</b>                                  | <b>(1,624)</b>                                  |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>                                   | <b>3,891</b>                                    | <b>(3,037)</b>                                  |
| <b>CASH &amp; CASH EQUIVALENTS BROUGHT FORWARD</b>                                 | <b>(11,938)</b>                                 | <b>(11,410)</b>                                 |
| <b>CASH &amp; CASH EQUIVALENTS CARRIED FORWARD</b>                                 | <b>(8,047)</b>                                  | <b>(14,447)</b>                                 |
| <b>The cash and cash equivalents comprise the following balance sheet amounts:</b> |   |   |
| Cash & Bank Balances   | 6,733   | 307   |
| Deposits with assets held for rif sugffiecet                                       | 220   | 246   |
| Bank Overdrafts  | (15,000)  | (15,000)  |
|  | <b>(8,047)</b>                                  | <b>(14,447)</b>                                 |

*The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim financial statements.*



**PART A - EXPLANATORY NOTES PURSUANT TO FRS 134  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 year ended 31 December 2010.

**2. Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2010. At the date of authorization of issue of this interim financial statement, the following Revised Financial Reporting Standards ("FRSs") Amendments/Improvements to FRS, IC Int and Amendments to IC Int that are issued, but not yet effective and had not been adopted early:

| <b><u>Revised FRS</u></b>                      |   | Effective for<br>financial periods<br>beginning on or after |
|--|---|---|
| FRS 1  | First-time Adoption of Financial Reporting Standards            | 1 July 2010   |
| FRS 3  | Business Combinations   | 1 July 2010   |
| FRS 124  | Related Party Disclosures                                       | 1 January 2012  |
| FRS 127  | Consolidated and Separate Financial Statements                  | 1 July 2010   |
| <br>   |   |   |
| <b><u>Amendments / Improvements to FRS</u></b> |   |   |
| FRS 1  | First-time Adoption of Financial Reporting Standards            | 1 January 2011  |
| FRS 2  | Share-based Payment   | 1 July 2010 and<br>1 January 2011                           |
| FRS 3  | Business Combinations   | 1 January 2011  |
| FRS 5  | Non-current Assets Held for Sale and<br>Discontinued Operations | 1 July 2010   |
| FRS 7  | Financial Instruments: Disclosure                               | 1 January 2011  |
| FRS 101  | Presentation of Financial Statements                            | 1 January 2011  |
| FRS 121  | The Effects of Changes in Foreign Exchange Rates                | 1 January 2011  |
| FRS 128  | Related Party Disclosures                                       | 1 January 2011  |
| FRS 131  | Interests in Joint Ventures                                     | 1 January 2011  |
| FRS 132  | Financial Instruments: Presentation                             | 1 March 2010 and<br>1 January 2011                          |
| FRS 134  | Interim Financial Reporting                                     | 1 January 2011  |
| FRS 138  | Intangible Assets   | 1 July 2010   |
| FRS 139  | Financial Instruments: Recognition and Measurement              | 1 January 2011  |



**PART A -EXPLANATORY NOTES PURSUANT TO FRS 134  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**2. Significant Accounting Policies (Cont'd)**

**IC Int**

|           |   |                |
|-----------|---|----------------|
| IC Int 4  | Determining Whether an Arrangement contains a Lease         | 1 January 2011 |
| IC Int 12 | Service Concession Arrangements                             | 1 July 2010    |
| IC Int 15 | Agreements for the Construction of Real Estate              | 1 January 2012 |
| IC Int 16 | Hedges of a Net Investment in a Foreign Operation           | 1 July 2010    |
| IC Int 17 | Distributions of Non-cash Assets to Owners                  | 1 July 2010    |
| IC Int 18 | Transfers of Assets from Customers                          | 1 January 2011 |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011    |

**Amendments to IC Int**

|           |  |                |
|-----------|--|----------------|
| IC Int 9  | Reassessment of Embedded Derivatives   | 1 July 2010    |
| IC Int 13 | Customer Royalty Programmes  | 1 January 2011 |
| IC Int 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 July 2011    |
| IC Int 15 | Agreements for the Construction of Real Estate   | 30 August 2010 |

The application of the above revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int did not have any material impact on the results and the financial position of the Group, except for those discussed below:-

**FRS 3 Business Combinations (revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements**

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. These changes will affect future acquisitions or loss of control and transactions with minority interests. The Group does not intend to early adopt.

**IC Interpretation 15 Agreements for the Construction of Real Estate**

IC Interpretation 15 establishes the developer will have to evaluate whether control and significant risk and rewards of the ownership of work in progress, can be transferred to the buyer as contribution progresses before revenue can be recognized.

**3. Auditors' Report on Preceding Annual Financial Statements**

The Auditors' Report on the preceding financial statements for the financial year ended 31 December 2010 was not qualified.



**PART A - EXPLANATORY NOTES PURSUANT TO FRS 134  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**4. Seasonal or Cyclical Factors**

The business operations of the Group during the financial period under review have not been materially affected by any significant seasonal or cyclical factors.

**5. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no unusual items materially affecting the assets, liabilities, equity, net income or cash flow of the Group during the interim financial period.

**6. Material Changes In Estimates**

There were no material changes in estimates that have had any material effect results of the financial period under review.

**7. Issuances and Repayment of Debt and Equity**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

**8. Dividend Paid**

There were no dividends paid during the interim financial period.

**9. Segment Reporting**

Segmental information for the interim financial period is presented in respect of the Group's business segment.

|  | <b>Revenue<br/>RM'000</b> | <b>Profit/(Loss)<br/>Before Tax<br/>RM'000</b> |
|--|---------------------------|--|
| Property development                               | 4,055                     | 1,209  |
| Property investment                                | 1,529                     | 1,227  |
| Hotel operations                                   | 6,717                     | 48   |
| Others   | 737                       | 246  |
|  | <b>13,038</b>             | <b>2,730</b>                                   |
| Unallocated corporate expenses                     |                           | (873)  |
| Share of associated company's loss                 |                           | (18)   |
| Allowance for shortfall in guarantee rental return |                           | (370)  |
| Finance cost                                       |                           | (1,000)  |
|  | <b>13,038</b>             | <b>469</b>                                     |



**PART A -EXPLANATORY NOTES PURSUANT TO FRS 134  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Valuation of Property, Plant and Equipment**

The valuation of land and buildings has been brought forward, without amendment from the financial statements as at 31 December 2010.

**11. Subsequent Material Events**

There were no material events subsequent to the end of the current reporting quarter other than as disclosed under Note 10 of Part B to this current reporting quarter under the heading of Changes in Material Litigation.

**12. Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the current reporting quarter.

**13. Changes in Contingent Liabilities and Contingent Assets**

There were no changes in the contingent liability and contingent assets since the last annual balance sheet date as at 31 December 2010 as follows:

|   | <b>As at<br/>31 March 2011<br/>RM '000</b> | <b>As at<br/>31 December 2010<br/>RM ' 000</b> |
|---|--|--|
| <b><u>Contingent Liability</u></b>  |  |  |
| A corporate guarantee given to a financial institution for credit facilities extended to an associated company  | 18,000                                     | 18,000   |
| <b><u>Contingent Assets</u></b>   |  |  |
| A legal claim made by a subsidiary company against an insurance company in respect of losses and damages suffered to its properties during the insured period.                                | 6,016                                      | 6,016  |
| A balance of shortfall amount in profit guarantee due to the Company arising from a profit guarantee agreement entered into between the Company and a substantial shareholder of the Company. | 2,189                                      | 2,189  |





**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**1. Review of Performance**

For the current quarter under review, the Group recorded a profit before tax of RM0.47 million and total revenue of RM13.04 million as compared to loss before tax of RM1.23 million and total revenue of RM12.34 million for the same quarter of preceding year. The improvement was mainly due to better performance from property development division and property investment division as compared to the same quarter of preceding year.

**2. Variation of Results against Immediate Preceding Quarter (Quarter 1, 2011 vs Quarter 4, 2010)**

The Group has recorded a profit before tax of RM0.47 million in the current quarter as compared to a profit before tax of RM9.10 million in the immediate preceding quarter. The profit before tax of RM9.10 million was mainly due to an allowance for doubtful debts no longer required and recovery of prior years' rental arrears previously not recognized in respect of The Summit, Bukit Mertajam investment properties.

**3. Prospects**

The year 2011 will remain challenging for the Group. The Group is confident that it will maintain the current level of performance in the various business segments.

**4. Profit Forecast**

Not applicable as no profit forecast was published.

**5. Taxation**

|   | 3 Months Ended |            | 3 Months Ended |            |
|---|----------------|------------|----------------|------------|
|   | 31/03/2011     | 31/03/2010 | 31/03/2011     | 31/03/2010 |
|   | RM '000        | RM '000    | RM '000        | RM '000    |
| <b>Current quarter/period:</b>                    | -              | -          | -              | -          |
| - Income tax                                      | -              | -          | -              | -          |
| - Deferred tax                                    | -              | -          | -              | -          |
| <b>(Under)/Over accrual of tax in prior year:</b> | -              | -          | -              | -          |
| - Income tax                                      | -              | -          | -              | -          |
| - Deferred tax                                    | -              | -          | -              | -          |
|   | -              | -          | -              | -          |
|   | -              | -          | -              | -          |

Included in the Trade and Other Payable of the attached Condensed Consolidated Statements of Financial Position is an amount of RM14.3 million representing the outstanding tax penalties. As of the date of submission of this report, negotiation for a settlement plan with the tax authority is still on-going.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**6. Sale of Unquoted Investments and/or Properties**

There was no disposal of unquoted investment and properties outside the ordinary course of the Group's business during the current quarter and the interim financial period.

**7. Purchase or Disposal of Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter and for the interim financial period.

**8. Group Borrowings and Debt Securities**

The Group borrowings as at 31 March 2011 were as follows:

|                      | <b>RM '000</b> |
|----------------------|----------------|
| Short Term – Secured | 19,628         |
| Long Term – Secured  | 29,835         |
|                      | <u>49,463</u>  |

None of the Group borrowings is denominated in foreign currency.

**9. Off Balance Sheet Financial Instruments**

During the financial period under review, the Group did not enter into any contracts involving off balance sheet financial instruments.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Changes in Material Litigation**

**(i) The Store Corporation Berhad and The Store (Malaysia) Sdn. Bhd. ("The Store") vs ZKP Development Sdn. Bhd. ("ZKP")**

This matter arose out of a tenancy agreement entered into between the two parties whereby The Store agreed to rent all the premises being Shoplots S2.67, F1.19, G0.58 and LG0.57 of The Summit Bukit Mertajam.

The Store applied for a declaration order against ZKP to seek inter alia the Court's declaration that the outstanding arrears in rental of RM4.7 million claimed by ZKP in the financial year 2002 to be unlawful and a declaration from the Court of what ought to be the applicable rental rate per square foot for the respective term of the tenancy.

The Court granted Order In Terms to convert the originating summons into a Writ Action on 21st Oct 2004 and in the same action, ZKP filed a counter claim inter alia, for the sum of RM8,972,258/- being the shortfall of rental payable by The Store as at 2004 and continuing together with interest at the rate of 12% per annum.

Pursuant thereto, ZKP filed an application for Summary Judgement against The Store which was dismissed on 12th August 2005.

ZKP's appeal was dismissed with costs on 24th July 2006 and later filed its appeal against the Judge's decision. The Court of Appeal has dismissed ZKP's appeal with costs on 18th July 2007.

The High Court has fixed the date of 5th April 2010 for case management.

The above matter is fixed for further case management on 21st June 2010 for parties to file in their respectively witness statements.

On 20th October 2010, both parties had entered into a consent judgment for RM 10,744,410/- with six months installments commencing on 20th November 2010. The six months installments to be paid by The Store to ZKP commencing 20th November 2010 due from a counter claim filed by ZKP being the shortfall of rental payable by The Store and continuing together with interest at the rate of 12% per annum.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Changes in Material Litigation (Cont'd)**

**(ii) ZKP Development Sdn. Bhd. ("ZKP") vs AM Assurance Berhad ("AM")**

This is a contract of insurance where AM agreed to insure and indemnify ZKP up to total sum of RM74,000,000/-. ZKP had submitted a claim for the sum of RM6,016,154/- being loss and damage suffered to its properties during the insured period.

AM had repudiated their liability in the contract of insurance. A Writ Of Summons was initiated thereafter by ZKP against AM to claim amongst others the aforesaid sum of RM6,016,154/-.

The Timbalan Pendaftar had allowed AM's application to strike out ZKP's Writ and Statement of Claim on reason that it was time-barred and ZKP later filed its appeal against the Timbalan Pendaftar's decision.

On 29th November 2010, the parties had entered into a consent judgment whereby AM agreed to pay ZKP a judgment sum of RM300,000/- with cost amounting to RM30,000/- as final settlement within 28 days from 29th November 2010 and the judgment had been fully satisfied by AM.

**(iii) Lembaga Hasil Dalam Negeri ("LHDN") vs ZKP Development Sdn. Bhd. ("ZKP")**

A Writ of Summons was initiated by LHDN against ZKP to claim the sum of RM9,603,548/- in respect of outstanding tax assessments and tax penalties for the Years of Assessment from 1998 to 2001 on 2nd November 2006. ZKP is attempting to strike out the writ and statement of claim at the hearing on 17th May 2010.

Subsequent to ZKP is filing its Statement of Defence for two other matters amounting to RM391,733/- on 14th February 2007, LHDN had applied for Summary Judgement. One of which is brought up for hearing on 9th June 2010 whilst on the other matter, ZKP has requested to strike out Writ and Summons.

The High Court has granted summary judgment against ZKP on 21st October 2010 and ZKP has filed in the Notice of Appeal to the Court of Appeal against the High Court's decision and waiting for the Court of Appeal to fix hearing date.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Changes in Material Litigation (cont'd)**

**(iv) Lembaga Hasil Dalam Negeri ("LHDN") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD")**

Writs of Summons were filed by LHDN against BD to claim the total sum of RM22,466,768/- in respect of outstanding tax assessments and tax penalties for Years of Assessment from 2001 to 2007.

LHDN had on 9th December 2010 filed a separate suit against BD for a sum of RM19,175,585/- being outstanding tax assessment and tax penalty payable for the assessment years of 1998, 1999, 2000 and 2000 (additional assessment).

The High Court has granted summary judgment against BD on 28th October 2010 and 8th November 2010 respectively. BD has filed in the Notice of Appeal to the Court of Appeal against the High Court's decision and waiting for the Court of Appeal to fix hearing date.

**(v) Lembaga Hasil Dalam Negeri ("LHDN") vs Sri Lingga Sdn. Bhd. ("SL")**

Writs of Summon were initiated by LHDN against SL to claim the sum of RM7,281,718/- in respect of outstanding tax assessments and tax penalties for Years of Assessment 2002 and 2003.

SL had appointed its solicitors to defend the claim and the said solicitors have entered appearances and filed Statements of Defence on behalf of SL.

LHDN had filed summary judgment against SL on 10th December 2010 and SL is in the process of filing Notice of Appeal to the Court of Appeal against the High Court's decision.

The High Court has granted summary judgment against SL on 4th April 2011 and SL has filed in the Notice of Appeal to the Court of Appeal against the High Court's decision and waiting for the Court of Appeal to fix hearing date.

**(vi) Lembaga Hasil Dalam Negeri ("LHDN") vs Nandex Development Sdn. Bhd. ("ND")**

A Writ of Summon was initiated by LHDN against ND to claim the sum of RM2,040,578/- in respect of outstanding tax assessments and tax penalties for the Year of Assessment 2006.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Changes in Material Litigation (cont'd)**

**(vi) Lembaga Hasil Dalam Negeri ("LHDN") vs Nandex Development Sdn. Bhd. ("ND") (cont'd)**

ND had appointed its solicitors to rebut the. Subsequent to that, LHDN applied to the Court for Summary Judgement. The matter is fixed for case management on 29th April 2011 pending mediation proceedings and is further fixed for mention on 20<sup>th</sup> May 2011 pending settlement.

**(vii) Lembaga Hasil Dalam Negeri ("LHDN") vs Everlasting Growth Sdn. Bhd. ("EG")**

A Writ of Summon was initiated by LHDN against EG to claim the sum of RM924,303/- in respect of outstanding tax assessments for the Year of Assessment 2006.

The High Court has granted summary judgment against EG on 3rd December 2010 and EG has filed in the Notice of Appeal to the Court of Appeal against the High Court's decision and waiting for the Court of Appeal to fix hearing date.

**(viii) Lembaga Hasil Dalam Negeri ("LHDN") vs Cemerlang Land Sdn. Bhd. ("CL")**

A Writ of Summon was initiated by LHDN against CL to claim the sum of RM3,591,236/- in respect of outstanding tax assessments and tax penalties for the Year of Assessment 2002 and 2003.

CL had appointed its solicitors to rebut. This case is fixed for case management on 25th November 2010 pending extraction of LHDN's sealed application for summary judgement from the Court. The Court then fixed the matter for further case management on 29th April 2011.

The court has further fixed this matter for case management on the 20<sup>th</sup> May 2011.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Changes in Material Litigation (cont'd)**

**(ix) Nandex Development Sdn. Bhd. ("ND") vs Intra Design Sdn. Bhd. ("ID")**

ND had initiated an injunction action against ID via an Originating Summons dated 8th August 2007 to restrain ID from presenting a winding up petition against ND in relation to two (2) Notices under Section 218, Companies Act 1965 both dated 20th July 2007 over the alleged debts of RM1,358,371.22 and RM242,964.05 based on the interim certificates of payment together with 2.5% Retention Sum of which ID claimed that the final certificates for payment have yet to be issued by the consultants.

The Court of Appeal had, further to a hearing on 19th January 2011, allowed an adjournment of the hearing for ND's appeal pending completion of the Settlement Agreement.

In March 2011, ND had complied with the Settlement Agreement executed between ID and ND and the Court of Appeal had overturned the Winding Up Order on the 10th March 2011.

**(x) Chow Tat Meng and 150 Others ("CTM") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD") and 10 Others ("BD") Azizah Rahmad and 35 Others ("AR") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD") and 7 Others (cont'd)**

Two groups of shop lot purchasers, CTM and AR, had since 16th February 2005 and 7th April 2006 commenced separate legal actions against the wholly owned subsidiary of the Company, BD, claiming for liquidated damages amounting to RM16,979,033/- and RM5,466,184/- respectively. Fresh applications were filed by both CTM and AR against BD under Civil Suits No. S6-22-145-2005 and No.S6-22-308-2006 on 19th February 2008 and 30th January 2008 respectively to preserve the sums of RM30 million and RM9 million in stakeholders' account.

The High Court had on 24th June 2008 dismissed CTM's application and accordingly CTM filed an appeal under Civil Appeal No. W-02-706-2008 and the Court of Appeal ("COA") had fixed 10th February 2009 for the hearing. In the case of AR, the High Court recorded a consent order that the decision of CTM vs. BD case as mentioned shall bind the case and therefore AR's application was duly dismissed on 18th July 2008. Accordingly AR filed an appeal under Civil Appeal No W-02-820-2008 and the COA had also fixed 10th February 2009 for the hearing.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Changes in Material Litigation (cont'd)**

- (x) **Chow Tat Meng and 150 Others ("CTM") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD") and 10 Others ("BD") Azizah Rahmad and 35 Others ("AR") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD") and 7 Others (cont'd)**

On 12th February 2009, the COA had ordered BD to preserve the total sum of RM22.4 million in an interest bearing account, to be executed within 7days from the date of Order.

BD had accordingly filed a motion for stay of the Order and both CTM and AR had filed a motion for leave to commence committal proceedings against the directors of BD. Both hearings were fixed on 10th March 2009 at the COA but were subsequently postponed to 23rd March 2009. However, a settlement was reached prior to the aforesaid hearing date whereby the following matters were agreed by both CTM and AR together with BD:

- (i) BD undertakes to deposit into an interest bearing account under the names of Messrs AJ Ariffin Yeo & Hampul and Messrs SC Lim & Partner, within 14 days of BD's receipt of the sum of RM2.0 million from Mayban Trustees Berhad ("MTB") and /or their solicitors, which is being retained by MTB as security for the performance of BD's obligations to obtain the issuance of the strata titles of the properties sold to MTB under the Sales and Purchase Agreement dated 30th November 2007 between BD and MTB, as trustees for AmFirst Real Estate Trust;
- (ii) Dato' Dr. Teoh Seng Foo and Mr. Teoh Seng Kian shall jointly guarantee the payment of up to a total aggregate sum of RM3.0 million on the final judgement sum (after exhausting all avenues of appeal) obtained by the CTM and AR against BD; and
- (iii) The Company shall guarantee the payment of the judgement sum obtained by CTM and AR against BD.





**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**10. Changes in Material Litigation (cont'd)**

- (x) **Chow Tat Meng and 150 Others ("CTM") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD") and 10 Others ("BD") Azizah Rahmad and 35 Others ("AR") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD") and 7 Others (cont'd)**

In consideration of the above, CTM and AR had agreed that:-

- (i) the COA orders shall be unenforceable;
- (ii) CTM and AR shall not demand BD's compliance of the COA Orders and / or enforce the COA Orders, and any reliefs there from, by whatsoever means and any form of execution proceedings already filed, including the committal proceedings (whether at the High Court or Court of Appeal) shall be withdrawn with no order as to costs; and
- (iii) BD shall withdraw their Notice of Motion for stay of execution (at the Court of Appeal) dated 17th February 2009, with no order as to costs.

The notice of motions filed at the COA were, as agreed withdrawn on 23rd March 2009.

The court has directed that both cases be heard together and fixed the matter for trial on 20th April 2011 to 21st April 2011 and thereafter from 21st June 2011 till 23rd June 2011.

- (xi) **Rohaya Kassim and 21 Others ("RK") vs Bounty Dynamics Sdn. Bhd. (Formerly Known As Meda Development Sdn. Bhd.) ("BD")**

A group of shop lot purchasers, RK, had since 18th June 2008 commenced legal action against the wholly owned subsidiary of the Company, BD, claiming for, amongst others, liquidated ascertained damages amounting to RM3,993,036/-. RK are seeking from the Court, amongst others, that BD is in breach of the sale and purchase agreements (for the purchase of properties), deeds of mutual covenants entered into between BD and RK respectively, advertisement brochure and newsletters, damages for misrepresentation, and refunds of sinking fund charges.

BD filed an application to strike out the writ of summons and statement of claim on the ground that RK's action is statute barred.

On 7th March 2011, the High Court struck out the writ of summons and statement of claim. Thereafter, RK filed in the appeal to the Court of Appeal.

BD's solicitors are agreeable with the decision of the High Court Judge and believed that the decision will be upheld by the Court of Appeal.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**12. Dividend**

No dividend has been recommended or declared for the current quarter and for the interim financial period under review.

**13. Earnings / (Loss) Per Share**

The basic and diluted earnings / (loss) per share have been calculated based on the consolidated net profit / (loss) attributable to equity holders of the parent for the interim for financial period and the weighted average number of ordinary shares outstanding during the period as follows:

**a) Basic earning / (loss) per share**

|  | 3 Months Ended |                | 3 Months Ended |                |
|--|----------------|----------------|----------------|----------------|
|  | 31/03/2011     | 31/03/2010     | 31/03/2011     | 31/03/2010     |
|  | RM '000        | RM '000        | RM '000        | RM '000        |
| <b>Loss attributable to equity holders of the Parent Company</b> | <b>496</b>     | <b>(1,229)</b> | <b>496</b>     | <b>(1,229)</b> |
| <b>Weighted average number of ordinary shares (000's)</b>        |                |                |                |                |
| Issued ordinary shares at beginning of period                    | 426,940        | 426,940        | 426,940        | 426,940        |
| Effect of shares issued during the period                        | -              | -              | -              | -              |
| <b>Weighted average number of ordinary shares (000's)</b>        | <b>426,940</b> | <b>426,940</b> | <b>426,940</b> | <b>426,940</b> |
| <b>Basic earning/(loss) per share (sen)</b>                      | <b>0.11</b>    | <b>(0.29)</b>  | <b>0.11</b>    | <b>(0.29)</b>  |

**b) Diluted earning (loss) per share**

As the Company does not have any dilutive potential ordinary shares outstanding as at 31 March 2011, no diluted earnings / (loss) per share is presented.



**PART B -EXPLANATORY NOTES PURSUANT TO FRS 134**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)**

**14. Disclosure of Realised and Unrealised Profits / (Losses)**

The breakdown for the retained profits of the Group as at 31 March 2011 into realized and unrealized profits is as follows:-

|   | <b>As at<br/>31.03.2011<br/>RM'000</b> |
|---|--|
| Total retained profit / (losses) of the Group                                       |  |
| - Realised profits  | 249,653                                |
| - Realised losses   | (344,310)                              |
| - Unrealised losses   | <u>(28,961)</u>                        |
| <b>Total retained profits / (losses) as per<br/>Statement of financial position</b> | <b><u>(123,618)</u></b>                |

**15. Authorization for issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2011.

**ON BEHALF OF THE BOARD**

**TEOH SENG KIAN**  
**Managing Director**  
**Selangor Darul Ehsan**  
**30th May 2011**