



# **SYCAL VENTURES BERHAD**

Company No. 547651-U  
Incorporated In Malaysia

**A n n u a l R e p o r t 2 0 1 0**

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## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting of the Company will be held at Pearl International Hotel, Room Swan II, 7<sup>th</sup> Floor, 5<sup>th</sup> Miles, Old Klang Road, 58000 Kuala Lumpur on Thursday, 30<sup>th</sup> June 2011 at 9.00 a.m. to transact the following businesses:-

### **AGENDA**

#### **AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2010 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To re-elect the following Directors who retire by rotation pursuant to Article 79 of the Company's Articles of Association:-
  - 2.1 Chin Kok Wah Resolution 2
  - 2.2 Siaw Sat Lin Resolution 3
3. To re-appoint Dato' Jaffar Indot who retires in accordance with Section 129(6) of the Companies Act, 1965 as a Director of the Company to hold office until the next Annual General Meeting. Resolution 4
4. To ratify and approve Directors' fees for the financial year ended 31 December 2010 Resolution 5
5. To re-appoint Messrs. SC Associates as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to fix the Auditors' remuneration. Resolution 6
6. To transact any other business of which due notice shall have been given.

By Order of the Board

**Koh Kim Koon**  
Company Secretary

Kuala Lumpur  
8 June 2011

#### **Notes:-**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4<sup>th</sup> Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### 1. Directors who are seeking re-election or re-appointment at the Ninth Annual General Meeting of the Company

Two (2) Directors retire by rotation pursuant to Article 79 of the Company's Articles of Association and seeking re-election:

- |      |              |                |
|------|--------------|----------------|
| (i)  | Chin Kok Wah | (Resolution 2) |
| (ii) | Siaw Sat Lin | (Resolution 3) |

One (1) Director who is over the age of seventy (70) years is seeking re-appointment:

- |     |                    |                |
|-----|--------------------|----------------|
| (i) | Dato' Jaffar Indot | (Resolution 4) |
|-----|--------------------|----------------|

The profiles of the Directors standing for re-election and re-appointment are as set out in pages 4 to 6 and the information of their shareholdings in the Company and its subsidiaries are listed in pages 88 and 89 of this Annual Report.

### 2. Board Meetings held in the financial year ended 31 December 2010

Five (5) Board Meetings were held during the financial year ended 31 December 2010. Details of the meetings are as follows:-

Quarterly Board Meetings : 23 February 2010  
27 May 2010  
26 August 2010  
29 November 2010

Special Board Meetings : 29 April 2010

### 3. During the financial year ended 31 December 2010, five (5) Board Meetings were held. The attendance of the respective Directors at Board Meetings are as follows:

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Dato' Sri Haji Abd Rahim Bin Haji Abdul	4
Dato' Seow Yong Chin	5
Chin Kok Wah	5
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	5
Dato' Abdul Raman Bin Suliman	5
Dato' Jaffar Indot	4
Siaw Sat Lin	5

**BOARD OF DIRECTORS**

Dato' Sri Haji Abd Rahim Bin Haji Abdul  
(Executive Chairman)

Dato' Seow Yong Chin  
(Managing Director)

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood  
(Executive Director)

Chin Kok Wah  
(Executive Director)

Dato' Abdul Raman Bin Suliman  
(Senior Independent Non-Executive Director)

Dato' Jaffar Indot  
(Independent Non-Executive Director)

Siaw Sat Lin  
(Independent Non-Executive Director)

**AUDIT COMMITTEE**

Dato' Abdul Raman Bin Suliman  
(Chairman, Senior Independent Non-Executive Director)

Dato' Jaffar Indot  
(Independent Non-Executive Director)

Siaw Sat Lin  
(Independent Non-Executive Director)  
(Member of Malaysian Institute of Accountants)

**NOMINATION COMMITTEE**

Siaw Sat Lin  
(Chairman, Independent Non-Executive Director)

Dato' Abdul Raman Bin Suliman  
(Senior Independent Non-Executive Director)

Dato' Jaffar Indot  
(Independent Non-Executive Director)

**REMUNERATION COMMITTEE**

Dato' Jaffar Indot  
(Chairman, Independent Non-Executive Director)

Siaw Sat Lin  
(Independent Non-Executive Director)

Dato' Seow Yong Chin  
(Managing Director)

**COMPANY SECRETARY**

Koh Kim Koon

**REGISTERED OFFICE**

Lot 4.03A, 4<sup>th</sup> Floor, Plaza Prima  
4 ½ Miles, Jalan Kelang Lama  
58200 Kuala Lumpur  
Tel: 603-7983 9099  
Fax: 603-7981 7443

**SHARE REGISTRAR**

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium, Jalan Damanlela  
Pusat Bandar Damansara, Damansara Heights  
50490 Kuala Lumpur  
Tel: 603-20849000  
Fax: 603-20949940 / 603-20950292  
E-mail: info@sshsb.com.my

**STOCK EXCHANGE LISTING**

Bursa Malaysia Securities Berhad  
Main Market  
Stock Code : 9717  
Stock Name : SYCAL

**AUDITORS**

SC Associates  
Chartered Accountants  
No. 7.19B, 7<sup>th</sup> Floor, Wisma Central  
Jalan Ampang, 50450 Kuala Lumpur  
Tel: 603-2163 4133  
Fax: 603-2162 4217

## PROFILE OF DIRECTORS

**Dato' Sri Haji Abd Rahim Bin Haji Abdul** (61 years of age – Malaysian)  
**Chairman and Executive Director**

Appointed to the Board on 15 March 2006. Dato' Sri Haji Abd Rahim graduated from University of Malaya with a Bachelor of Arts (Honours) Degree in 1972. He obtained his Master of Public Administration from Pennsylvania State University, U.S.A. in 1983 and LLB (Hons) from University of London in 1993. He started his career in the Malaysian Civil Service on 2 March 1973 when he was appointed as Assistant Secretary in the Federal Treasury, a post he held for 14 years. Thereafter, he held various posts in various departments, namely Ministry of Youth and Sports, Prime Minister's Department, National Registration Department, Institute of Islamic Understanding Malaysia and the State Financial Officer of Perlis and Pahang respectively before being appointed as the State Secretary of Pahang on 16 October 2001 until 1 October 2004. His last post was as Deputy Secretary General of Treasury, Ministry of Finance till his retirement on 2 September 2005.

Presently, he is also a director of YTL Cement Berhad, ASM Investment Service Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company. He is also the chairman/directors of several other private companies.

**Dato' Seow Yong Chin** (51 years of age – Malaysian)  
**Group Managing Director / Member of Remuneration Committee**

Appointed to the Board on 30 November 2005. He has extensive experience in the building, construction and civil engineering industry after having been directly involved in this sector for more than 25 years. He has been actively involved in implementing and managing construction projects undertaken by Sycal Group.

He is a director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

**Syed Zain Al-Kudcy Bin Dato' Syed Mahmood** (56 years of age – Malaysian)  
**Executive Director**

Appointed to the Board on 30 November 2005. He is an engineer by profession and is a registered professional engineer with the Board of Engineers, Malaysia. He graduated from the Oxford College of Further Education with Ordinary National Diploma in Engineering in 1974 and holds a Bachelor of Science degree in Civil Engineering from University of Aston in Birmingham, England, in 1977. He is a corporate member of the Institute of Engineers (Malaysia) and Institute of Highway Engineers (United Kingdom). He commenced his career in August 1977 as Road Maintenance Engineer with Jabatan Kerja Raya ("JKR"), Perak and was involved in the implementation of Kampsax Highway Maintenance Programme. From January 1981 to October 1982, he served as District Engineer with JKR, Johor and subsequently served as Executive Director in a civil and building construction company, Tripart Sdn Bhd from November 1982 to 1989. Prior to joining Sycal Berhad in 1994, he was with Percon Corporation Sdn Bhd and was involved in a number of notable projects such as the construction of the 5-Star Istana Hotel in Kuala Lumpur, as well as the Malaysian Embassy in Jakarta.

He is director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

**Chin Kok Wah** (51 years of age – Malaysian)

**Executive Director**

Appointed to the Board on 30 November 2005. He obtained a Certificate in Architectural Draughtsmanship from Institut Teknologi Malaysia, Ipoh in 1981. He started his career in 1980 by managing his family's construction business and in 1982 as a clerk of works with Seri Jurutera Perunding Sdn Bhd, a civil and structural consultant company. From 1983 to 1985, he served as site agent with Bandar Baru Bersatu Sdn Bhd and subsequently served for 1½ years with Malaysian Construction Concept Sdn Bhd, a construction company as Site Supervisor. Prior to assuming his current position as Project Director, he was the Project Manager for 2 years and subsequently, the General Manager for 5 years at Sycal Berhad. He is currently responsible for project coordination and is in charge of works progress and staffing. He is also director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and other private limited companies.

**Dato' Abdul Raman Bin Suliman** (62 years of age – Malaysian)

**Senior Independent Non-Executive Director / Chairman of Audit Committee / Member of Nomination Committee**

Appointed to the Board on 12 December 2008. He graduated from University of Malaya with a Bachelor of Arts (Honours) Degree in 1972. His career in government services, which began in 1972, culminated with his appointment as Parliamentary Secretary in the Ministry of Culture, Arts and Tourism between the period 1987 to 1995 and Deputy Minister in the Prime Minister's Department from 2006 to 2008.

**Dato' Jaffar Indot** (77 years of age – Malaysian)

**Independent Non-Executive Director / Member of Audit Committee / Member of Nomination Committee / Chairman of Remuneration Committee**

Appointed to the Board on 30 November 2005. He graduated from the Harvard Business School International Managers' Programme, Vevey, Switzerland in 1983. He was the former Executive Director of Shell Companies in Malaysia and Managing Director of Shell downstream companies. He retired from Shell after 33 years' service in 1989. During this time, he worked for Shell in Japan and London, where he served in various capacities, in international oil trading, business development and public affairs. He is a director on the Boards of Melewar Industrial Group Berhad, Prestariang Berhad, F3 Strategies Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company. He is also the Founding President of Malaysian Alliance of Corporate Directors and a member of the Malaysian Dutch Business Council. He also serves on the Boards of a number of private companies. He is the President of the Federation of Reproductive Health of Malaysia and Chairman of Yayasan Proton.

**Siaw Sat Lin** (69 years of age – Malaysian)

**Independent Non-Executive Director / Member of Audit Committee / Chairman of Nomination Committee / Member of Remuneration Committee**

Appointed to the Board on 30 November 2005. He is an accountant by profession and registered as member of Malaysian Institute of Accountants in 1973 and Malaysian Association of Certified Public Accountant in 1975, respectively. He graduated from the University of Otago, New Zealand in 1969 with a Bachelor of Commerce and was admitted to the Institute of Chartered Accountants of New Zealand as an Associate Chartered Accountant in 1972. He commenced his career in Coopers Brothers in 1971 before spending 5 years in Goodyear (M) Bhd, as the Manager – Treasury/ Branch Operation. He was the Chief Accountant of Hume Industries (M) Bhd from 1978 to 1980. Prior to joining Sycal Berhad in August 1998 as an Independent Non-Executive Director, he was the Chief Accountant/Treasurer of Caltex Oil Malaysia Ltd from 1980 to 1996.

**Further Information:-**

**Family Relationship with any Directors and/or Substantial Shareholders**

None of the other Directors has any family relationship with each other and/or major shareholders of the Company.

**Conflict of Interest with Company and Convictions for Offences of Directors**

None of the Directors has any conflict of interest with the Company, or has been convicted of any offence within the past ten (10) years.

**Board of Directors' Meeting**

Details of attendance of Board Meetings held during the financial year ended 31 December 2010 are disclosed in page 2 of this Annual Report.



## **AUDIT COMMITTEE REPORT**

### **OBJECTIVE**

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the Company and each of its subsidiary and oversees the compliance with the relevant rules and regulations governing listed companies.

### **MEMBERS**

Dato' Abdul Raman Bin Suliman (*Chairman, Senior Independent Non-Executive Director*)

Dato' Jaffar Indot (*Independent Non-Executive Director*)

Siaw Sat Lin (*Independent Non-Executive Director; Member of Malaysian Institute of Accountants*)

### **TERMS OF REFERENCE**

#### **Composition**

The Committee shall be appointed by the Board from amongst their members, comprising at least three (3) members, all of whom must be non-executive directors with majority of them being independent directors. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:-

- (a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
  - (i) he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
- (c) must fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad from time to time.

The members of the Committee shall elect a Chairman from amongst their members who shall be an independent director. The Chairman shall report to the Board on the proceedings conducted at each Audit Committee meetings.

In the event of any vacancy in the Audit Committee with the result that the number of members is reduced to below 3, the Board of Directors, must within 3 months of that event, appoint such number of new members as may be required to make up minimum number of 3 members.

#### **Meetings**

Meetings are scheduled throughout the financial year. However, the frequency of the meetings can vary depending on the scope of the audit activities. In any case the Audit Committee will meet once during each quarter to review quarterly financial results before announcement to Bursa Malaysia Securities Berhad. The external auditors may request a meeting if they consider it necessary.

A quorum shall consist of a majority of Committee members present who must be independent directors and any decision shall be by simple majority.

#### **In attendance at Meetings**

The Group Financial Controller and General Manager-Corporate Affairs will normally be in attendance at the meetings. Representatives of the internal auditors and external auditors are invited to meetings where relevant matters are discussed. Where necessary, the Audit Committee will invite any person to be in attendance to assist in its deliberation. Any other Directors and employees shall attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

**Authority**

The Committee is authorised by the Board to review any activity within its terms of reference and shall have unrestricted access to any information it requires from any Director or member of the management and all employees are directed to co-operate with any request made by the Committee. The Committee may obtain external legal or other independent professional advice in furtherance of its duties.

The Committee shall have direct access to the external auditors and be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

**Secretaries to Audit Committee**

The Company Secretary shall be the Secretary of the Audit Committee responsible for drawing up the agenda in consultation with the Chairman. The agenda together with relevant explanatory papers and documents shall be circulated to Audit Committee members prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Audit Committee members and for ensuring compliance with Listing Requirements of Bursa Malaysia Securities Berhad.

**Review of the Audit Committee**

The Board of Directors of the Company must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether such Audit Committee and members have carried out their duties accordance with their terms of reference.

**Scope and Functions**

The scope and functions of the Committee shall be to:-

- (i) review the following and report the same to the Board of Directors:-
  - the external audit plan.
  - the external auditors' evaluation of the systems of internal controls.
  - the assistance given by the Company's officers to the external auditors.
  - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
  - the adequacy of scope, functions, competency and resources of the internal audit functions.
  - the quarterly results and annual financial statements, the external auditors' management letter and management response before submission to the Board, focusing particularly on:-
    - (a) changes in or implementation of new accounting policies and practices;
    - (b) significant and unusual events;
    - (c) the going concern assumption; and
    - (d) compliance with the applicable approved accounting standards and other legal and regulatory requirements.
  - any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (ii) consider and review the appointment of the external auditors and internal auditors, and to make recommendation on terms of such appointment and any questions of resignation or dismissal.

- (iii) review and approve the draft Annual Report prior to the presentation to the Board of Directors for approval and subsequent despatch to the shareholders; and
- (iv) consider and examine such other matters as the Committee considers appropriate or as authorised by the Board of Directors.

### **MEETINGS DURING THE YEAR**

The Audit Committee met five (5) times during the financial year ended 31 December 2010. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

	<b>No. of Meeting Attended</b>
Dato' Abdul Raman Bin Suliman	5
Dato' Jaffar Indot	4
Siaw Sat Lin	5

### **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR**

The main activities carried out by the Committee during the year were as follows:-

- (i) reviewed and discussed with the external auditors on the results of the audit, its comments and findings;
- (ii) reviewed the quarterly unaudited financial results of the Group and recommendation of the same to the Board for approval and subsequent release of announcement to Bursa Malaysia Securities Berhad;
- (iii) reviewed the quarterly risk management reports to assist the Board in identifying and managing the Group's risk; and
- (iv) reviewed related party transactions and conflict of interest situation that may arise within the Group.

### **INTERNAL AUDIT FUNCTION**

The Group outsourced its internal audit function to an independent internal audit service company. The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's internal control systems. The internal auditors review and assess the Group's system of internal control and report to the Audit Committee functionally. Internal audit reports prepared by the internal auditors would be presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.

### **OVERSEEING THE INTERNAL AUDIT FUNCTION**

- (i) The Audit Committee oversees all internal audit functions and is authorized to commission investigations to be conducted by internal auditors as it deems fit.
- (ii) The internal auditors report directly to the Audit Committee and have access to the Chairman of the Committee.

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the long term financial performance of the Group.

The Board is pleased to present below the manner in which the Group has applied the principles of the Code and the extent of compliance with the best practices of the Code throughout the financial year ended 31 December 2010:-

### **1. Board of Directors**

#### **1.1 Board's Principal Responsibilities**

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies, overseeing the resources, investments and businesses of the Group as well as reviewing the adequacy and effectiveness of the internal controls of the Group. All Board members participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, reviewing the adequacy and integrity of the system of internal control as well as long term strategic planning for the Group.

#### **1.2 Composition of Board of Directors**

The Board currently has seven (7) members, comprising the Executive Chairman, the Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgement. The Board is of the view that three (3) Independent Directors fairly reflect the interests of the minority shareholders. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. The profiles of the Director are presented on pages 5 to 7 of this Annual Report.

To ensure a balance of power and authority, the role of the Executive Chairman and the Managing Director are separately and clearly defined. The Executive Chairman is responsible for ensuring Board effectiveness and standards of conduct, whilst the Managing Director has overall responsibilities over the operating units, organizational effectiveness and implementation of Board policies and decisions.

The Board has also identified Dato' Abdul Raman Bin Suliman as the Senior Independent Non-Executive Director to whom any concerns regarding the Group may be conveyed.

#### **1.3 Board Meetings and Supply of Information**

A formal time schedule of Board Meetings is determined in advance for every financial year. In addition to quarterly Board Meetings, special Board Meetings are convened on an ad-hoc basis to consider matters that require the Board's urgent decision.

For the financial year ended 31 December 2010, five (5) Board Meetings were held. Details of the Board attendance are as set out in page 2 of this Annual Report.

The Directors have full and timely access to information, with notices of the Board Meetings and, where applicable, board papers for each agenda item distributed in advance of each Board Meeting to ensure that Directors have sufficient time to review and consider the items to be discussed at the Board Meeting.

Minutes of every Board Meetings are circulated to each Director for their perusal prior to confirmation of the minutes at the following Board Meeting. In the intervals between Board Meetings, for any matters requiring Board decisions, Board approvals are obtained through circular resolutions. The resolutions passed by way of circular resolutions are ratified in the next Board Meeting.

The Directors have access to the advice and services of the Company Secretary and the senior management staff and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

#### **1.4 Appointment to the Board**

In order to comply with good practice for the appointment of new directors as well as the proposed re-appointment/re-election of directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprised exclusively of Non-Executive Directors, to evaluate any new appointment, proposed re-appointment/re-election of directors before recommending the same to the Board for their approval.

#### **1.5 Retirement and Re-election of Directors**

In accordance with the Company's Articles of Association, all newly appointed directors are subject to retirement and are entitled for re-election at the next Annual General Meeting subsequent to their appointment. At least one-third of the remaining directors (including the Managing Director) were required to submit themselves for re-election by rotation at each annual general meeting. All directors shall retire from office at least once in 3 years but shall be eligible for re-election.

Directors over 70 years of age are required to submit themselves for re-appointment annually, in accordance with Section 129(6) of the Companies Act, 1965.

#### **1.6 Directors' Training**

The Company does not at present have a formal orientation programme for the newly appointed directors. Newly appointed directors, however, will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

All directors of the Company have completed the Mandatory Accreditation Programme in accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad. All directors have attended courses/seminars from time to time to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment in order to discharge their duties more effectively.

The training programmes and seminars attended by the directors during the financial year include Directors' Continuing Education Programme. The Board will continue to identify other training programs that can further enhance their knowledge in the latest development relevant to the Group to enable them to discharge their responsibilities effectively.

## **2. The Board Committees**

To facilitate the smooth transaction of business within the Company, the Board has formed the following Board committees. All committees are provided with written terms of reference, which state clearly the extent and limits of their responsibility and authority. However, the ultimate responsibility for the final decision on all matters rests with the entire Board.

## **2.1 Audit Committee**

The terms of reference of the Audit Committee, composition of its membership and other pertinent information and its activities are highlighted in the Audit Committee Report on pages 7 to 9 of this Annual Report.

## **2.2 Nomination Committee**

### **Members**

Siaw Sat Lin (*Chairman, Independent Non-Executive Director*)

Dato' Abdul Raman Bin Suliman (*Senior Independent Non-Executive Director*)

Dato' Jaffar Indot (*Independent Non-Executive Director*)

The Nomination Committee, in its terms of reference, is tasked with the duty of making suitable recommendations to fill vacancies on the Board and its committees. In making these recommendations, the Nomination Committee considers the appropriate size and composition of the Board, required mix of responsibilities, skills and experience, which the directors should bring to the Board. The Nomination Committee will also assist the Board in reviewing on an annual basis the effectiveness of the Board and Board committees (including its size and composition) and of their members. Nonetheless, the approval for appointment of new Board or Committee Members rests with the Board as a whole.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which were attended by all its members during the financial year ended 31 December 2010.

## **2.3 Remuneration Committee**

### **Members**

Dato' Jaffar Indot (*Chairman, Independent Non-Executive Director*)

Siaw Sat Lin (*Independent Non-Executive Director*)

Dato' Seow Yong Chin (*Managing Director*)

The Remuneration Committee is responsible, amongst others, to review and recommend to the Board the remuneration framework of the Executive Directors and senior management staff. The determination of remuneration package of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which was attended by all its members during the financial year ended 31 December 2010.

## **Directors' Remuneration**

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable directors to run the Group successfully. The remuneration package is linked to the corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual concerned.

The Directors' fees paid or payable by the Company, where applicable, are approved by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

Details of the remuneration of the Directors of the Company from the Group for the financial year ended 31 December 2010, by category and in bands of RM50,000 are shown below:-

<b>Category</b>	<b>Executive</b>	<b>Non-Executive</b>
Fees (RM)	-	36,000
Salary (RM)	1,066,000	-
EPF, SOCSO and others (RM)	119,420	9,000
<b>Total</b>	<b>1,185,420</b>	<b>45,000</b>

<b>Range of Remuneration (RM)</b>	<b>Executive</b>	<b>Non-Executive</b>
<i>RM50,000 and below</i>	-	3
<i>RM50,001 – RM100,000</i>	1	-
<i>RM200,001 – RM250,000</i>	2	-
<i>RM450,001 – RM500,000</i>	1	-

The Board has considered the disclosure of the details of the remuneration of each director and is of the view that the transparency and accountability aspects of corporate governance in relation to Directors' remuneration are appropriately served by the above disclosure of analysis by applicable bands of RM50,000, a disclosure required under the Listing Requirements of Bursa Malaysia Securities Berhad.

### **3. Relationship with Shareholders**

#### **Dialogue between the Company and Investors**

The Board recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. Such information is disseminated via the Company's Annual Reports, Circular to Shareholders, quarterly financial results, announcements made from time to time and notices of general meeting published in one national newspaper to provide wider coverage of such notices to encourage shareholders participation. The shareholders may obtain the Group latest announcements via Bursa Malaysia Securities Berhad website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

#### **The Annual General Meeting**

The Annual General Meeting remains the principal forum for dialogue with shareholders where they may communicate, interact and clarify on the Group businesses. Executive Directors and, where appropriate, the Chairman of the Audit Committee, Financial Controller and the external auditors, are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered on the spot.

For re-election of directors, the Board ensures that full information is disclosed through the Notice of Annual General Meeting regarding directors who are retiring and who are willing to serve if re-elected. Item of special business included in the Notice of the Annual General Meeting will be accompanied by an explanation of the effects of the proposed resolution.

#### **4. Accountability and Audit**

##### **Financial Reporting**

The Board aims to present a balanced, clear and understanding assessment of the Group's financial positions and prospects in the annual financial statements and quarterly announcements to the shareholders, investors and the regulatory authorities.

The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

##### **Directors' Responsibility Statement**

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income statement and cash flows of the Company and the Group for the financial year.

In preparing the annual audited financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- prepared the financial statements on going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue operations for the foreseeable future.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group, and to prevent and detect fraud and other irregularities.

##### **Internal Control**

Information on the internal control is presented in the Statement on Internal Control laid out on pages 15 to 16 of this Annual Report.

##### **Relationship with the Auditors**

The Company, through the Audit Committee, has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the accounting standards of Malaysia. The role of the Audit Committee in relation to the external auditors is stated on pages 7 to 9 of this Annual Report.

#### **5. Compliance Statement**

The Group had complied, throughout the year ended 31 December 2010, with all the best practices of corporate governance set out in Part 1 and Part 2 of the Code other than the requirement to establish a Risk Management Committee.

Establishment of a Risk Management Committee has not been effected as its functions are currently being carried out by the senior management. The Audit Committee has relied on the quarterly Risk Management Reports from various departments to identify and review the principal risk factors and controls existed to mitigate those risks pertaining to the key business processes of the Group.



## **STATEMENT ON INTERNAL CONTROL**

Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its annual report a statement about the state of internal control of the listed issuer as a group. The Board of Directors is committed to maintaining a sound system of internal control in the Group to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal controls of the Group during the year and up to the date of this Annual Report.

### **RESPONSIBILITY**

The Board recognises the importance of sound internal control and risk management practices to good corporate governance. The Board has overall responsibility for the Group's system of internal control and risk management, and for reviewing its adequacy and integrity. The review covers financial, operational and compliance controls of the Group. Due to the limitations that are inherent in any system of internal control, this system of internal control is designed to manage rather than eliminate the risk of failure to achieve its business objectives. The system serves to provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives throughout the year under review up to the date of this Annual Report. This process is reviewed by the Board through its Audit Committee on a quarterly basis.

### **INTERNAL AUDIT FUNCTIONS**

The Board has engaged an independent professional firm to provide internal audit services to the Group and to provide an independent and objective assurance to the Audit Committee on the adequacy and effectiveness of the system of internal control.

The internal auditors' duty is, amongst others, to review and assess the Group's system of internal control and report to the Audit Committee functionally. Internal audit reports are to be presented to the Audit Committee and forwarded to the management concerned for attention and necessary action. Follow up visits will be conducted by the internal auditors to ensure that corrective actions are implemented in a timely manner.

In December 2008, the Company's wholly-owned subsidiary, Sycal Berhad, has been awarded ISO9001:2000 certification, and subsequently upgraded to ISO9001:2008 in 2010, in respect of provision of design and construction of buildings, structure and civil works. Periodic surveillance audits are amongst the requirements for the continuation and maintenance of the ISO9001:2008 certification. In 2010, 2 surveillance audits were conducted and the consultants concluded that the company has established and maintained its management system in line with the requirements of the standard.

### **INTERNAL CONTROL**

The Board maintains full control and direction over appropriate strategic, financial, organizational and compliance issues. It entrusts the daily running of the business to the Managing Director ("MD") and his management team. The Board members receive timely information pertaining to the performance and profitability of the Group through quarterly Board papers, including relevant quantitative and qualitative analyses and trends. Risk management reports were prepared and circulated at quarterly board meetings to assist the Directors to assess the principal risks affecting the Group through discussion and deliberation of the strategic issues facing the businesses, and resolve on action plans designed to mitigate such risks.

## STATEMENT ON INTERNAL CONTROL (cont'd)

The MD plays a pivotal role in communicating the Board's expectations of the system of internal control to management. This is achieved, on day-to-day basis, through his active participation in the operations of the business as well as attendance at scheduled management and operational level committee meetings where operational and financial risks, amongst others, are discussed and dealt with. Where appropriate, significant issues are highlighted and discussed at Board level.

The departmental heads are entrusted to provide support and shall be responsible to ascertain risk management principles and standard operating procedures for all operational risks identified for the Group. Amongst others, the departmental heads are:-

- to identify and evaluate significant business and operational risks applicable to their respective area of business;
- to evaluate internal management capabilities to manage these risks;
- to quantify favorable or unfavorable factors with each identified risk; and
- to provide feedback to Audit Committee with information on the risk profiles of the entire Group.

For the financial year ended 31 December 2010, the following activities were conducted as part of the management's review of internal controls of the Group:-

- a) Business plans and budgets were reviewed at various levels of management, such as subsidiaries' Board and divisional levels.. The Group business plan and budget are then presented to the Board for approval. The business plan and budget covers matters such as business objectives, analysis on strengths, weaknesses, opportunities, threats and key potential risks faced, and strategic action plans.
- b) Quarterly performance reports are produced by the Group and reviewed against budgets. Significant variances will be investigated and appropriate management action taken where necessary.
- c) The Audit Committee and Board are kept updated with the status of the key risk profile on a quarterly basis through Risk Management Reports prepared by various departmental heads.
- e) Regular visits to the operating units and project sites are conducted by members of the management team.
- f) The Executive Committee ("Exco") is entrusted with the responsibilities for the Group's day-to-day operation and the review of the significant risk faced by the Group. The Exco meets regularly to consider and review various matters relating to operational matters, internal controls, operational procedures, projects budgets, credit controls and work progresses and, where appropriate, makes recommendations to the Board of Directors on changes and improvements to the Group's system of internal control, major capital expenditure, major investments or divestment affecting the Group.

The effectiveness of the Group's system of internal control is continuously being reviewed and updated by the Board through the Audit Committee in accordance with the changes in the operating environment.

The Board is of the view that the current system of internal control that is in place throughout the Group during the financial year is sufficient to safeguard the Group's interest. No significant control failure or weaknesses that would result in material losses and require disclosure in the Group's Annual Report were identified and reported during the financial year under review.

## **CHAIRMAN'S STATEMENT**

On behalf of the Board of Directors of the Company, I am pleased to present the Annual Report and Audited Accounts of the Company and the Group for the financial year ended 31 December 2010.

### **OPERATIONAL PERFORMANCE FOR 2010**

#### **(i) Overall Group's Performance**

For the financial year under review, the Group recorded revenue of RM107 million and net profit after taxation for the year of RM2.141. Construction activities remained the core activity of the Group contributing to 62% of the Group revenue while Property Development activities contributing to 19% of the Group revenue.

#### **(ii) Construction Activities**

The Construction Activities will continue to be one of the core activities of the Group and continue to provide support to the Group's Property Development Activities.

The current construction order book (in-house projects and external contracts) is approximately RM195 million as at 31 December 2010.

#### **(iii) Property Development Activities**

With balance gross development value of approximately RM320 million from the Group's development projects in Cheras and Seputeh (Kuala Lumpur), Sitiawan (Lumut), Taiping and Johor Bahru, the contribution from the Property Development Activities is expected to increase in the medium term.

### **PROSPECTS**

The Company will continue to actively participate in suitable tenders, in particular, from the Government for the construction of schools, universities, hospitals and public housing, where the Group has an established good track record.

The Directors are of the view that, with the Group's construction order book of approximately RM195 million and the expected increase in property development activities, the overall operational performance for the year ending 31 December 2011 is expected to be better compared to 2010.

### **ACKNOWLEDGEMENTS**

On behalf of the Board of Directors, I wish to express our sincere appreciation and thanks to the management and staff for their hard work, loyalty and commitment to the Group during the past difficult years.

To our shareholders, bankers, clients, business associates, and the government and regulatory authorities, I would like to thank them for their understanding and continued support.

**Chairman**

**Dato' Sri Haji Abd Rahim Bin Haji Abdul**

**28 April 2011**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

**PRINCIPAL ACTIVITIES**

The Company is principally an investment holding.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

**RESULTS OF OPERATIONS**

The results of operations of the Group and of the Company for the financial year are as follows:

	<b><u>GROUP</u></b> <b>RM'000</b>	<b><u>COMPANY</u></b> <b>RM'000</b>
Net profit for the financial year	2,141	3,038
Attributable to:		
Equity holders of the Company	2,035	3,038
Minority interests	106	-
	<u>2,141</u>	<u>3,038</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDEND**

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend payment for the current financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## SHARE CAPITAL

During the financial year, the Company issued:

- (a) 141,703,324 new ordinary shares of RM1.00 each arising from the full conversion of 141,703,324 units ICULS A at the conversion price of RM1.00 nominal value each; and
- (b) 21,950,130 new ordinary shares of RM1.00 each arising from the full conversion of 43,900,260 units ICULS B at the conversion price of RM2.00 nominal value each.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

## OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance have been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amounts written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of the assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

## DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Sri Haji Abd Rahim Bin Haji Abdul  
Dato' Seow Yong Chin  
Chin Kok Wah  
Dato' Jaffar Indot  
Siaw Sat Lin  
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood  
Dato' Abdul Raman Bin Suliman

In accordance with Article 79 of the Company's Articles of Association, Siaw Sat Lin and Chin Kok Wah retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Section 129 of Companies Act, 1965, Dato' Jaffar Indot retires and being eligible, offers himself for re-appointment.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and Warrants of the Company and its related corporations during the financial year were as follows:

	<b>Number of ordinary shares of RM1.00 each</b>			
	<b>As At <u>1.1.2010</u></b>	<b><u>Bought</u></b>	<b><u>(Sold)</u></b>	<b>As At <u>31.12.2010</u></b>
<b><u>Direct interest</u></b>				
Dato' Seow Yong Chin	18,826,145	-	-	18,826,145
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	3,989,913	-	-	3,989,913
<b>Indirect interest by virtue of shares held through Cygal Holdings Sdn. Bhd. in which the directors have interests</b>				
Dato' Seow Yong Chin	26,298,798	-	-	26,298,798
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	26,298,798	-	-	26,298,798

## DIRECTORS' INTERESTS (CONT'D)

	Number of Warrants			As At <u>31.12.2010</u>
	As At <u>1.1.2010</u>	<u>Bought</u>	<u>(Sold)</u>	
<b>Indirect interest by virtue of Warrants held through Cygal Holdings Sdn. Bhd. in which the directors have interests</b>				
Dato' Seow Yong Chin	21,919,730	-	-	21,919,730
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	21,919,730	-	-	21,919,730

Other than as shown above, the directors who have substantial interest in the shares of the Company are also deemed to have an interest in the shares of the subsidiary companies to the extent the Company has an interest.

None of the other Directors in office at the end of the year had any interest in shares, loan stocks and Warrants of the Company or its related corporations during the year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of the emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## AUDITORS

The auditors, Messrs. SC Associates, have expressed their willingness to continue in office.

On behalf of the Board

.....  
SYED ZAIN AL-KUDCY BIN  
DATO' SYED MAHMOOD

.....  
DATO' SEOW YONG CHIN

Kuala Lumpur  
Date: 28 April 2011



**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

We, Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood, being two of the directors of Sycal Ventures Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 25 to 81, are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

On Behalf of the Board

.....  
SYED ZAIN AL-KUDCY BIN  
DATO' SYED MAHMOOD

.....  
DATO' SEOW YONG CHIN

Date: 28 April 2011  
Kuala Lumpur

**STATUTORY DECLARATION**

I, Dato' Seow Yong Chin, NRIC No. 591031-08-6095, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 25 to 81, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
at Kuala Lumpur in the state of  
Federal Territory on 28 April 2011

.....  
DATO' SEOW YONG CHIN

Before me :

COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**SYCAL VENTURES BERHAD**  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Sycal Ventures Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 81.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other Matters**

The supplementary information set out in Note 44 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SC ASSOCIATES  
[No : AF - 0891]  
Chartered Accountants

SIOW HOCK LEE  
[No : 1489/10/11(J)]  
Partner

Date: 28 April 2011  
Kuala Lumpur, Malaysia

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2010**

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	4,558	4,861	-	-
Interest in subsidiary companies	5	-	-	159,365	63,316
Other investments	6	153	153	-	-
Land held for property development and property development costs	7	61,135	57,990	-	-
Amount due by related parties	14	32,494	-	-	-
		98,340	63,004	159,365	63,316
<b>CURRENT ASSETS</b>					
Held-for-sale properties	8	4,089	747	-	-
Inventories	9	10,629	10,082	-	-
Trade receivables	10	46,022	43,637	-	-
Property development costs	11	28,712	23,597	-	-
Joint-venture development costs	12	7,610	9,787	-	-
Due by contract customers	13	71,055	66,567	-	-
Amount due by related parties	14	7,351	39,833	-	-
Amount due by subsidiary companies	15	-	-	2,266	93,023
Tax recoverable	16	2,268	2,268	-	-
Other receivables, deposits and prepayments	17	3,175	3,608	-	-
Fixed and security deposits	18	1,468	840	110	107
Cash and bank balances		1,218	1,717	13	6
		183,597	202,683	2,389	93,136
<b>CURRENT LIABILITIES</b>					
Trade payables	19	31,173	22,863	-	-
Due to contract customers	13	24,973	24,115	-	-
Amount due to related parties	14	176	184	-	-
Amount due to subsidiary companies	15	-	-	7,950	6,550
Other payables, deposits received and accruals	20	8,351	8,588	1,345	1,306
Hire purchase payables	21	133	92	-	-
Bank borrowings	22	892	2,136	-	-
Provisions	23	365	2,170	-	-
Tax liabilities		24,469	24,281	3	2
		90,532	84,429	9,298	7,858
<b>NET CURRENT ASSETS / (LIABILITIES)</b>					
		93,065	118,254	(6,909)	85,278
		191,405	181,258	152,456	148,594

The accompanying notes form an integral part of the financial statements.

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2010**

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>EQUITY</b>					
Share capital	24	251,959	88,306	251,959	88,306
Share premium		21,950	-	21,950	-
3 year zero coupon irredeemable convertible unsecured loans stocks 2007/2010 (ICULS A)	25	-	139,814	-	139,814
3 year zero coupon irredeemable convertible unsecured loans stocks 2007/2010 (ICULS B)	26	-	43,900	-	43,900
5 year 3% redeemable convertible secured loans stocks 2007/2012	27	68,291	68,291	68,291	68,291
Reserves	28	(185,544)	(188,181)	(206,602)	(209,640)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		156,656	152,130	135,598	130,671
<b>MINORITY INTERESTS</b>		1,447	1,341	-	-
<b>TOTAL EQUITY</b>		158,103	153,471	135,598	130,671
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables	21	466	423	-	-
Bank borrowings	22	7,105	-	-	-
5 year 3% redeemable convertible secured loans stocks 2007/2012	27	16,858	17,923	16,858	17,923
Deferred tax liabilities	29	8,873	9,441	-	-
		33,302	27,787	16,858	17,923
		191,405	181,258	152,456	148,594

The accompanying notes form an integral part of the financial statements.

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>REVENUE</b>	30	107,064	84,366	-	-
<b>COST OF SALES</b>	31	(90,991)	(73,381)	-	-
<b>GROSS PROFIT</b>		16,073	10,985	-	-
<b>OTHER OPERATING INCOME</b>		2,645	363	6,704	5
<b>DISTRIBUTION COSTS</b>		(58)	(61)	-	-
<b>ADMINISTRATION EXPENSES</b>		(6,715)	(5,522)	(147)	(131)
<b>OTHER OPERATING EXPENSES</b>		(4,987)	(13,494)	(195)	(8,730)
<b>PROFIT / (LOSS) FROM OPERATIONS</b>		6,958	(7,729)	6,362	(8,856)
<b>FINANCE COSTS</b>		(3,932)	(5,492)	(3,323)	(5,292)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	32	3,026	(13,221)	3,039	(14,148)
<b>TAXATION</b>	33	(885)	2,052	(1)	(2)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		2,141	(11,169)	3,038	(14,150)
<b>OTHER COMPREHENSIVE INCOME</b>					
Foreign currency translation differences for foreign operation		602	88	-	-
Revaluation surplus, net of deferred tax		-	43	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		602	131	-	-
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR</b>		2,743	(11,038)	3,038	(14,150)

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>PROFIT / (LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		2,035	(11,209)	3,038	(14,150)
Minority interests		106	40	-	-
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>2,141</b>	<b>(11,169)</b>	<b>3,038</b>	<b>(14,150)</b>
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE) ATTRIBUTABLE TO:</b>					
Owners of the Company		2,637	(11,078)	3,038	(14,150)
Minority interests		106	40	-	-
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR</b>		<b>2,743</b>	<b>(11,038)</b>	<b>3,038</b>	<b>(14,150)</b>
<b>NET PROFIT / (LOSS) PER SHARE (SEN)</b>					
- BASIC	34	1.19	(12.7)		

The accompanying notes form an integral part of the financial statements.

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Share Capital RM'000	Share Premium RM'000	ICULS A and ICULS B RM'000	RCSLS RM'000	← Non-distributable →			→ Distributable		Minority Interests RM'000	Total Equity RM'000
					Capital reserves RM'000	Revaluation reserves RM'000	Translation Reserves RM'000	Accumulated Losses RM'000	Total RM'000		
<b><u>THE GROUP</u></b>											
At 1 January 2009	88,306	-	179,935	68,291	(5,267)	42	60	(171,938)	159,429	1,601	161,030
Total comprehensive income for the year	-	-	-	-	-	43	88	(11,209)	(11,078)	40	(11,038)
Discount on ICULS A	-	-	3,779	-	-	-	-	-	3,779	-	3,779
Dividends	-	-	-	-	-	-	-	-	-	(300)	(300)
At 31 December 2009	88,306	-	183,714	68,291	(5,267)	85	148	(183,147)	152,130	1,341	153,471
Total comprehensive income for the year	-	-	-	-	-	-	602	2,035	2,637	106	2,743
Discount on ICULS A	-	-	1,889	-	-	-	-	-	1,889	-	1,889
Full conversion of 141,703,324 units ICULS A at the conversion price of RM1.00 nominal value of ICULS A for one new ordinary share of RM1.00 each	141,703	-	(141,703)	-	-	-	-	-	-	-	-
Full conversion of 43,900,260 units ICULS B at the conversion price of RM2.00 nominal value of ICULS B for one new ordinary share of RM1.00 each	21,950	21,950	(43,900)	-	-	-	-	-	-	-	-
At 31 December 2010	251,959	21,950	-	68,291	(5,267)	85	750	(181,112)	156,656	1,447	158,103

The accompanying notes form an integral part of the financial statements.



**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

<b><u>THE COMPANY</u></b>	Share Capital RM'000	Share Premium RM'000	ICULS A and ICULS B RM'000	RCSLS RM'000	<i>Non-</i>	<i>Distributable</i>	Total RM'000
					Capital reserves RM'000	Accumulated Losses RM'000	
At 1 January 2009	88,306	-	179,935	68,291	(5,267)	(190,223)	141,042
Total comprehensive income for the year	-	-	-	-	-	(14,150)	(14,150)
Discount on ICULS A	-	-	3,779	-	-	-	3,779
At 31 December 2009	88,306	-	183,714	68,291	(5,267)	(204,373)	130,671
Total comprehensive income for the year	-	-	-	-	-	3,038	3,038
Discount on ICULS A	-	-	1,889	-	-	-	1,889
Full conversion of 141,703,324 units ICULS A at the conversion price of RM1.00 nominal value of ICULS A for one new ordinary share of RM1.00 each	141,703	-	(141,703)	-	-	-	-
Full conversion of 43,900,260 units ICULS B at the conversion price of RM2.00 nominal value of ICULS B for one new ordinary share of RM1.00 each	21,950	21,950	(43,900)	-	-	-	-
At 31 December 2010	251,959	21,950	-	68,291	(5,267)	(201,335)	135,598

The accompanying notes form an integral part of the financial statements.

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	GROUP		COMPANY		
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit / (Loss) before taxation		3,026	(13,221)	3,039	(14,148)
Adjustments for:					
Allowance for doubtful debts - specific		-	928	-	-
Allowance for inter-company debts		-	-	-	8,535
Amortisation of discount on issuance of ICULS A		1,889	3,779	1,889	3,779
Accrued tax penalty		-	1,574	-	-
Bad debts written off		222	-	-	-
Depreciation of property, plant and equipment		630	662	-	-
Gain on disposal of plant and equipment		(41)	(63)	-	-
Impairment loss on land held for property development and property development costs		-	5,038	-	-
Impairment loss on held-for-sale-properties		-	463	-	-
Interest expenses		2,043	1,713	1,434	1,513
Interest income		(53)	(85)	(3)	(6)
Loss / (Gain) on foreign exchange - unrealised		613	(76)	-	-
Plant and equipment written off		1	-	-	-
Provision for liquidated of ascertain damages in respect of construction works		(1,800)	1,800	-	-
Short term accumulating compensated absences		(5)	28	-	-
Operating profit / (loss) before working capital changes		6,525	2,540	6,359	(327)
Increase in held-for-sale properties		(3,342)	-	-	-
Increase in inventories		(547)	(777)	-	-
Increase in receivables		(2,174)	(5,629)	-	-
(Increase) / Decrease in property development costs		(8,260)	1,688	-	-
Decrease / (Increase) in joint-venture development costs		2,177	(74)	-	-
(Increase) / Decrease in amount due by/to contract customers		(3,630)	4,665	-	-
(Increase) / Decrease in amount due by related parties		(20)	222	-	-
Increase / (Decrease) in payables		7,460	(3,147)	39	(43)
Cash (used in) / generated from operations		(1,811)	(512)	6,398	(370)

The accompanying notes form an integral part of the financial statements.

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**CASH FLOW STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	NOTE	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest paid		(3,108)	(2,692)	(2,499)	(2,492)
Interest received		53	85	3	6
Tax paid		(1,265)	(1,177)	-	-
Net cash (outflow) / inflow from operating activities		(6,131)	(4,296)	3,902	(2,856)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net repayment from subsidiary companies		-	-	(3,892)	2,110
Proceeds from disposal of plant and equipment		41	67	-	-
Purchase of plant and equipment		(328)	(118)	-	-
Dividends paid		-	(300)	-	-
Increase in pledged deposits		(625)	-	-	-
Net cash (outflow) / inflow from investing activities		(912)	(351)	(3,892)	2,110
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment to hire purchase arrangements		84	(86)	-	-
Repayment of fixed loans		(260)	(1,278)	-	-
Proceeds from term and bridging loans		7,105	-	-	-
Net cash inflow / (outflow) from financing activities		6,929	(1,364)	-	-
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		(114)	(6,011)	10	(746)
<b>EFFECT OF EXCHANGE RATE CHANGES</b>		602	88	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		181	6,104	113	859
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	35	669	181	123	113

The accompanying notes form an integral part of the financial statements.

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

**1. GENERAL INFORMATION**

The Company is a public limited liability company incorporated in Malaysia under the Companies Act, 1965 and is domiciled in Malaysia.

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The registered office of the Company is located at:

Lot 4.03A,  
4th Floor, Plaza Prima,  
4 1/2 Miles, Jalan Kelang Lama,  
58200 Kuala Lumpur.

The principal place of business of the Company is located at:

Lot 4.21,  
4th Floor, Plaza Prima,  
4 1/2 Miles, Jalan Kelang Lama,  
58200 Kuala Lumpur.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with the Companies' Act 1965, and the applicable Financial Reporting Standards ("FRS") in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (Cont'd)

#### (a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed in Note 42 and below:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (Cont'd)

#### (b) Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<b>FRS, Amendments to FRS and Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
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
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards: - Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
	- Additional Exemptions for First-time Adopters	1 January 2011
	- Improvements to FRSs (2010)	1 January 2011
Amendment to FRS 2	Share-based Payment	1 July 2010
	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendment to FRS 3	Improvements to FRSs (2010)	1 January 2011
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendment to FRS 7	Financial Instruments: Disclosures: - Improving Disclosures about Financial Instruments	1 January 2011
	- Improvements to FRSs (2010)	1 January 2011
Amendment to FRS 101	Presentation of Financial Statements	1 January 2011
Amendment to FRS 121	The Effect of Changes in Foreign Exchange Rates	1 January 2011
Amendment to FRS 128	Investments in Associates	1 January 2011
Amendment to FRS 131	Interests in Joint Ventures	1 January 2011
Amendment to FRS 132	Financial Instruments: Presentation - Classification of rights issues	1 March 2010
	- Improvements to FRSs (2010)	1 January 2011
Amendment to FRS 134	Interim Financial Reporting	1 January 2011
Amendment to FRS 138	Intangible Assets	1 July 2010
Amendment to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2011
IC Interpretation 4	Determining Whether an Arrangement contains a Lease	
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (Cont'd)

#### (b) Standards issued but not yet effective (cont'd)

<b>FRS, Amendments to FRS and Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendments to IC Interpretation 13	Customer Loyalty Programmes	1 January 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate	30 August 2010

The new FRS, Amendments to FRS, Interpretations and Amendments to Interpretation above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

### 2.2 Basis of Consolidation

#### (a) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Under the purchase method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Basis of Consolidation (Cont'd)

#### (a) Subsidiaries (cont'd)

In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

#### (b) Minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

They are presented in the consolidated statement of financial position within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income.

### 2.3 Property, plant and equipment

#### (a) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

#### (b) Depreciation

Property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, to their residual values over their estimated useful lives, summarised as follows:

	<u>Useful lives</u>
Freehold office lots and buildings	50 years
Plant and machinery	8 to 10 years
Motor vehicles	5 years
Aircraft parts and equipment	5 years
Office equipment, furniture and fittings	5 to 13 years
Theme park	15 years



## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.3 Property, plant and equipment (Cont'd)**

#### **(b) Depreciation (cont'd)**

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied the items of plant and equipment.

#### **(c) Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### **(d) Disposals**

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

### **2.4 Investments**

#### **(a) Investment in subsidiaries**

Investment in subsidiaries are stated at cost less accumulated impairment losses.

#### **(b) Other non-current investments**

Other non-current investments are categorised as available-for-sale financial assets and are accounted in accordance with the policy stated in Note 2.22 (ii)(d).

#### **(c) Disposal**

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged / credited to the income statement.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.5 Land Held for Property Development and Property Development Costs**

#### **(a) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.21(b).

Land held for property development is reclassified as property development costs (under current assets) at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle of 2 to 4 years.

#### **(b) Joint-venture development project**

Land held for property development under joint-venture arrangement is classified within current assets and is stated at cost less any accumulated impairment losses.

#### **(c) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

Completed units of development properties not sold at the end of the reporting period are transferred to inventories as current assets.

### **2.6 Held-for-sale properties**

Held-for-sale properties comprises completed units of land and / or buildings acquired with a view to their subsequent disposals and are stated at the lower of carrying amount and fair value less costs to sell.

Held-for-sale properties are not depreciated.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.7 Inventories**

Inventories of completed units of development properties not sold at the end of the reporting period are stated at the lower of cost and net realisable value. The cost of unsold completed units of development properties is determined by an allocation of the accumulated development cost of each individual unit by specific identification or when this is not possible, in accordance with their relative sales values or profits contributions. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

Other inventories are stated at the lower of cost, determined on the first-in-first-out basis as applicable or net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition.

In arriving at the net realisable value, due allowance is made for obsolete and slow moving inventories.

### **2.8 Receivables**

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2.22(ii)(c).

### **2.9 Construction Contracts**

Contracts work-in-progress are stated at cost, and where appropriate, include attributable profit less allowance for foreseeable losses and progress payments received and receivable. Cost includes the actual cost of materials, labour and other incidental expenses incurred in the construction contracts.

The excess of cost incurred plus recognised profit less allowance for foreseeable losses and progress billings received and receivable is shown as "Amount due from contract customers" under current assets. The deficit, if any, is shown as "Amount due to contract customers" under current liabilities.

### **2.10 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2.22(ii)(c).

### **2.11 Payables**

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

### **2.12 Related party**

The Company treats a related party (other than holding, subsidiary or associated company) as a company in which the shareholders and directors are substantially in common with those of the Company.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.13 Provisions**

Provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle present obligations as a result of past events, and a reliable estimate can be made out of the amount of the obligation.

### **2.14 Leases**

#### **(a) Classification**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

#### **(b) Finance Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequently to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### **2.15 Borrowings**

#### **(a) Classification**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit and loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

#### **(b) Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.16 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

### **2.17 Income Taxes**

Tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in the equity, in which case it is recognised in equity.

Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

### **2.18 Income Recognition**

#### **(a) Sale of development properties**

Profit from sale of development properties is recognised on the percentage of completion method as described in Note 2.5(c). Anticipated losses are immediately recognised in the income statements.

The percentage of completion is measured by reference to the certified work done to date.

#### **(b) Contract work not certified**

Claims for contract work done submitted but yet to be ascertained and certified / approved by the customers are not recognised.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.18 Income Recognition (Cont'd)**

#### **(c) Construction contracts**

Profit from construction contracts is recognised on the stage of completion method unless the outcome of the construction contracts cannot be reliably determined in which case the completion method is used.

The stage of completion is measured by reference to the certified work done to date.

#### **(d) Sale of goods**

Revenue from sale of goods and services is recognised based on invoiced value of services rendered and, or goods sold.

#### **(e) Joint-venture development project**

Entitlement under joint-venture project is recognised according to the terms under the Joint-Venture Agreement or upon receipt, as the case may be.

#### **(f) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

### **2.19 Employee Benefits**

#### **(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

#### **(b) Defined contribution plans**

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

### **2.20 Foreign Currencies**

#### **(a) Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Group's functional and

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Foreign Currencies (Cont'd)

#### (b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for currency translation differences on net investment in foreign operations.

#### (c) Translation of Group entities’ financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisitions prior to 1 January 2006, the exchange rates at the dates of acquisition were used.

The principal exchange rates (in unit of foreign currency per Ringgit Malaysia) used are as follows:

	Year-end rate		Average rate	
	2010	2009	2010	2009
Hong Kong Dollar	2.524	2.263	2.421	2.199

#### (d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 Impairment

#### (a) Financial assets

The Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

#### **Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (b) Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Financial Instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Adoption of this standard did not have significant effect on the financial performance or position of the Group.

#### (i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) Financial instrument categories and subsequent measurement

The Company categorise financial instruments as follows:

##### Financial assets

#### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold till maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Financial Instruments (Cont'd)

#### (ii) Financial instrument categories and subsequent measurement (cont'd)

##### (c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### (d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

#### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.22 Financial Instruments (Cont'd)**

#### **(iii) Derecognition (cont'd)**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

### **2.23 Operating segments**

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

### **3.1 Construction contracts**

Profit from construction contracts is the excess of contract revenue over contract cost.

The Group recognise contract revenue based on stage of completion method. The stage of completion is measured by reference to the certified work done to date. Significant judgement is required in determining the stage of completion. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relied on past experience and the work of specialists.

An estimation and judgement is also required in determining the estimated total contract costs. The Group relied on past experience and the work of specialists for such estimation and judgement made.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

#### **3.2 Recoverable amounts for property, plant and equipment, land held for property development and property development cost**

The Group tests whether property, plant and equipment, land held for property development and property development cost have suffered any impairment, in accordance with the accounting policy stated in Note 2.21(b) above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require use of judgements and estimates.

#### **3.3 Depreciation of property, plant and equipment**

Property, plant and equipment is depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and machinery to range between 5 and 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2010 was RM4.558 million (2009: RM4.861 million). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

#### **3.4 Allowance for impairment of receivables**

The Group and the Company makes allowance for impairment of receivables based on an assessment of the recoverability of trade receivables and other receivables. Allowances for impairment of receivables are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and the allowance for impairment of receivables in the period in which such estimate has been changed.

#### **3.5 Property development**

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

#### 4. PROPERTY, PLANT AND EQUIPMENT

<b>GROUP</b>	Freehold office lots and buildings <b>RM'000</b>	Plant and machinery <b>RM'000</b>	Motor vehicles <b>RM'000</b>	Aircraft parts and equipment <b>RM'000</b>	Office equipment, furniture and fittings <b>RM'000</b>	Theme Park <b>RM'000</b>	Total <b>RM'000</b>
<b>COST</b>							
At 1 January 2009	1,314	38,561	7,939	3,440	1,650	-	52,904
Additions	-	-	70	-	48	-	118
Transfer from property development costs	-	-	-	-	-	3,009	3,009
Disposals	-	-	-	(135)	(8)	-	(143)
Written off	-	-	-	-	(68)	-	(68)
Translation difference	-	-	-	(49)	(1)	-	(50)
At 31 December 2009	1,314	38,561	8,009	3,256	1,621	3,009	55,770
Additions	-	-	315	-	13	-	328
Disposals	-	-	(115)	(92)	-	-	(207)
Written off	-	-	-	-	(80)	-	(80)
Translation difference	-	-	-	(333)	(3)	-	(336)
At 31 December 2010	1,314	38,561	8,209	2,831	1,551	3,009	55,475
<b>ACCUMULATED DEPRECIATION</b>							
At 1 January 2009	392	38,238	6,982	3,440	1,452	-	50,504
Charge for the year	25	81	285	-	70	201	662
Disposals	-	-	-	(135)	(4)	-	(139)
Written off	-	-	-	-	(68)	-	(68)
Translation difference	-	-	-	(49)	(1)	-	(50)
At 31 December 2009	417	38,319	7,267	3,256	1,449	201	50,909
Charge for the year	25	71	280	-	53	201	630
Disposals	-	-	(115)	(92)	-	-	(207)
Written off	-	-	-	-	(79)	-	(79)
Translation difference	-	-	-	(333)	(3)	-	(336)
At 31 December 2010	442	38,390	7,432	2,831	1,420	402	50,917
<b>NET BOOK VALUE</b>							
At 31 December 2010	872	171	777	-	131	2,607	4,558
At 31 December 2009	897	242	742	-	172	2,808	4,861

Included in the net book value of property, plant and equipment of the Group are motor vehicles amounted to RM465,619 (2009: RM659,538) acquired under hire purchase arrangement for which instalments are still outstanding at the end of the reporting period.

## 5. INTEREST IN SUBSIDIARY COMPANIES

	COMPANY	
	2010 RM'000	2009 RM'000
Unquoted shares - at cost	344,405	63,316
Less: Allowance for impairment losses	185,040	-
	159,365	63,316
	159,365	63,316

Unless indicated otherwise, all the subsidiary companies are incorporated in Malaysia and have the same financial year-end as the Company. The details of the subsidiary companies are as follows:

<u>Name of subsidiary companies</u>	<u>Effective Equity Interest</u>		<u>Principal Activities</u>
	2010 %	2009 %	
Sycal Berhad	100	100	Investment holding and contractor for building and civil engineering
<i>and its subsidiaries:</i>			
Sycal Kulai Sdn. Bhd.	100	100	Property development
Cygal Construction Sdn. Bhd.	100	100	Dormant
Sycal Plant & Machinery Sdn. Bhd.	100	100	Contractor for civil engineering
Cygal Industries Sdn. Bhd.	100	100	Dormant
Cygal Trading Sdn. Bhd.	100	100	Dormant
Sycalland Development Sdn. Bhd.	100	100	Property development
Southhost Sdn. Bhd.	100	100	Investment holding
Cygal Hotel Management Services Sdn. Bhd.	100	100	Dormant
Cygal Entertainment Sdn. Bhd.	82	82	Dormant
Sycal Concrete Sdn. Bhd.	70	70	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	70	70	Bored piling contractor
*# United Golden Mile Aviation Ltd	71	71	Leasing of aircraft parts and equipment and provision of related services
Sycal Properties Sdn. Bhd.	100	100	Property development
<i>and its subsidiary:</i>			
Sycal Properties Management Sdn. Bhd.	100	100	Providing properties management and maintenance services
# Sycal Resorts Sdn. Bhd.	100	100	Property development, investment holding and operator of theme park

\* A company incorporated in Hong Kong.

# Subsidiary companies audited other than by Messrs. SC Associates.

## 6. OTHER INVESTMENTS

	<b>GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares - at cost	7,890	7,890
Less: Accumulated impairment losses	7,890	7,890
	-	-
Shares quoted in Malaysia - at cost	6	6
Less: Accumulated impairment losses	3	3
	3	3
Transferable club membership - at cost	150	150
	153	153
Market value of quoted shares	3	2

## 7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	<b>Freehold Land RM'000</b>	<b>Development Expenses RM'000</b>	<b>Impairment Losses RM'000</b>	<b>Total RM'000</b>
<b><u>GROUP</u></b>				
<b>Cost</b>				
At 1 January 2009	42,788	26,855	(6,900)	62,743
Additions	-	285	(5,038)	(4,753)
At 31 December 2009	42,788	27,140	(11,938)	57,990
Additions	-	3,145	-	3,145
At 31 December 2010	42,788	30,285	(11,938)	61,135

Freehold land of a subsidiary company with estimated carrying values of RM3.657 million (2009: RM3.657 million) are pledged as security for borrowings as disclosed in Note 22.

Freehold land of another subsidiary company with estimated carrying value of RM28.6 million (2009: RM28.6 million) is pledged as security for the Minimum Redemption Amount of the RCSLS as disclosed in Note 27.

## 8. HELD-FOR-SALE PROPERTIES

	<b>GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Held-for-sale properties	4,089	747

## 9. INVENTORIES

	GROUP	
	2010 RM'000	2009 RM'000
At cost		
Completed units of development properties	10,294	9,886
Building materials	335	196
	<hr/>	<hr/>
	10,629	10,082
	<hr/>	<hr/>

## 10. TRADE RECEIVABLES

	GROUP	
	2010 RM'000	2009 RM'000
Trade receivables	77,203	77,425
Claims for contract works not certified	(292)	(292)
	<hr/>	<hr/>
	76,911	77,133
<u>Allowance for impairment losses</u>		
At 1 January	(36,186)	(35,459)
Additions	-	(928)
Written back	10	-
Written off	-	201
	<hr/>	<hr/>
At 31 December	(36,176)	(36,186)
	<hr/>	<hr/>
	40,735	40,947
Accrued billings in respect of property development costs	5,287	2,690
	<hr/>	<hr/>
	46,022	43,637
	<hr/>	<hr/>

Included in the trade receivables of the Group is an amount of RM9,758,129 (2009: RM9,811,514) representing contract sum retained in relation to contracting work performed.

Trade receivables include an amount due of RM8,556,000 (2009: RM8,576,800) representing the balance outstanding of the sum for which agreement has been reached for the settlement by instalment payments. The trade debtor has defaulted payment and has instead pay on its own accord instalments of much lesser sum than were originally agreed upon. An allowance of RM8.5 million has been made for doubtful debts in respect of this trade receivable.

Included in carrying values of trade receivables is an amount of RM5,839,172 (2009: RM14,025,575) receivable in respect of various sub-contract works done for Prima Ace Sdn Bhd.

The Group's normal trade credit terms vary from 30 to 120 days. Other trade credit terms are assessed and approved on a case-by-case basis. Trade receivables of the Group are unsecured and non-interest bearing.



## 11. PROPERTY DEVELOPMENT COSTS

	<b>GROUP</b>	
	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Property development costs at 1 January		
- Freehold land - at costs	31,138	31,138
- Development costs	61,318	51,206
	92,456	82,344
Add: Development costs incurred during the year	14,252	10,112
	106,708	92,456
Impairment loss on freehold development land	(13,168)	(13,168)
Costs recognised as expenses in profit or loss		
- At 1 January	(51,434)	(40,179)
- Current year	(8,729)	(11,255)
	(60,163)	(51,434)
Transfer to closing inventories	(1,656)	(1,248)
Transfer to plant and equipment	(3,009)	(3,009)
Property development costs at 31 December	28,712	23,597

## 12. JOINT-VENTURE DEVELOPMENT COSTS

	<b>GROUP</b>	
	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Joint-Venture Development I	-	3,522
Joint-Venture Development II	6,607	6,265
Joint-Venture Development III	1,003	-
	7,610	9,787

### Joint-Venture Development I

	<b>GROUP</b>	
	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Freehold land - at cost	13,142	13,142
Development costs	17,336	17,336
Property development costs incurred to date	30,478	30,478
Allowance for foreseeable loss	(8,400)	(8,400)
Impairment loss on freehold development land	(11,428)	(11,428)
	10,650	10,650
Joint-venture entitlement received	(27,926)	(21,002)
Joint-venture profit recognised	17,276	13,874
	-	3,522

## 12. JOINT-VENTURE DEVELOPMENT COSTS (CONT'D)

### Joint-Venture Development I (Cont'd)

The Group entered into a joint-venture agreement dated 30 December 2004 with Ideal Concept Intelligence Sdn. Bhd. ("ICISB") to appoint the latter as the turnkey project manager for the property development on the Group's freehold land held under Lot no. 1524 & 1962, both of Mukim 13, Daerah Timur Laut, in the State of Penang and held under Grant no. 2076 & 2553 respectively (JV Agreement).

Under the terms of JV Agreement, ICISB shall, among others, design, construct, manage, finance, develop and sell the units to be developed on the land at its own cost. In consideration, ICISB shall pay to the Group RM23 million plus various developed units of properties with aggregate sales value of RM1.5 million ("the Group's Entitlement"). A deposit sum of RM500,000 has been received by the Group upon execution of the agreement, and the balance entitlement of RM22.5 million shall be paid progressively at the agreed time frame as follows:

- (i) 38% of the proceeds and collections from the sale of the Commercial Units within fourteen days from the relevant collection by ICISB to a maximum of RM7.5 million; and
  - (ii) 25% of the proceeds and collections from the sale of Residential Units within fourteen days from the relevant collection by ICISB to a maximum of RM15 million.
- or
- (i) an amount equivalent to 50% of total entitlement within three years from the effective date, with an extension of six months but subject to an interest of 10% per annum on the unpaid portion of the sum so due; and
  - (ii) total entitlement within forty eight months from the effective date; and an extension of six months subject to an interest of 10% per annum on the unpaid portion of the sum so due, if at least 60% of the entitlement has been received within forty eight months.

As of 31 December 2010, the joint venture development project has been fully completed.

### Joint-Venture Development II

<u>GROUP</u>	<b>Land owner's entitlement RM</b>	<b>Development costs incurred RM</b>	<b>Costs recognised as expenses in profit or loss RM</b>	<b>Total RM</b>
At 1 January 2009	1,472	2,925	-	4,397
Additions	-	4,146	(2,278)	1,868
At 31 December 2009	1,472	7,071	(2,278)	6,265
Additions	39	1,129	(826)	342
At 31 December 2010	1,511	8,200	(3,104)	6,607

On 3 January 2008, the Group entered into another joint-venture agreement with Syarikat Juwasa Hikmat Sdn. Bhd. ("SJHSB"). SJHSB has been appointed by the Perak State Government to develop a Rancangan Kampung Tersusun Aulong Lama Tambahan on a plot of land known as RKT Aulong Lama Tambahan, Aulong Lama, Mukim Assam Kumbang ("said Land").

## 12. JOINT-VENTURE DEVELOPMENT COSTS (CONT'D)

### Joint-Venture Development II (Cont'd)

The Group has been appointed by SJHSB to jointly develop part of the said Land into 122 units of shop lots known as Block C, 77 units of residential building lots known as Block A and 15 units of residential building known as Block D ("Designated Building Lots"). The Group shall at its own cost and expense be responsible for the development and sale of the Designated Building Lots. In consideration, the Group is entitled to 78% of the gross revenue from the shoplot units and 80% of the gross revenue from the residential buildings.

As of 31 December 2010, the joint venture development project has been substantially completed.

### Joint-Venture Development III

	GROUP	
	2010	2009
	RM'000	RM'000
Development costs incurred	3	-
Advance payment made to land owner	1,000	-
	<hr/>	<hr/>
	1,003	-
	<hr/> <hr/>	<hr/> <hr/>

The above advance of RM1 million was made pursuant to the Memorandum of Understanding and the Joint Venture Agreement ("JV Agreement") signed between Sycal Properties Sdn. Bhd. ("SPSB"), a wholly owned subsidiary, and Global Net Communication Sdn Bhd ("GNC") on 13 June 2008 and 18 January 2011 respectively. GNC is the sole registered and full beneficial owner of the development land.

Under the terms of the JV Agreement, SPSB is to develop 3 plots of development land located at Tempat Sungei Puteh, Mukim Kuala Lumpur, Daerah Kuala Lumpur (with land area totaling approximately 2.032 acres) into a proposed high end residential development comprising 28 units terrace villa.

GNC shall be entitled to 26.8% and SPSB shall be entitled to 73.2% of the total sales price of all the Lots to be constructed on the development land. The advance payment made to land owner of RM1 million will be used to offset against the land owner entitlement as the development progresses.

## 13. DUE BY / (TO) CONTRACT CUSTOMERS

	GROUP	
	2010	2009
	RM'000	RM'000
Construction costs	1,605,905	1,541,473
Recognised profits less losses	84,681	79,360
Progress billings received and receivable	(1,644,504)	(1,578,381)
	<hr/>	<hr/>
	46,082	42,452
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Due by contract customers	71,055	66,567
Due to contract customers	(24,973)	(24,115)
	<hr/>	<hr/>
	46,082	42,452
	<hr/> <hr/>	<hr/> <hr/>

### 13. DUE BY / (TO) CONTRACT CUSTOMERS

	<b>GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Construction costs incurred during the year	61,189	37,584
Construction costs recognised as contract expenses during the year	58,603	42,249
Included in construction costs incurred during the financial year are:		
Depreciation of plant and equipment	8	18
Staff costs	2,025	2,093
Hire of machinery	1,123	839
Rental of site	179	65

### 14. AMOUNT DUE BY / (TO) RELATED PARTIES

	<b>SUB- NOTE</b>	<b>GROUP</b>	
		<b>2010</b>	<b>2009</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Amount receivables:</b>			
- Cygal Development Sdn. Bhd.	5	39,431	39,419
- Infratimur Sdn. Bhd.	3	414	414
		39,845	39,833

The amount receivables are expected to be collected as follows:

	<b>Gross</b>	<b>Individual</b>	<b>Net</b>
	<b>RM'000</b>	<b>impairment</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>2010</b>			
<u>Current</u>			
Within 12 months	7,351	-	7,351
<u>Non-current</u>			
More than 1 year and less than 2 years	12,000	-	12,000
More than 2 years and less than 5 years	20,494	-	20,494
	32,494	-	32,494
	39,845	-	39,845
<b>2009</b>			
<u>Current</u>			
Within 12 months	83,604	(43,771)	39,833

#### 14. AMOUNT DUE BY / (TO) RELATED PARTIES (CONT'D)

	SUB- NOTE	2010 RM'000	2009 RM'000
<b>Amount payables:</b>			
- Cygal Holdings Sdn. Bhd.	1,2,3,4	(74)	(82)
- Mahligai Harapan Sdn. Bhd.	2	(102)	(102)
		<hr/>	<hr/>
		(176)	(184)
		<hr/> <hr/>	<hr/> <hr/>

- 1) Company in which Dato' Seow Yong Chin is also a director.
- 2) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a director.
- 3) Company in which Dato' Seow Yong Chin is also a substantial shareholder.
- 4) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a substantial shareholder.
- 5) Company in which Dato' Seow Yong Chin has controlling interests.

The amount due by Cygal Development Sdn. Bhd. ("CD") is in respect of contracting and other related work done on CD's project. The comparative figure is stated after allowance for anticipated loss amounting to RM43,771,183 in respect of a claim for liquidated and ascertained damage by CD.

On 30 December 2010, an amount receivable from CD of RM35.194 million was restructured to be paid over the next 4 years and subject to an interest charge of 7.5% per annum. The amount due by CD is unsecured.

All other amounts due by / (to) related parties are unsecured, interest-free and repayable on demand.

#### 15. AMOUNT DUE BY / (TO) SUBSIDIARY COMPANIES

	COMPANY	
	2010 RM'000	2009 RM'000
Amount receivables	6,201	281,998
<u>Less: Allowance for impairment losses</u>		
At 1 January	188,975	180,440
Additions for the year	-	8,535
Reversal on derecognition	(185,040)	-
At 31 December	3,935	188,975
	<hr/>	<hr/>
	2,266	93,023
	<hr/> <hr/>	<hr/> <hr/>
Amount payables	(7,950)	(6,550)
	<hr/> <hr/>	<hr/> <hr/>

The amount due by / (to) subsidiary companies are unsecured, interest free with no fixed repayment terms, except for an amount receivable of Nil (2009: RM90.76 million) which has been restructured in 2009 to carry interest at 7.5% per annum and repayable on demand.

During the year, the Company subscribed for 51,957,391 ordinary shares of RM1.00 each in a wholly owned subsidiary for RM281,089,486 as settlement of debts due by the subsidiary.

#### 16. TAX RECOVERABLE

This include tax credit of RM2,205,000 (2009: RM2,205,000) arising from the tax deducted at source on dividend income under Section 110 of the Income Tax Act, 1967 which is available for set-off against future tax liability subject to the agreement from the Inland Revenue Board.

## 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP	
	2010 RM'000	2009 RM'000
Other receivables	2,464	2,920
Less: Allowance for doubtful debts		
At 1 January	(951)	(1,074)
Written off	-	123
At 31 December	(951)	(951)
	1,513	1,969
Deposits	1,304	1,532
Prepayments	358	107
	3,175	3,608

## 18. FIXED AND SECURITY DEPOSITS

The effective yields of the fixed deposits of the Group and the Company range from 2.3% to 2.75% (2009: 2% to 3.7%) and 2.75% (2009: 3%) per annum respectively.

Included in fixed and security deposits of the Group are fixed deposits amounting to RM1,125,000 (2009: RM500,000) which have been placed as securities for bank facilities granted to subsidiaries.

## 19. TRADE PAYABLES

The normal trade credit terms granted by trade payables to the Group vary from 0 to 120 days.

## 20. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other payables	2,943	4,561	58	26
Deposits received	1,211	93	-	-
Accruals	4,197	3,934	1,287	1,280
	8,351	8,588	1,345	1,306
These include:				
Amount due to a director, Dato' Seow Yong Chin	98	98	3	3
Amount due to a former shareholder of a subsidiary company	237	237	-	-

The amount due to the director and former shareholder represents unsecured, interest free and repayable on demand.

## 21. HIRE PURCHASE PAYABLES

	GROUP	
	2010	2009
	RM'000	RM'000
Hire purchase obligations repayable:		
Within one year	165	118
More than one year and less than five years	524	476
	689	594
Less: Unexpired finance charges	90	79
	599	515
Principal amount repayable:		
Within one year (shown under current liabilities)	133	92
More than one year and less than five years (shown under non-current liabilities)	466	423
	599	515

## 22. BANK BORROWINGS

	GROUP	
	2010	2009
	RM'000	RM'000
<b><u>Current</u></b>		
Bank overdraft	892	1,876
Fixed loans	-	260
	892	2,136
<b><u>Non-current</u></b>		
Term and bridging loans	7,105	-
	7,997	2,136
<b><u>Maturity of bank borrowings</u></b>		
Within one year	892	2,136
More than 2 years and less than 3 years	7,105	-
	7,997	2,136

The above bank borrowings are secured by way of:

- (i) First fixed and floating charge on all the freehold or leasehold property and all other assets of a subsidiary company;
- (ii) Legal charge over a piece of development land of a subsidiary;
- (iii) Specific debenture and power of attorney over a development project;
- (iv) Personal guarantee by a director of the Company;
- (v) Corporate guarantees by a subsidiary and the Company;

## 22. BANK BORROWINGS (CONT'D)

The annual effective interest rates at the end of the reporting period were as follows:

	GROUP	
	2010	2009
Hire purchase	4% - 7.8%	4% - 7.8%
Bank overdraft	8.55%	8%
Fixed loans	-	8.05%
Term and bridging loans	7.3%	-

## 23. PROVISIONS

	GROUP	
	2010 RM'000	2009 RM'000
Provision for anticipated cost in respect of completed property development projects	109	109
Provision for liquidated of ascertain damages in respect of construction works	-	1,800
Provision for employee benefits: - short term accumulated compensated absences		
At 1 January	261	233
Utilisation during the year	(5)	28
At 31 December	256	261
	365	2,170

## 24. SHARE CAPITAL

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Authorised:</u> 500,000,000 ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
<u>Issued and fully paid:</u> - Ordinary shares of RM1.00 each				
At 1 January	88,306	88,306	88,306	88,306
Full conversion of 141,703,324 units ICULS A at the conversion price of RM1.00 nominal value of ICULS A for one new ordinary share of RM1.00 each	141,703	-	141,703	-
Full conversion of 43,900,260 units ICULS B at the conversion price of RM2.00 nominal value of ICULS B for one new ordinary share of RM1.00 each	21,950	-	21,950	-
At 31 December	251,959	88,306	251,959	88,306



## 24. SHARE CAPITAL (CONT'D)

On 29 June 2007, 25 million Warrants were issued for free to the subscribers of rights shares under the renounceable rights issues undertaken by the Company.

The principal terms of the Warrants are as follows:

(i) Form and denomination:-

The Warrants shall be issued in registered form and constituted by the Deed Poll.

(ii) Exercise rights:-

Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for 1 new SVB Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.

(iii) Exercise price:-

The Exercise Price of the Warrants is fixed at RM1.00 subject to adjustments in accordance with the provisions of the Deed Poll.

(iv) Exercise period:-

Commencing on and including the date of issue of the Warrants, i.e. 29 June 2007 and ending on a date being 5 years from the date of issue of the Warrants, i.e. 21 June 2012.

(v) Expiry date:-

At the close of business on the maturity date of the Warrants, being a date which is 5 years from the date of issue of the Warrants, unless extended, any Warrant which has not been exercised and delivered to the Registrar will lapse and cease thereafter to be valid for any purpose.

(vi) Ranking of SVB Shares to be issued upon the exercise of Warrants:-

The SVB Shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank equally in all respects with the existing SVB Shares, save and except that they shall not be entitled to any rights, dividends, allotments and/or distributions, the entitlement date of which precedes the allotment of the SVB Shares arising from the exercise of the Warrants.

(vii) Adjustments to Exercise Price and Exercise Rights

The Exercise Price and the number of Warrants held by Warrantholders shall from time to time be adjusted, in the event of alteration to the share capital of the Company.

As at the end of the reporting period, non of these Warrants were exercised.

**25. 3 YEAR ZERO COUPON IRREDEEMABLE CONVERTIBLE UNSECURED LOANS STOCKS  
2007/2010 (ICULS A)**

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Equity component</b>				
ICULS A	141,703	141,703	141,703	141,703
Less: Discount on issuance of ICULS A				
At 1 January	1,889	5,668	1,889	5,668
Amortised to comprehensive income	(1,889)	(3,779)	(1,889)	(3,779)
At 31 December	-	1,889	-	1,889
Full conversion to new ordinary shares during the year	141,703	-	141,703	-
	-	139,814	-	139,814

As part of and in conjunction with the composite restructuring scheme, the Company on 21 June 2007, issued 141,703,324 units 3-year irredeemable convertible unsecured loans stocks ("ICULS A") at 92% of the nominal value of RM1.00 each with zero coupon rate for settlement of its indebtedness to the financial institution creditors.

The main features of ICULS A are as follows:

- (i) The ICULS A are convertible on the maturity date into new ordinary shares of the Company at the conversion price on the basis of RM1.00 nominal value of ICULS A for every one new ordinary share of the Company.
- (ii) The ICULS A are not redeemable except upon the occurrence of an event of default as provided for in the trust deed of the ICULS A to be executed. Any ICULS A remaining immediately after the maturity date will be mandatorily converted into new ordinary shares of the Company at the conversion price.
- (iii) The new ordinary shares to be issued under the conversion of the ICULS A shall rank equally in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any rights, dividends, allotment and / or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares.

All the ICULS A have been converted into ordinary shares in the Company during the year.

**26. 3 YEAR ZERO COUPON IRREDEEMABLE CONVERTIBLE UNSECURED LOANS STOCKS 2007/2010 (ICULS B)**

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Equity component</b>				
ICULS B	43,900	43,900	43,900	43,900
Less: Full conversion to new ordinary shares during the year	43,900	-	43,900	-
	-	43,900	-	43,900

As part of and in conjunction with the composite restructuring scheme, the Company on 21 June 2007, issued 43,900,260 units 3-year irredeemable convertible unsecured loans stocks ("ICULS B") at the nominal value of RM1.00 each with zero coupon rate for settlement of its indebtedness to the financial institution and certain non-financial institution creditors.

The main features of ICULS B are as follows:

- (i) The ICULS B are convertible on the maturity date into new ordinary shares of the Company at the conversion price on the basis of RM2.00 nominal value of ICULS B for every one new ordinary share of the Company.
- (ii) The ICULS B are not redeemable except upon the occurrence of an event of default as provided for in the trust deed of the ICULS B to be executed. Any ICULS B remaining immediately after the maturity date will be mandatorily converted into new ordinary shares of the Company at the conversion price.
- (iii) The new ordinary shares to be issued under the conversion of the ICULS B shall rank equally in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any rights, dividends, allotment and / or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares.

All the ICULS B have been converted into ordinary shares in the Company during the year.

**27. 5 YEAR 3% REDEEMABLE CONVERTIBLE SECURED LOANS STOCKS 2007/2012**

As part of and in conjunction with the composite restructuring scheme, the Company on 21 June 2007, issued 83,290,604 units 5-year redeemable convertible secured loans stocks ("RCSLS") at the nominal value of RM1.00 each bearing coupon interest rate at 3% per annum for settlement of its indebtedness to the financial institution creditors.

The main features of RCSLS are as follows:

- (i) The Company has the option to redeem the RCSLS at any time during the tenure of the RCSLS on the basis of RM1.00 for every RM1.00 nominal value of RCSLS. Minimum amount to be redeemed throughout the tenure of the RCSLS, is RM15 million ("Minimum Redemption Amount").
- (ii) Holders will have the right to convert RM1.00 nominal value of RCSLS into one new ordinary share of the Company on the maturity date at the conversion price.
- (iii) All outstanding RCSLS shall be converted into new ordinary shares of the Company on the maturity date at the conversion price.
- (iv) The RCSLS bear coupon interest rate at 3% per annum payable annually in arrears on 30 June, with the first payment due on 30 June 2008.
- (v) The RCSLS are not listed on Bursa Malaysia Securities Berhad and are non-tradable.

## 27. 5 YEAR 3% REDEEMABLE CONVERTIBLE SECURED LOANS STOCKS 2007/2012 (CONT'D)

- (vi) The new ordinary shares to be issued under the conversion of the RCSLS shall rank equally in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any rights, dividends, allotment and / or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares.

The Minimum Redemption Amount of the RCSLS is secured by way of a first fixed charge over a piece of freehold land owned by a subsidiary company. As of the reporting date, the Company has not exercised its option to redeem any of the RCSLS.

The RCSLS have been split between the liability component and the equity component as accounted for in the statements of financial position of the Group and of the Company as follows:

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Face value of RCSLS issued	83,291	83,291	83,291	83,291
Equity component:				
- RCSLS	(68,291)	(68,291)	(68,291)	(68,291)
- Capital reserves	5,267	5,267	5,267	5,267
	(63,024)	(63,024)	(63,024)	(63,024)
Liability component at date of issue	20,267	20,267	20,267	20,267
Interest expense recognised in the statements of comprehensive income:				
At 1 January	3,910	2,397	3,910	2,397
Recognised during the year	1,434	1,513	1,434	1,513
At 31 December	5,344	3,910	5,344	3,910
Interest paid:				
At 1 January	(5,004)	(2,512)	(5,004)	(2,512)
Paid during the year	(2,499)	(2,492)	(2,499)	(2,492)
At 31 December	(7,503)	(5,004)	(7,503)	(5,004)
Interest accrued during the year	(1,250)	(1,250)	(1,250)	(1,250)
Liability component at 31 December	16,858	17,923	16,858	17,923

Interest expense on the RCSLS is calculated on the effective yield basis by applying the coupon interest rate of 8% for an equivalent non-convertible loan stocks to the liability component of the RCSLS.

## 28. RESERVES

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b><u>Non-distributable:</u></b>				
Exchange translation reserves	750	148	-	-
Revaluation reserves	85	85	-	-
Capital reserves	(5,267)	(5,267)	(5,267)	(5,267)
	(4,432)	(5,034)	(5,267)	(5,267)
<b><u>Distributable:</u></b>				
Accumulated losses	(181,112)	(183,147)	(201,335)	(204,373)
	(185,544)	(188,181)	(206,602)	(209,640)

## 29. DEFERRED TAX LIABILITIES

	GROUP	
	2010 RM'000	2009 RM'000
At 1 January	9,441	12,344
Amount recognised in the income statement	(568)	(2,860)
Adjustment to deferred tax of revaluation reserve resulting from decrease in income tax rate	-	(43)
At 31 December	8,873	9,441

As mentioned in Note 2.17, the effects of temporary differences, which would give rise to net deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. As of 31 December 2010, the amount of estimated net deferred tax assets of the Group calculated at applicable tax rate is as follows:

	GROUP	
	2010 RM'000	2009 RM'000
<b>(i) Recognised in the financial statements</b>		
Deferred tax liabilities:		
- Plant and equipment	20	16
- Surplus arising from freehold development land	1,058	1,058
- Property development	7,492	8,064
- Inventory	303	303
	8,873	9,441
<b>(ii) Not recognised in the financial statements</b>		
Tax assets:		
- Plant and equipment	50	75
- Unused tax losses and unabsorbed capital allowances	(22,531)	(21,114)
- Other deductible temporary differences	(6,082)	(8,182)
	(28,563)	(29,221)

The unused tax losses and unabsorbed capital allowances are subject to agreement by the tax authorities.

### 30. REVENUE

	GROUP	
	2010 RM'000	2009 RM'000
Revenue of the Group comprise:		
Contract revenue	66,743	47,439
Property development revenue	11,880	11,566
Joint-venture entitlement	7,921	7,613
Sales of goods and services	20,520	17,748
	<u>107,064</u>	<u>84,366</u>

### 31. COST OF SALES

	GROUP	
	2010 RM'000	2009 RM'000
Cost of sales of the Group comprise:		
Contract cost	59,757	43,341
Property development expenses	8,729	11,257
Joint-venture development costs	4,348	4,072
Cost of sales and services	18,157	14,711
	<u>90,991</u>	<u>73,381</u>

### 32. PROFIT / (LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit / (Loss) before taxation is arrived at after charging / (crediting):				
Allowance for doubtful debts - specific	-	928	-	-
Allowance for doubtful debts written back	(10)	-	-	-
Allowance for inter-company debts	-	-	-	8,535
Amortisation of discount on issuance of ICULS A	1,889	3,779	1,889	3,779
Auditors' remuneration	194	131	28	18
Bad debts recovered	-	(1)	-	-
Bad debts written off	222	-	-	-
Depreciation of property, plant and equipment	630	662	-	-
Gain on disposal of plant and equipment	(41)	(63)	-	-
Hire of equipment	633	248	-	-
Impairment loss on land held for property development and property development costs	-	5,038	-	-
Impairment loss on held-for-sale-properties	-	463	-	-
Interest expenses				
- hire purchase	28	31	-	-
- overdraft	112	151	-	-
- loans	469	18	-	-
- RCLS	1,434	1,513	1,434	1,513

**32. PROFIT / (LOSS) BEFORE TAXATION (CONT'D)**

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income				
- fixed deposits	(53)	(85)	(3)	(6)
- loans/advances to a subsidiary	-	-	(6,701)	-
Loss / (Gain) on foreign exchange - unrealised	613	(76)	-	-
Plant and equipment written off	1	-	-	-
(Reversal) / Provision for liquidated of ascertain damages in respect of construction works	(1,800)	1,800	-	-
Rental income	(282)	(189)	-	-
Rental of premises	89	123	-	-
Staff costs (excluding directors' remuneration):				
- salaries, allowances, wages and bonus	4,509	3,894	-	-
- social security costs	41	38	-	-
- pension costs - defined contribution plans	456	389	-	-
- short term accumulating compensated absences	(5)	28	-	-
- other staff related expenses	323	389	-	-
Directors' remuneration:				
- Directors of the Company				
- other emoluments	87	80	87	80
- Directors of the subsidiary companies				
- fees	24	24	-	-
- other emoluments	1,265	1,034	-	-
- pension costs - defined contribution plan	157	164	-	-

**33. TAXATION**

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysian taxation based on profit for the year:				
- Current year	1,434	786	1	1
- Under provided in respect of prior year	19	22	-	1
	1,453	808	1	2
Deferred taxation :				
- Relating to origination and reversal of temporary differences	4	(2,860)	-	-
- Over provided in respect of prior year	(572)	-	-	-
	(568)	(2,860)	-	-
	885	(2,052)	1	2

### 33. TAXATION (CONT'D)

The income tax expense for the financial year can be reconciled to the profit / (loss) before taxation per statements of comprehensive income are as follows:

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit / (Loss) before taxation	3,026	(13,221)	3,039	(14,148)
Tax at Malaysian statutory tax rate of 25%	757	(3,305)	760	(3,537)
Tax effects of:				
- Expenses not deductible for tax purposes	1,990	3,822	916	3,538
- Income not subject to tax	(2,773)	(13)	(1,675)	-
- Utilisation of tax losses brought forward from previous years	-	(52)	-	-
- Deferred tax assets not recognised during the financial year	1,446	332	-	-
- Reversal of deferred tax liabilities on development property	-	(2,860)	-	-
- Current year tax under provided in respect of prior year	19	22	-	1
- Deferred tax over provided in respect of prior year	(572)	-	-	-
- Adjustment to opening deferred tax resulting from increase in tax rate	-	3	-	-
- Differences in tax rates -Hong Kong subsidiary	18	(1)	-	-
Tax expense	885	(2,052)	1	2

### 34. NET PROFIT / (LOSS) PER SHARE

(i) Basic

The basic net profit / (loss) per share is calculated by dividing the Group's profit after taxation and minority interests of RM2.035 million (2009: Net loss of RM11.209 million) by the weighted average number of ordinary shares in issue of 171.702 million (2009: 88.306 million).

(ii) Diluted

There is no potential ordinary shares that are dilutive due to their conversion to ordinary shares that would increase profit or decrease loss per share from continuing operations.



### 35. CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
These represent:				
Fixed and security deposits	1,468	840	110	107
Cash and bank balances	1,218	1,717	13	6
Bank overdraft	(892)	(1,876)	-	-
	1,794	681	123	113
Deposits pledged for bank guarantee facilities	(1,125)	(500)	-	-
	669	181	123	113

Cash and bank balances includes monies placed with licensed banks under Housing Development Accounts amounting to RM723,301 (2009: RM431,449) by the subsidiary companies.

### 36. SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions during the financial year other than those have been disclosed in the financial statements include:

	COMPANY	
	2010 RM'000	2009 RM'000
<u>Subsidiaries:</u>		
- Interest income on loans/advances to a subsidiary	6,701	-
- Loans/Advances from subsidiaries	(2,811)	(2,284)
- Loans/Advances to subsidiaries	-	430
- 51,957,391 ordinary shares of RM1.00 each issued at RM5.41 per ordinary share by a subsidiary in settlement of debts	281,089	-

The Directors are of the opinion that all the above transactions were entered into in the normal course of business and were established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

### 37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

- |   |   |
|---|---|
| (i) Construction                        | Civil and building construction works.  |
| (ii) Property development               | Housing development.  |
| (iii) Manufacturing, trading and others | Manufacturing and trading in ready-mix concrete, trading in building materials, leasing of aircraft parts and equipment, provision of hotel management services and investment holding. |

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

### 37. SEGMENT INFORMATION (CONT'D)

#### (a) Major business segments

<b>2010</b>	<b>Construction RM'000</b>	<b>Property Development RM'000</b>	<b>Manufacturing, trading and others RM'000</b>	<b>Consolidation adjustments RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External sales	66,742	19,802	20,520	-	107,064
Inter-segment sales	1,119	-	1,516	(2,635)	-
Total revenue	<u>67,861</u>	<u>19,802</u>	<u>22,036</u>	<u>(2,635)</u>	<u>107,064</u>
<b>Result</b>					
Segment result					
- Operating profit / (loss)	2,542	5,066	(703)	-	6,905
Interest expense	(20)	(589)	(3,323)	-	(3,932)
Interest income	-	37	16	-	53
Income taxes	572	(1,322)	(135)	-	(885)
Profit after taxation					<u>2,141</u>
Minority interest					(106)
Net profit for the financial year					<u><u>2,035</u></u>
<b>Other information</b>					
Segment Assets	142,968	102,578	34,123	-	279,669
Tax recoverable					2,268
Consolidated total assets					<u>281,937</u>
Segment liabilities	(46,800)	(18,585)	(24,508)	-	(89,893)
Taxation					(24,469)
Deferred taxation					(8,873)
Unallocated corporate liabilities					(599)
Consolidated total liabilities					<u>(123,834)</u>
Capital expenditure	5	243	80	-	328
Depreciation	327	260	43	-	630
Non-cash expenses other than depreciation	(1,811)	-	2,690	-	879

### 37. SEGMENT INFORMATION (CONT'D)

#### (a) Major business segments (cont'd)

2009	Construction RM'000	Property Development RM'000	Manufacturing, trading and others RM'000	Consolidation adjustments RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	47,439	19,179	17,748	-	84,366
Inter-segment sales	810	-	917	(1,727)	-
Total revenue	48,249	19,179	18,665	(1,727)	84,366
<b>Result</b>					
Segment result					
- Operating (loss) / profit	(4,769)	601	(2,718)	-	(6,886)
Allowance for doubtful debts	(928)	-	-	-	(928)
Interest expense	(31)	(151)	(5,310)	-	(5,492)
Interest income	33	26	26	-	85
Income taxes	-	2,122	(70)	-	2,052
Loss after taxation					(11,169)
Minority interest					(40)
Net loss for the financial year					(11,209)
<b>Other information</b>					
Segment Assets	141,497	86,118	35,804	-	263,419
Tax recoverable					2,268
Consolidated total assets					265,687
Segment liabilities	(44,082)	(6,984)	(26,913)	-	(77,979)
Taxation					(24,281)
Deferred taxation					(9,441)
Unallocated corporate liabilities					(515)
Consolidated total liabilities					(112,216)
Capital expenditure	96	7	15	-	118
Depreciation	378	216	68	-	662
Non-cash expenses other than depreciation	4,795	5,097	3,579	-	13,471

### 37. SEGMENT INFORMATION (CONT'D)

#### (b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	107,064	84,366	65,692	62,849
Hong Kong	-	-	1	2
	<u>107,064</u>	<u>84,366</u>	<u>65,693</u>	<u>62,851</u>

Non-current assets information presented above consist of the following items as presented on the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Property, plant and equipment	4,558	4,861
Land held for property development and property development costs	61,135	57,990
	<u>65,693</u>	<u>62,851</u>

### 38. CONTINGENCIES

	COMPANY	
	2010 RM'000	2009 RM'000
<u>Unsecured:</u>		
Corporate guarantees issued in favour of financial institutions for credit facilities granted to a subsidiary	<u>7,105</u>	<u>-</u>

### 39. COMMITMENT

On 4 July 1996, the Group entered into a conditional share subscription agreement with Samaworld (Malaysia) Sdn. Bhd. (SMSB) and Samaworld Theme Hotel Sdn. Bhd. (SWTH) with the view to develop a hotel on the piece of land owned by SWTH. The agreement provides for the Group to subscribe to 17.5 million new shares of RM 1.00 each representing 70% equity interest of the enlarged issued and paid-up capital in SWTH for a subscription price of RM 17.5 million. To date, the Group has subscribed to a total of 7,867,821 ordinary shares of RM 1.00 each in SWTH at par.

In March 2003, Official Receiver has been appointed to take over the management of SMSB.

## 40. FINANCIAL INSTRUMENTS

### (i) Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, including credit risk, interest rate risk, liquidity and cash flow risk. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. Financial instruments arising from the operations of the Group comprises trade receivables, other receivables and deposits, trade payables, other payables and accruals, and borrowings. Various risk management policies are in place to control and manage risks associated with these financial instruments.

#### Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables and loans/advances to subsidiary companies.

#### *Trade receivables*

Management has a credit policy in place and manages the exposure to credit risk through the application of credit approvals, credit limits and other monitoring procedures. As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The Group generally has no significant exposure to any individual customers or counterpart nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 10.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at realisable values. The Group monitors closely the recoverability of receivables past due with more than 120 days.

The ageing of trade receivables as at the end of the reporting period was:

<b>GROUP</b>	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Net RM'000</b>
<u>2010</u>			
Not past due (including retention sum)	28,242	-	28,242
Past due 1 to 30 days	168	-	168
Past due 31 to 60 days	1,776	-	1,776
Past due 61 to 90 days	95	-	95
Past due 91 to 120 days	102	-	102
Past due more than 120 days	46,528	(36,176)	10,352
	<u>76,911</u>	<u>(36,176)</u>	<u>40,735</u>

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### (i) Financial Risk Management Objectives and Policies (Cont'd)

###### Credit Risk (cont'd)

###### *Inter company loans*

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the results of the subsidiary regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

###### Impairment losses

The Company does not specifically monitor the ageing of the advances to subsidiary companies. However, an appropriate allowance will be made subsequently if the debt-owing company's financial condition is considered not satisfactory, regardless of whether it still carries on business operation, and there is insufficient evidence to indicate that its financial condition would improve in the foreseeable future.

###### Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to deposits and debt obligations with financial institutions.

The interest rates on the Group's debt obligations are comparable to interest rates of similar instruments in the market and is managed through a fair mix of fixed and floating rate debts. The Group does not generally hedge interest rate risk as it does not invest significantly in activities that require interest rates hedging.

Fixed deposits are placed with licensed banks to satisfy conditions for bank facilities granted to the Group. Excess funds are placed with reputable banks to generate interest income. The Group manages its interest rate risk by monitoring market rates and placing such funds with varying maturity periods.

###### Exposure to interest rate risk

The interest rate profile of the Group's significant interest bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<u>Fixed rate instruments</u>				
Financial assets	36,662	840	-	90,760
Financial liabilities	(17,457)	(18,438)	-	-
	<u>19,205</u>	<u>(17,598)</u>	<u>-</u>	<u>90,760</u>
<u>Floating rate instruments</u>				
Financial liabilities	7,997	2,136	-	-

## 40. FINANCIAL INSTRUMENTS (CONT'D)

### (i) Financial Risk Management Objectives and Policies (Cont'd)

#### Interest rate risk sensitivity analysis

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### *Cash flow sensitivity analysis for variable rate instruments*

An increase/decrease of 100 basis points (bp) in interest rate at the end of the reporting period would have decrease/increase profit after tax by RM4,378. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

#### **Market Risk**

The Group's exposure to market risk arises from quoted investments held for long term purposes. As the amount involved is insignificant, exposure to market risk is minimal.

#### **Foreign Currency Exchange Risk**

The Group has a 71%-owned subsidiary company, United Golden Mile Aviation Ltd., which operates in Hong Kong and whose revenue and expenses are denominated primarily in US Dollars and Hong Kong Dollars.

As at year end, the net unhedged financial liabilities of the Group arising from this foreign entity that is not denominated in its functional currency is approximately RM5.354 million (2009: RM5.749 million).

The exposure to foreign currency risk arises from the Group's foreign entity is not material and hence, sensitivity analysis is not presented.

#### **Liquidity and Cash Flow Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its trade and other payables, amount due to holding and related companies and bank borrowings.

The Group's exposure to liquidity risk and cash flow risk is monitored on an on going basis. In the ordinary course of business, the Group practices prudent liquidity risk management by maintaining sufficient level of cash to meet its working capital requirements. The Group reviews its cash flow position regularly to manage its exposure to the fluctuations in future cash flows and balances its portfolio with short term financing so as to achieve overall cost effectiveness.



#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### (i) Financial Risk Management Objectives and Policies (Cont'd)

##### Liquidity and Cash Flow Risk (cont'd)

##### *Maturity analysis:*

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments is as follows:

<b><u>GROUP</u></b>	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
<b>2010</b>						
Hire purchase payables	599	4% - 7.8%	689	165	151	373
Bank overdraft	892	8.55%	892	892	-	-
Term and bridging loans 5 year 3% redeemable convertible secured loans stocks 2007/2012	7,105	7.30%	8,839	-	-	8,839 **
Trade and other payables	16,858	3%	15,000	-	15,000	-
Amount due to related parties	34,116	-	34,116	34,116	-	-
	176	-	176	176	-	-
	<u>59,746</u>		<u>59,712</u>	<u>35,349</u>	<u>15,151</u>	<u>9,212</u>
<b><u>COMPANY</u></b>	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
<b>2010</b>						
Other payables	58	-	58	58	-	-
Amount due to inter-companies	7,950	-	7,950	7,950	-	-
	<u>8,008</u>		<u>8,008</u>	<u>8,008</u>	<u>-</u>	<u>-</u>

\*\* The term and bridging loans are repayable within 36 months from date they were first disbursed. The repayment amount varies according to the sales value of the development project by way of redemption settlement. For the purpose of maturity profile's disclosure, the repayment of these loans are assumed to take place at the 36<sup>th</sup> month after disbursement.

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### (ii) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the end of the reporting period approximated their fair values.

Financial instruments not recognised in the statements of financial position of the Group as at the end of the financial year are disclosed in Note 38: Contingencies. The fair value of the financial guarantee provided by the Company is considered immaterial.

The methods and assumptions used to determine the estimated fair values of financial assets and liabilities are as follows:

- (i) bank overdrafts, cash equivalents, other receivables, payables, amounts due by/to inter-companies and related parties with a maturity period of less than one year - carrying value at the end of the reporting period due to their relatively short term maturity.
- (ii) borrowings other than bank overdrafts - carrying value at the end of the reporting period due to its floating interest rates.
- (iii) amount due by related parties with maturity period of more than one year - present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

#### 41. CAPITAL MANAGEMENT

The Group's and Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the Group and the Company net gearing (times). The Group's and the Company's net gearing (times) is calculated as net debts divided by total capital. Net debts are calculated as borrowings plus trade and other payables less cash and cash equivalent. Total capital refers to capital employed under equity.

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net debts	88,566	74,267	26,030	25,666
Total capital	251,959	88,306	251,959	88,306
Net gearing (times)	0.35	0.84	0.10	0.29

## **42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES**

### **(a) FRS 7 Financial Instruments: Disclosures**

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's financial statements for the year ended 31 December 2010.

### **(b) FRS 8 Operating Segments**

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously, operating segments were determined and presented in accordance with FRS 114<sub>2004</sub>, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

### **(c) FRS 101 Presentation of Financial Statements (Revised)**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 41).

The revised FRS 101 was adopted retrospectively by the Group.

## **43. DATE OF AUTHORISATION FOR ISSUE**

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 28 April 2011.

#### 44. SUPPLEMENTARY INFORMATION-BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2010 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>GROUP 2010 RM</b>	<b>COMPANY 2010 RM</b>
Total accumulated losses the Company and its subsidiaries		
- Realised	(420,067)	(201,335)
- Unrealised	(16)	-
	<hr/>	<hr/>
	(420,083)	(201,335)
Consolidation adjustments	238,971	-
	<hr/>	<hr/>
Accumulated losses as per financial statements	<u>(181,112)</u>	<u>(201,335)</u>

## **ADDITIONAL DISCLOSURE REQUIREMENTS**

### **Utilization of Proceeds**

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2010.

### **Share Buy-Backs**

During the financial year, the Company did not enter into any share buy-backs transactions.

### **Options, Warrants or Convertible Securities**

No options, warrants or convertible securities were exercised by the Company in the financial year.

### **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

### **Sanctions or Penalties**

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

### **Non-Audit Fees**

There was no non-audit fee paid/payable to the external auditors by the Group during the financial year.

### **Variation in Results, Profit Estimates or Projection**

The Company did not release any profit estimate, forecast, or projection for the financial year.

### **Profit Guarantee**

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

### **Material Contract Involving Directors' and Major Shareholders' Interest**

There was no material contract entered into by the Company and its subsidiaries which involved Directors' and/or major shareholders' interests subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

### **Revaluation Policy on Landed Properties**

The Company has not adopted a policy of regular revaluation of its landed properties and does not have any revaluation done on the landed properties.

### **Recurrent Related Party Transactions**

There was no recurrent related party transaction during the financial year ended 31 December 2010 other than those disclosed in the financial statement.

### **Corporate Social Responsibility (CSR)**

The Group continues to play its role as a caring and responsible corporate citizen by contributing generously towards community services and sponsorship programmes.

The Group also remains committed to ensuring the occupational safety and health of all employees at their workplace through increased awareness, accountability and continual training geared towards the conduct of all activities in an environmentally responsible, safe and healthy manner.

**ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2011****1. TYPE OF SECURITIES – ORDINARY SHARES****SHARE CAPITAL**

<b>Authorised Share Capital</b>	<b>: RM500,000,000.00</b>
<b>Issued and Paid-up Share Capital</b>	<b>: RM251,958,956.00</b>
<b>Type of Securities</b>	<b>: Ordinary shares of RM1.00 each</b>
<b>Voting Rights</b>	<b>: One vote per ordinary share</b>

**DISTRIBUTION OF SHAREHOLDINGS**

<b>Range of Shareholdings</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares</b>	<b>% of Shares</b>
Less than 100	180	5.69	7,768	0.00
100 to 1,000	968	30.61	717,291	0.29
1,001 to 10,000	1,289	40.77	4,761,170	1.89
10,001 to 100,000	577	18.25	22,224,776	8.82
100,001 to less than 5% of issued shares	144	4.55	121,033,771	48.04
5% and above of issued shares	4	0.13	103,214,180	40.96
<b>Total</b>	<b>3,162</b>	<b>100.00</b>	<b>251,958,956</b>	<b>100.00</b>

**SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)  
(as shown in the Register of Substantial Shareholders)**

<b>Name of Shareholders</b>	<b>No. of Shares Held or Beneficiary Interested In</b>	<b>Deemed Interest</b>
1. Cygal Holdings Sdn Bhd	*24,370,354 (9.67%)	-
2. Dato' Seow Yong Chin	**18,826,145 (7.47%)	#26,298,798 (10.44%)
3. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	***3,989,913 (1.58%)	@24,370,354 (9.67%)
4. Datuk Bujang Bin Buyong @ Jislen Bin Bagong, JP	-	@24,370,354 (9.67%)
5. Sungai Kasa Sdn Bhd	14,975,475 (5.94%)	-
6. Koh Gaik June	-	+14,975,475 (5.94%)
7. Suzanna Binti Mohd Nor	-	+14,975,475 (5.94%)
8. A. Malik Bin Munadi	-	+14,975,475 (5.94%)

\* All held through various nominee companies.

\*\* Of which 10,000,000 ordinary shares are held through nominee companies.

\*\*\* Of which 3,985,413 ordinary shares are held through various nominee companies.

# Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.

@ Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd.

+ Deemed interest through their shareholdings exceeding 15% in Sungai Kasa Sdn Bhd.

**ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2011 (cont'd)****THIRTY LARGEST SHAREHOLDERS****(without aggregating the securities from different securities accounts belonging to the same Depositor)**

	<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1.	Cimsec Nominees (Tempatan) Sdn Bhd Pengurusan Danaharta Nasional Berhad	49,771,744	19.75
2.	Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd	23,499,199	9.33
3.	Sungai Kasa Sdn Bhd	14,975,475	5.94
4.	Waste Environment Services Sdn Bhd	14,967,762	5.94
5.	Flora Luxury Sdn Bhd	10,481,154	4.16
6.	ECML Nominees (Tempatan) Sdn Bhd Cygal Holdings Sdn Bhd (PA-Mr. Yip Fook Thai)	10,000,000	3.97
7.	Dato' Seow Yong Chin	8,826,145	3.50
8.	Cimsec Nominees (Tempatan) Sdn Bhd Pengurusan Danaharta Nasional Berhad for Seow Yong Chin	6,777,330	2.69
9.	Cheong Sau Wah	6,579,519	2.61
10.	ECML Nominees (Tempatan) Sdn Bhd Syed Zain Al-Kudcy Bin Syed Mahmood (001)	3,256,413	1.29
11.	Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Seow Yong Chin	3,222,670	1.28
12.	PLC Credit & Factoring Sdn Bhd	3,000,834	1.19
13.	UOBM Nominees (tempatan) Sdn Bhd United Overseas Bank (Malaysia) Bhd	2,921,312	1.16
14.	HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Cygal Holdings Sdn Bhd (HLFCHSB/104)	2,599,500	1.03
15.	Ng Yeow Yin	2,297,879	0.91
16.	Amanah International Finance Sdn Bhd	2,265,696	0.90
17.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Seow Yong Chin (MDTS)	2,115,000	0.84
18.	Yeo Kian	2,084,550	0.83
19.	Cygal Holdings Sdn Bhd	1,928,044	0.77
20.	Ital-Pacific Development Sdn Bhd	1,785,000	0.71
21.	ECML Nominees (Tempatan) Sdn Bhd Lau Ing Keh (001)	1,633,250	0.65
22.	Wong Siew Ting	1,542,150	0.61
23.	Kek Hing Kok	1,502,500	0.60
24.	Visefare Villa Sdn Bhd	1,376,656	0.55

**ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2011 (cont'd)**

Name	No. of Shares	%
25. Tan Chai Tin	1,342,875	0.53
26. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Lee Foon (E-SS2)	1,226,350	0.49
27. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Cygal Holdings Sdn Bhd (01-00199-000)	1,175,250	0.47
28. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Seow Yong Chin	1,174,500	0.47
29. ECML Nominees (Tempatan) Sdn Bhd Rohizir Bin Abdul Rashid (PA Chong Pho Onn 001)	1,170,942	0.46
30. Cimsec Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Geok Wah (B BRKLANG-CL)	1,093,800	0.43
	<b>186,593,499</b>	<b>74.06</b>

**2. TYPE OF SECURITIES – 2007/2012 WARRANTS**

Number in issue : **25,000,000**  
Voting Rights : **One vote per warrant**

**DISTRIBUTION OF WARRANT HOLDINGS**

Range of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	10	4.81	487	0.00
100 to 1,000	32	15.38	28,451	0.11
1,001 to 10,000	137	65.87	514,555	2.06
10,001 to 100,000	23	11.06	695,549	2.78
100,001 to less than 5% of issued warrants	5	2.40	1,841,228	7.37
5% and above of issued warrants	1	0.48	21,919,730	87.68
<b>Total</b>	<b>208</b>	<b>100.00</b>	<b>25,000,000</b>	<b>100.00</b>



**ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2011 (cont'd)****THIRTY LARGEST WARRANT HOLDERS****(without aggregating the securities from different securities accounts belonging to the same Depositor)**

	<b>Name</b>	<b>No. of Warrants</b>	<b>%</b>
1.	Cygal Holdings Sdn Bhd	21,919,730	87.68
2.	Flora Luxury Sdn Bhd	1,000,000	4.00
3.	Soh Kok Heng	500,450	2.00
4.	Kek Hing Kok	114,750	0.46
5.	Su An Lee	113,028	0.45
6.	Lee Hong Sang	113,000	0.48
7.	Wong Sing Siew	65,100	0.26
8.	Pang Swee Chien	65,000	0.26
9.	Pang Swee Chien	49,800	0.20
10.	Eu Mui @ Ee Soo Mei	48,900	0.20
11.	Tan Chun Ming	42,857	0.17
12.	Tan Sui Lan	40,714	0.16
13.	Khalid Bin Mohamad	37,000	0.15
14.	Ooi Say Inn	35,000	0.14
15.	Yim Fook Seng	32,500	0.13
16.	Chai Choon Seng	30,000	0.12
17.	Loh Shook Kim	30,000	0.12
18.	Ng Kim Lian	30,000	0.12
19.	Ng Kean Yee	26,000	0.10
20.	Mayban Securities Nominees (Tempatan) Sdn Bhd <Pledged securities account for Tan See Kau>	24,000	0.10
21.	Gan Ah You	20,000	0.08
22.	Law King Boon @ Lau Keng Boon	20,000	0.08
23.	Liaw Huat Hin	17,500	0.07
24.	Meenalosini A/P C Muthuthamby	17,500	0.07
25.	Siew Kok Hoong	15,428	0.06
26.	Teoh Boon Han @ Teong Boon Hong	13,750	0.06
27.	Tan Ching Han	13,000	0.05
28.	Kamarul Idrus Bin Adar Ali	11,000	0.04
29.	Poh Chee Seng	10,500	0.04
30.	Affin Nominees (Tempatan) Sdn Bhd < Pledged securities account for Alvin Lee Kae Shyuan>	10,000	0.04
		<b>24,466,507</b>	<b>97.87</b>

**ANALYSIS OF EQUITY AND CONVERTIBLE SECURITIES AS AT 30 APRIL 2011 (cont'd)****3. TYPE OF SECURITIES – RCSLS 2007/2012**

Number in issue : 83,290,604  
Voting Rights : One vote per RCSLS

**DISTRIBUTION OF RCSLS HOLDINGS**

<b>Range of RCSLS Holdings</b>	<b>No. of RCSLS Holders</b>	<b>% of RCSLS Holders</b>	<b>No. of RCSLS</b>	<b>% of RCSLS</b>
Less than 100	0	0	0	0
100 to 1,000	0	0	0	0
1,001 to 10,000	0	0	0	0
10,001 to 100,000	0	0	0	0
100,001 to less than 5% of issued RCSLS	8	72.73	10,572,091	12.69
5% and above of issued RCSLS	3	27.27	72,718,513	87.31
<b>Total</b>	<b>11</b>	<b>100.00</b>	<b>83,290,604</b>	<b>100.00</b>

**LIST OF RCSLS HOLDERS**

(without aggregating the securities from different securities accounts belonging to the same Depositor)

<b>Name</b>	<b>No. of RCSLS</b>	<b>%</b>
1. Pengurusan Danaharta Nasional Berhad	40,806,001	48.99
2. Malayan Banking Berhad	18,856,650	22.64
3. HSBC Bank Malaysia Berhad	13,055,862	15.68
4. Hong Leong Bank Berhad	2,385,443	2.86
5. OCBC Bank (M) Berhad	1,914,569	2.30
6. PLC Credit and Factoring Sdn Bhd	1,710,259	2.05
7. United Overseas Bank (Malaysia) Bhd	1,591,847	1.91
8. Amanah International Finance Sdn Bhd	1,254,871	1.51
9. AmBank (M) Berhad	1,147,967	1.38
10. RHB Bank Berhad	384,698	0.46
11. AmBank (M) Berhad	182,437	0.22
	<b>83,290,604</b>	<b>100.00</b>

## STATEMENT OF DIRECTORS' INTERESTS AS AT 30 APRIL 2011

(i) Interest in the Company

**Ordinary Shares of RM1.00 each**

Name of Directors	No. of Ordinary Shares of RM1.00 each	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	*18,826,145 (7.47%)	#26,298,798 (10.44%)
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	**3,989,913 (1.58%)	@24,370,354 (9.67%)
5. Dato' Abdul Raman Bin Suliman	-	-
6. Dato' Jaffar Indot	-	-
7. Siaw Sat Lin	-	-

\* Of which 10,000,000 ordinary shares are held through nominee companies.

\*\* Of which 3,985,413 ordinary shares are held through various nominee companies.

# Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.

@ Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd.

**2007/2012 Warrants**

Name of Directors	No. of Warrant	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	-	#21,919,730 (87.68%)
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	#21,919,730 (87.68%)
5. Dato' Abdul Raman Bin Suliman	-	-
6. Dato' Jaffar Indot	-	-
7. Siaw Sat Lin	-	-

# Deemed interest through their shareholdings exceeding 15% in Cygal Holdings Sdn Bhd

**RCSLS 2007/2012**

Name of Directors	No. of RCSLS	
	<u>Direct Interest</u>	<u>Deemed Interest</u>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	-	-
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	-	-
5. Dato' Abdul Raman Bin Suliman	-	-
6. Dato' Jaffar Indot	-	-
7. Siaw Sat Lin	-	-

**(ii) Interest in Related Company**

Other than as disclosed below, there are no other Directors of the Company who have interest, direct or indirect, in company related to Sycal Ventures Berhad:-

- (a) Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood are deemed to be interested to the extent of the number of shares held by the Company in its subsidiary companies by virtue of their direct and indirect shareholding in the Company. List of subsidiary companies of the Company and effective equity interest held is as detailed in Note 5 of the Notes to the Accounts in page 51 of this Annual Report.
- (b) Shareholdings of Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood in Cygal Holdings Sdn Bhd, a substantial shareholder holding 24,370,354 ordinary shares or 9.67% equity interest in the Company as at 30 April 2011, are as disclosed below:-

Name	No. of Shares held	
	<u>Direct</u>	<u>Deemed Interest</u>
1. Dato' Seow Yong Chin	450,000 (30.00%)	-
2. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	385,998 (25.73%)	-

**LIST OF TOP 10 PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2010**

<b>Location</b>	<b>Tenure</b>	<b>Land area</b>	<b>Description</b>	<b>Age of Property</b>	<b>Existing Use</b>	<b>NBV @ 31.12.2010 (RM'000)</b>	<b>Date of Acquisition</b>
<b><u>Federal Territory</u></b>							
Lot 4.21, 4 <sup>th</sup> Floor, Plaza Prima, 4 ½ Mile, Old Klang Road, 58200 Kuala Lumpur	Freehold	6,029 sq ft	Commercial + Office building	15½ years	Office	872	12 August 1994
<b><u>Johor</u></b>							
CT 13811, Lot 6019, Mukim of Senai-Kulai District of Johor Bahru	Freehold	5.37 acres	Development land	-	Development	5,179 Note (1)	6 September 1997
PTD 43282 (HSD 234582) Mukim of Senai-Kulai District of Johor Bahru	Freehold	4.114 acres	Commercial Land	-	Commercial	1,151	9 December 1993
Lot 43428, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	4,950 sq. ft	3-storey shopoffice	10 years	Rented out	516	Note (3)
Lot 43436, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	4,950 sq. ft	3-storey shopoffice	10 years	Rented out	516	Note (3)
Lot 43400, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	10,830 sq. ft	3-storey shopoffice	10 years	Rented out	517	Note (3)
Lot 43401, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	4,950 sq. ft	3-storey shopoffice	10 years	Rented out	516	Note (2)

**LIST OF TOP 10 PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2010 (cont'd)**

<b>Location</b>	<b>Tenure</b>	<b>Land area</b>	<b>Description</b>	<b>Approximate age of building</b>	<b>Existing Use</b>	<b>NBV @ 31.12.2010 (RM'000)</b>	<b>Date of Acquisition</b>
<b><u>Johor (cont'd)</u></b>							
Lot 43387, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	3,300 sq. ft	2-storey shopoffice	10 years	Vacant	378	Note (3)
Lot 43388, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	3,300 sq. ft	2-storey shopoffice	10 years	Rented out	378	Note (3)
Lot 43399, Taman Teratai Mukim of Senai Kulai District of Johor Bahru	Freehold	3,300 sq. ft	2-storey shopoffice	10 years	Rented out	378	Note (3)

Note (1) : This land was charged in favour of Pacific Trustees Berhad, in its capacity as security trustee of the RCSLS holders, as security for the Company's obligations to pay the minimum redemption amount of RM15 million of the RCSLS on the maturity date.

Note (2) : These properties were completed in September 1999 by Sycalland Development Sdn. Bhd., a wholly-owned subsidiary company.

Note (3) : These properties were completed in September 1999 by Sycalland Development Sdn. Bhd. and were charged to licensed financial institutions for bank guarantee facilities granted.

**PROXY FORM**

**SYCAL VENTURES BERHAD**  
(547651-U)

<b>No. of shares held</b>	
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I/We, .....  
(Company/NRIC/Passport No. ....) of .....  
.....  
being a Member of the abovenamed Company, hereby appoint .....  
..... (NRIC/Passport No. ....)  
of .....  
or failing him, .....  
(NRIC/Passport No. ....) of .....  
.....  
as my/our proxy to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company, to be held at Pearl International Hotel, Room Swan II, 7<sup>th</sup> Floor, 5<sup>th</sup> Miles, Old Klang Road, 58000 Kuala Lumpur on the 30<sup>th</sup> day of June, 2011 at 9.00 a.m., and at any adjournment thereof as indicated:-

No.	Resolutions	For	Against
1.	Receive of Audited Financial Statements and Reports of the Directors and Auditors		
2.	Re-election of Mr Chin Kok Wah as Director		
3.	Re-election of Mr Siaw Sat Ling as Director		
4.	Re-appointment of Dato' Jaffar Indot as Director		
5.	Ratify and approve Directors' fee for financial year ended 31 December 2010		
6.	Re-appointment of Messrs. SC Associates as Auditors and to authorise the Directors to fix their remuneration		

Please indicate with a cross ("X") in the appropriate box against each Resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he think fit.

Signed this ..... day of ....., 2011.

.....  
Signature / Common Seal of Member

**Notes:-**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.