

Financial Statements



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Directors' Report

for the year ended 30 June 2005

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and property investment, whilst the principal activities of the subsidiaries are as stated in Note 31 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	27,569	15,941

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 4% less tax at 28% totalling RM13,137,000 in respect of the year ended 30 June 2004 on 31 January 2005; and
- ii) an interim dividend of 2% less tax at 28% totalling RM6,568,000 in respect of the year ended 30 June 2005 on 29 April 2005.

The Directors recommend a final dividend of 2% less tax at 28% totalling RM6,568,000 for the current financial year.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Dr. Haji Dzulkarnain bin Shafiee
 Wong Ah Chiew
 Wong Chong Shee
 Khor Chai Moi
 Dato' Mohamed Tarmizi bin Mohd. Tahir
 YM Ungku Haji Mohd. Afandi bin Suleiman
 Au Chun Choong
 Mohamed Zain bin Mohamed Yusoff (appointed on 26 August 2005)

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

DIRECTORS OF THE COMPANY (CONT'D)

Company	Number of ordinary shares of RM1.00 each			
	At 1.7.2004	Bought	Sold	At 30.6.2005
Direct interest:				
Dato' Dr. Haji Dzulkarnain bin Shafiee	11,000	53,000	-	64,000
Wong Ah Chiew	1,608,000	2,376,000	(1,608,000)	2,376,000
Wong Chong Shee	1,100,000	200,000	-	1,300,000
Khor Chai Moi	15,698,121	-	-	15,698,121
Indirect interest:				
Dato' Dr. Haji Dzulkarnain bin Shafiee *	53,000	-	-	53,000
Wong Ah Chiew **	89,744,081	2,812,200	(2,376,000)	90,180,281
Khor Chai Moi ***	24,343,405	86,840,081	-	111,183,486

The Directors' interests in options pursuant to Employees' Share Option Scheme are set out below:

Company	Number of options over ordinary shares of RM1.00 each			
	At 1.7.2004	Offered and accepted	Lapsed/ Expired	At 30.6.2005
Dato' Dr. Haji Dzulkarnain bin Shafiee	800,000	-	(800,000)	-
Wong Ah Chiew	640,000	-	(640,000)	-
Wong Chong Shee	640,000	-	(640,000)	-
Khor Chai Moi	640,000	-	(640,000)	-

The holdings and deemed holdings in the warrants of the Company of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

Company	Number of Warrants A			
	At 1.7.2004	Bought	Sold	At 30.6.2005
Direct interest:				
Dato' Dr. Haji Dzulkarnain bin Shafiee	108,708	-	-	108,708
Wong Ah Chiew	1,135,890	-	-	1,135,890
Khor Chai Moi	1,307,965	-	(1,307,900)	65
Indirect interest:				
Wong Ah Chiew ****	7,883,234	-	(415,000)	7,468,234
Khor Chai Moi *****	2,097,973	7,883,234	(2,512,827)	7,468,380

Directors' Report

for the year ended 30 June 2005

DIRECTORS OF THE COMPANY (CONT'D)

Company	Number of Warrants B			At 30.6.2005
	At 1.7.2004	Bought	Sold	
Direct interest:				
Dato' Dr. Haji Dzulkarnain bin Shafiee	2,000	2,000	-	4,000
Wong Ah Chiew	402,000	-	-	402,000
Wong Chong Shee	33	-	-	33
Khor Chai Moi	8,581,199	-	-	8,581,199
Indirect interest:				
Wong Ah Chiew ****	31,593,392	-	-	31,593,392
Khor Chai Moi ***	4,927,470	31,615,392	(4,000)	36,538,862

* By virtue of shares held through nominees

** By virtue of shares held by Dindings Consolidated Sdn. Bhd. and through nominees

*** By virtue of shares/warrants held by Dindings Consolidated Sdn. Bhd., Ladang Setia Sdn. Bhd., family members and through nominees

**** By virtue of warrants held by Dindings Consolidated Sdn. Bhd.

***** By virtue of warrants held by Dindings Consolidated Sdn. Bhd., Ladang Setia Sdn. Bhd. and family members

By virtue of their interests in the shares of the Company, Wong Ah Chiew and Khor Chai Moi are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

The deemed interest of Wong Ah Chiew and Khor Chai Moi in the shares of non wholly-owned subsidiaries of the Company as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.7.2004	Bought	Sold	At 30.6.2005
Damai Laut Golf Resort Sdn. Bhd.	29,500,000	-	-	29,500,000
Swiss-Garden Rewards Sdn. Bhd.	70,000	-	-	70,000

	Number of ordinary shares of 10.00 Thai Baht each			
	At 1.7.2004	Bought	Sold	At 30.6.2005
PJDCI Co., Ltd.	-	242,500	-	242,500
PJDC Co., Ltd.	-	14,925,000	-	14,925,000

	Number of redeemable preference shares of RM1.00 each			
	At 1.7.2004	Bought	Sold	At 30.6.2005
Damai Laut Golf Resort Sdn. Bhd.	-	20,000,000	-	20,000,000

None of the other Directors holding office at 30 June 2005 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of warrants and the Employees' Share Option Scheme.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

(a) *Employees' Share Option Scheme*

At an Extraordinary General Meeting held on 16 June 1999, the shareholders of the Company approved a new Employees' Share Option Scheme ("ESOS") upon expiry of the previous scheme on 29 March 1999. This was subsequently approved by the relevant authorities.

Under this new ESOS, which became effective for a period of 5 years from 13 August 1999, the aggregate number of options exercised during the previous scheme amounting to 1,981,000 options and the options to be exercised under the new scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.

The options offered and accepted under the ESOS and the remaining outstanding options as at 30 June 2005 are as follows:

Date of offer	Option Price	Number of options over ordinary shares of RM1.00 each				
		Balance at 1.7.2004	Offered and accepted	Lapsed/ Expired	Exercised	Balance at 30.6.2005
17.08.1999	RM1.06	12,890,800	-	(12,890,800)	-	-
07.07.2000	RM1.06	1,160,000	-	(1,160,000)	-	-
06.06.2002	RM1.00	2,083,200	-	(2,083,200)	-	-
09.08.2002	RM1.00	1,038,000	-	(1,038,000)	-	-

The options expired on 12 August 2004.

The salient features of the ESOS were as follows:

- i) Eligible employees and Executive Directors were those who had been confirmed in service as employees of the Group for at least twelve months prior to the date of the offer and full time Executive Directors of the Group. Where the employee was serving under a fixed term contract of employment, the contract should be for a duration of at least 3 years. Executive Directors or eligible employees who had participated under an earlier scheme might be allowed to participate in this new scheme subject to them having completed at least 5 years of continuous service in the Company.
- ii) The option was personal to the grantee and was non-assignable.
- iii) The option price should be determined by the average of the mean market quotation of the Company's ordinary shares as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever was higher.
- iv) The options granted might be exercised at anytime within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing to the Company.
- v) The options granted might be exercised according to the following scale provided that the numbers to be exercised were in multiples of 1,000 ordinary shares:

Year of the option period	Cumulative % of the maximum entitlement
1	20
2	40
3	60
4	80
5	100

The persons to whom the options had been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

Directors' Report

for the year ended 30 June 2005

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

(b) Warrants

i) Warrants A

On 8 November 1995, the Company issued RM150,000,000 nominal amount of bonds together with 104,244,681 detachable warrants to the primary subscriber.

On 13 November 1995, the primary subscriber offered for sale 104,244,681 warrants to the shareholders at an offer price of RM0.406 per warrant on the basis of two (2) warrants for every five (5) ordinary shares held after the bonus issue and rights issue entitlement, with the balance thereof to be allocated to applicants for excess warrants.

These warrants confer upon the registered holder the right at any time on or after 8 November 1995 but not later than 5.00 p.m. on 7 May 2000 to subscribe for an equal number of ordinary shares ("New Shares") of RM1.00 each in the Company at the Exercise Price of RM2.00 for each New Share or such adjusted price as may for the time being be applicable subject to the Deed Poll dated 17 October 1995 and the Supplemental Deed Poll dated 20 March 1998 and the Conditions set out therein.

On 18 November 1998, the Board announced that the Company proposed an extension of the Company's warrants from 4 years 6 months to 10 years, therefore extending the expiry date from 7 May 2000 to 7 November 2005 (or if 7 November 2005 shall not be a Market Day, on the first Market Day immediately preceding 7 November 2005). This was subsequently approved by the relevant authorities and a second Supplemental Deed Poll was executed on 1 July 1999. Adjustments were made to the number and exercise price of outstanding Warrants A pursuant to the Rights Issue which was completed on 31 October 2000. Accordingly, an additional 6,634,521 new Warrants A were issued. The exercise price was revised from RM2.00 to RM1.87 in accordance with the Deed Poll.

As at 30 June 2005, 110,866,659 Warrants A had yet to be converted to ordinary shares.

ii) Warrants B

Pursuant to the Rights Issue which was completed on 31 October 2000, the Company issued 171,049,587 new ordinary shares of RM1.00 each at par together with 114,032,898 detachable warrants ("Rights Warrants") at no cost on the basis of three (3) Rights Shares together with two (2) Rights Warrants attached thereto for every five (5) existing ordinary shares of RM1.00 each held.

The exercise price of each Rights Warrant shall be RM1.10 per ordinary share for the first five (5) years of the exercise period and RM1.20 thereafter for the subsequent five (5) years or such adjusted price as may for the time being be applicable subject to the Deed Poll dated 14 August 2000. The exercise period shall commence from the date of issue of the Rights Warrants and will expire on 29 October 2010 at 5.00 p.m..

As at 30 June 2005, 114,032,898 Warrants B had yet to be converted to ordinary shares.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

OTHER STATUTORY INFORMATION (CONT'D)

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that 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:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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, except for the effect arising from the change in accounting policy as further disclosed in Note 33 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 30 June 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

Dato' Dr. Haji Dzulkarnain bin Shafiee

Wong Ah Chiew

Kuala Lumpur,

7 October 2005

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 44 to 87 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Dato' Dr. Haji Dzulkarnain bin Shafiee

Wong Ah Chiew

Kuala Lumpur,

7 October 2005

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Yap Yoon Kong**, the officer primarily responsible for the financial management of PJ Development Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 87 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 by the above named in Kuala Lumpur on 7 October 2005.

Yap Yoon Kong

Before me:

Teong Kian Meng (W147)
Commissioners for Oaths
Kuala Lumpur

Report of the Auditors to the members of PJ Development Holdings Berhad

We have audited the financial statements set out on pages 44 to 87. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 30 June 2005 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors and those consolidated using management financial statements are identified in Note 31 to the financial statements and we have considered their management financial statements and financial statements and the auditors' reports thereon, where applicable.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub section (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Tang Seng Choon
Partner
Approval Number: 2011/12/05(J)

Kuala Lumpur,

7 October 2005

Balance Sheets

at 30 June 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	2	458,811	477,617	2,445	2,299
Investments in subsidiaries	3	-	-	425,857	186,517
Investments in associates	4	30,287	2	-	-
Other investments	5	52,622	76,007	-	-
Land held for property development	6	142,817	153,003	-	-
Amount due from subsidiaries	7	-	-	250,422	473,545
Intangible assets	8	7,262	7,909	-	-
Trade and other receivables	9	11,350	9,692	-	-
Deferred tax assets	17	2,781	3,167	-	-
		705,930	727,397	678,724	662,361
Current assets					
Inventories	10	31,799	32,722	-	-
Property development costs	11	105,937	93,835	-	-
Trade and other receivables	9	177,035	155,801	269	318
Tax recoverable		7,648	6,345	5,862	5,074
Cash and cash equivalents	12	31,333	36,142	75	134
		353,752	324,845	6,206	5,526
Current liabilities					
Trade and other payables	13	122,037	107,056	791	1,464
Borrowings	14	107,038	120,728	47,554	40,225
Taxation		5,264	5,431	-	-
		234,339	233,215	48,345	41,689
Net current assets/(liabilities)		119,413	91,630	(42,139)	(36,163)
		825,343	819,027	636,585	626,198
Financed by:					
Capital and reserves					
Share capital	15	456,132	456,132	456,132	456,132
Reserves	16	250,059	254,524	79,575	83,339
		706,191	710,656	535,707	539,471
Minority Shareholders' Interest		250	-	-	-
Long term and deferred liabilities					
Amount due to subsidiaries	7	-	-	57,753	47,352
Trade and other payables	13	23,630	19,351	-	-
Borrowings	14	85,292	78,922	43,125	39,375
Deferred tax liabilities	17	9,980	10,098	-	-
		118,902	108,371	100,878	86,727
		825,343	819,027	636,585	626,198

The financial statements were approved and authorised for issue by the Board of Directors on 7 October 2005.

The notes set out on pages 50 to 87 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements

for the year ended 30 June 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	18	409,856	354,296	38,381	24,679
Operating profit	18	41,643	39,562	25,228	22,143
Financing costs	20	(8,443)	(11,898)	(6,471)	(5,946)
Interest income	21	1,681	1,359	3,508	4,784
Share of profit of associates		1,291	-	-	-
Profit before taxation		36,172	29,023	22,265	20,981
Tax expense	22	(8,603)	(8,764)	(6,324)	(6,839)
Profit after taxation		27,569	20,259	15,941	14,142
Less: Minority interests		-	(755)	-	-
Net profit for the year		27,569	19,504	15,941	14,142
Basic earnings per ordinary share (sen)	23	6.04	4.28		
Dividends per ordinary share - gross (sen)	24	4.00	4.00	4.00	4.00

The notes set out on pages 50 to 87 form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Changes in Equity

for the year ended 30 June 2005

	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Total RM'000
Group							
At 1 July 2003 (as previously stated)		456,132	39,773	89,199	-	146,252	731,356
Effect of adopting FRS 201	33	-	-	-	-	(27,973)	(27,973)
At 1 July 2003 (restated)		456,132	39,773	89,199	-	118,279	703,383
Deficit on revaluation of hotel properties		-	-	(8,947)	-	-	(8,947)
Net loss not recognised in the income statement		-	-	(8,947)	-	-	(8,947)
Net profit for the year	33	-	-	-	-	19,504	19,504
Dividends -2003 first and final	24	-	-	-	-	(3,284)	(3,284)
At 30 June 2004		456,132	39,773	80,252	-	134,499	710,656
At 1 July 2004 (as previously stated)		456,132	39,773	80,252	-	163,024	739,181
Effect of adopting FRS 201	33	-	-	-	-	(28,525)	(28,525)
At 1 July 2004 (restated)		456,132	39,773	80,252	-	134,499	710,656
Impairment loss on hotel properties		-	-	(17,404)	-	-	(17,404)
Exchange differences on translation of the financial statements of associates		-	-	-	5,075	-	5,075
Net gain and loss not recognised in the income statement		-	-	(17,404)	5,075	-	(12,329)
Net profit for the year	33	-	-	-	-	27,569	27,569
Dividends -2004 first and final -2005 interim	24	-	-	-	-	(13,137) (6,568)	(13,137) (6,568)
At 30 June 2005		456,132	39,773	62,848	5,075	142,363	706,191

Note 15

	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
Company					
At 1 July 2003		456,132	39,773	32,708	528,613
Net profit for the year		-	-	14,142	14,142
Dividends - 2003 first and final	24	-	-	(3,284)	(3,284)
At 30 June 2004/1 July 2004		456,132	39,773	43,566	539,471
Net profit for the year		-	-	15,941	15,941
Dividends - 2004 first and final	24	-	-	(13,137)	(13,137)
- 2005 interim		-	-	(6,568)	(6,568)
At 30 June 2005		456,132	39,773	39,802	535,707
		Note 15		Note 16	

The notes set out on pages 50 to 87 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended 30 June 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from operating activities				
Profit before taxation	36,172	29,023	22,265	20,981
Adjustments for:				
Allowance for diminution in value of investments - quoted	-	1,890	-	-
- unquoted	-	-	10,000	-
Amortisation of goodwill on consolidation	647	647	-	-
Depreciation	13,981	13,673	131	49
Dividend income	(1,411)	(2,330)	(38,000)	(24,400)
Gain on disposal of long term quoted investments	(86)	(2,460)	-	-
Gain on disposal of property, plant and equipment	(538)	(270)	(1)	-
Interest expense	7,045	10,909	5,955	5,674
Interest income	(1,681)	(1,359)	(3,508)	(4,784)
Property, plant and equipment written off	381	379	-	-
Share of profit of associates	(1,291)	-	-	-
Operating profit/(loss) before working capital changes	53,219	50,102	(3,158)	(2,480)
Decrease/(Increase) in working capital:				
Inventories	923	9,147	-	-
Property development costs and land held for property development	2,265	9,416	-	-
Trade and other receivables	(22,892)	(41,221)	49	(110)
Trade and other payables	20,103	17,999	(673)	759
Cash generated from/(used in) operations	53,618	45,443	(3,782)	(1,831)
Income taxes paid	(8,511)	(4,954)	-	(157)
Income taxes refunded	-	-	728	-
Net cash generated from/(used in) operating activities	45,107	40,489	(3,054)	(1,988)
Cash flows from investing activities				
Proceeds from disposal of quoted investments	86	50,781	-	-
Additional investments in subsidiaries	-	-	(249,340)	(2,044)
Proceeds from disposal of property, plant and equipment	996	554	2	-
Purchase of property, plant and equipment	(17,264)	(9,044)	(278)	(123)
Purchase of investments	(534)	(18,131)	-	-
Interest received	1,681	1,359	3,508	4,784
Dividends received	1,033	1,693	30,160	17,568
Investment in associate	-	(2)	-	-
Increase in pledged deposits placed with a licensed bank	(177)	-	-	-
Compensation received on property, plant and equipment	2,087	-	-	-
Net cash (used in)/generated from investing activities	(12,092)	27,210	(215,948)	20,185

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from financing activities				
Repayments by/(advances to) subsidiaries	-	-	233,524	(15,350)
Interest paid	(11,226)	(13,728)	(5,955)	(5,674)
Dividends paid to shareholders of the Company	(19,705)	(3,284)	(19,705)	(3,284)
Proceeds from loans and other borrowings	162,113	65,235	58,700	46,600
Repayments of loans and other borrowings	(175,864)	(50,768)	(47,925)	(21,700)
Proceeds from issuance of shares to minority shareholders	250	-	-	-
Net cash (used in)/generated from financing activities	(44,432)	(2,545)	218,639	592
Net (decrease)/increase in cash and cash equivalents	(11,417)	65,154	(363)	18,789
Cash and cash equivalents at beginning of year	31,513	(33,641)	134	(18,655)
Cash and cash equivalents at end of year	20,096	31,513	(229)	134

Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances		30,730	35,864	75	134
Bank overdrafts	14	(11,060)	(4,629)	(304)	-
Deposits placed with licensed banks (excluding deposits pledged)		426	278	-	-
		20,096	31,513	(229)	134

The notes set out on pages 50 to 87 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years except for the adoption of FRS 201 Property Development Activities.

In addition to the new policy and extended disclosures where required by this new standard, the effect of change in the above accounting policy is disclosed in Note 33 to these financial statements.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Freehold land, freehold hotel properties, operating equipment of hotel properties, freehold golf course and capital work-in-progress are stated at cost/valuation and are not amortised/depreciated. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

Cost of the golf course includes freehold land cost and attributable development expenditure.

The Group revalues its hotel properties every three (3) to five (5) years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (cont'd)

Depreciation

Freehold land, freehold hotel properties, operating equipment of hotel properties, freehold golf course and capital work-in-progress are not amortised/depreciated. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Leasehold hotel properties	Over the remaining lease period of 90 years
Long term leasehold land	Over the lease period of 56 years and 96 years
Buildings and improvements	2% to 20%
Jetty and infrastructure	2%
Plant, machinery and electrical installation	5% to 20%
Motor vehicles and boats	10% to 20%
Hotel furniture, fittings and equipment	10% to 20%
Furniture, fittings and equipment	10% to 20%
Computers	20% to 30%

No depreciation is provided on freehold hotel properties. It is the Group's practice to maintain these properties in such condition that the residual value is so significant that depreciation would be irrelevant. The carrying amount of the Group's hotel properties are reviewed at each balance sheet date to determine whether there is any indication of impairment (see Note 1(n)).

The base stock of operating equipment for hotel properties is not depreciated while subsequent replacement cost is charged to the income statement. The non-depreciation of base stock together with the charging of subsequent replacement cost to the income statement has no material effect on the financial statements as compared to the capitalisation and depreciation of the operating equipment.

No depreciation is provided on golf course. The related maintenance expenditure is dealt with in the income statement.

(d) Investments

Long term investments, other than in subsidiaries and associates, are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries and associates are stated at cost in the Company less impairment loss where applicable.

Current unquoted investments are stated at the lower of cost and net realisable value while current quoted investments are stated at the lower of cost and market value on an individual investment basis.

(e) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of two to three years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of two to three years.

Land held for property development comprise cost associated with the acquisition of land and all cost incurred on activities necessary to prepare the land for its intended use prior to reclassification to property development costs.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201.

(g) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

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

(h) Intangible assets

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer Note 1(n)).

Negative goodwill represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition and is stated at cost less accumulated amortisation.

Goodwill is amortised/recognised in the income statement from the date of initial recognition over their estimated useful life of not more than twenty (20) years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Inventories

(i) *Developed properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

(ii) *Other inventories*

Raw materials, work-in-progress, manufactured inventories and spares and consumables are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. For work-in-progress and manufactured inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads. Cost of materials comprises the original cost of purchase plus the cost of bringing these inventories to their present locations and condition.

(j) Trade and other receivables

Trade and other receivables and amount due from subsidiaries are stated at cost less allowance for doubtful debts.

(k) Amount due from contract customers

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in trade and other payables as amount due to contract customers.

(l) Cash and cash equivalents

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

(m) Liabilities

Borrowings, trade and other payables and amount due to subsidiaries are stated at cost.

(n) Impairment

The carrying amount of assets, other than inventories, assets arising from construction contracts, property development costs, deferred tax assets and financial assets (the financial assets in this context do not include investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment (cont'd)

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(o) Capitalisation of borrowing costs

Borrowing costs incurred on capital work-in-progress, property development costs and land held for property development are capitalised when activities that are necessary to prepare the land for its intended sales are in progress. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific capital work-in-progress, property development costs and land held for property development, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

(p) Income tax

Tax on the profit or loss for the 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 equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising 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 and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

(ii) Financial statements of foreign operations

The Group's foreign operations are considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at historical rates of exchange. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

SGD1	RM2.25	(2004 :	SGD1	RM2.21)
AUD1	RM2.90	(2004 :	AUD1	RM2.61)
THB1	RM0.09	(2004 :	NIL)	

(r) Revenue

(i) Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered consists of the following:

(a) Hotel and golf course

Revenue from the provision of rooms, food and beverage sales from hotel operations as well as hotel management and consultancy services, green fees and buggy rental are recognised when services are rendered.

(b) Property investment and property management services

Revenue from property investment and the provision of property management services are recognised based on the rental received and receivable from property and fees chargeable to customers during the year.

(c) Management and operation of recreational club

50% of the purchase price representing enrolment fees from members joining the club are recognised as revenue upon signing of the membership agreements. The remaining 50% of the purchase price representing the advance annual fee is treated as deferred membership fees which is recognised over the membership period from date of the membership agreement until its expiry on 17 September 2016.

Subscription fees are recognised as revenue based on fees chargeable to members during the year.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue (cont'd)

(i) Goods sold and services rendered (cont'd)

(d) Management and operation of timeshare membership scheme

70% of the purchase price representing enrolment fees from members joining the vacation club are recognised as revenue upon signing of the membership agreements. The remaining 30% of the purchase price representing the advance annual fee is treated as deferred membership fees which is recognised over the membership period of either 29 years or 30 years.

Maintenance fees are recognised as revenue based on fees chargeable to members during the year.

(ii) Construction contracts

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to surveys of work performed.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

(iii) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to 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 property 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 the development units 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 immediately in the income statement.

(iv) Developed properties held for sale

Revenue from the sales of developed properties held for sale is recognised upon signing of sale and purchase agreement and when its income can be reasonably ascertained.

(v) Dividend income

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

(vi) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

(ii) Financing costs

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note 1(o), are expensed as incurred. The interest component of hire purchase liabilities, if any, is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

(t) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of the Group and the Company. 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 the absences occur.

(ii) Defined contribution plan

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

(iii) Equity and equity-related compensation benefits

The share option programme of the Company allows eligible employees of the Group and the Company to acquire shares in the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

2. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold hotel properties RM'000	Leasehold hotel properties RM'000	Freehold golf course RM'000	Freehold land RM'000	Long term leasehold land RM'000	Building and improvements RM'000	Jetty and infrastructure RM'000	Sub-total carried forward RM'000
Cost/Valuation								
At 1 July 2004	220,020	91,800	23,257	25,541	6,265	39,059	29,318	435,260
Additions	27	-	120	3,929	-	1,986	209	6,271
Disposals	-	-	-	(17)	-	-	-	(17)
Transfers	-	-	-	-	-	-	-	-
Write off	(128)	-	-	-	-	-	-	(128)
Adjustments**	-	-	(2,930)	-	-	-	-	(2,930)
At 30 June 2005	219,919	91,800	20,447	29,453	6,265	41,045	29,527	438,456

** Included in the adjustments are compensation received of RM2,087,000 and reversal of construction cost of RM843,000 upon settlement of civil suit.

Notes to the Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold hotel properties RM'000	Leasehold hotel properties RM'000	Freehold golf course RM'000	Freehold land RM'000	Long term leasehold land RM'000	Building and improvements RM'000	Jetty and infrastructure RM'000	Sub-total carried forward RM'000
Representing items at:								
Cost	-	-	20,447	29,453	6,265	41,045	29,527	126,737
Directors' valuation -2004	219,919	91,800	-	-	-	-	-	311,719
At 30 June 2005	219,919	91,800	20,447	29,453	6,265	41,045	29,527	438,456
Depreciation and impairment loss								
At 1 July 2004	-	-	-	-	557	3,733	2,539	6,829
Charge for the year	-	1,020	-	-	117	924	605	2,666
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	-
Impairment loss for the year	-	18,320	-	-	-	-	-	18,320
At 30 June 2005	-	19,340	-	-	674	4,657	3,144	27,815
Net book value								
At 30 June 2005	219,919	72,460	20,447	29,453	5,591	36,388	26,383	410,641
At 30 June 2004	220,020	91,800	23,257	25,541	5,708	35,326	26,779	428,431
Depreciation charge for the year ended 30 June 2004	-	876	-	-	72	838	598	2,384

Group	Sub-total brought forward RM'000	Plant, machinery and electrical installation RM'000	Motor vehicles and boats RM'000	Hotel furniture, fittings and equipment RM'000	Furniture, fittings and equipment RM'000	Computers RM'000	Capital work-in-progress RM'000	Total RM'000
Cost/Valuation								
At 1 July 2004	435,260	58,421	6,620	45,398	10,809	3,432	209	560,149
Additions	6,271	457	3,157	3,867	3,119	393	-	17,264
Disposals	(17)	(677)	(1,563)	(119)	(16)	(28)	-	(2,420)
Transfers	-	-	-	-	5	177	(182)	-
Write off	(128)	-	(1)	(367)	(6)	(51)	-	(553)
Adjustments	(2,930)	-	-	-	-	-	-	(2,930)
At 30 June 2005	438,456	58,201	8,213	48,779	13,911	3,923	27	571,510

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Sub-total brought forward RM'000	Plant, machinery and electrical installation RM'000	Motor vehicles and boats RM'000	Hotel furniture, fittings and equipment RM'000	Furniture, fittings and equipment RM'000	Computers RM'000	Capital work-in-progress RM'000	Total RM'000
Representing items at:								
Cost	126,737	58,201	8,213	48,779	13,911	3,923	27	259,791
Directors' valuation -2004	311,719	-	-	-	-	-	-	311,719
At 30 June 2005	438,456	58,201	8,213	48,779	13,911	3,923	27	571,510
Depreciation and impairment loss								
At 1 July 2004	6,829	35,383	4,369	27,813	5,657	2,481	-	82,532
Charge for the year	2,666	5,030	1,057	3,406	1,411	411	-	13,981
Disposals	-	(587)	(1,235)	(105)	(12)	(23)	-	(1,962)
Transfers	-	-	-	-	1	(1)	-	-
Write off	-	-	(1)	(125)	(2)	(44)	-	(172)
Impairment loss for the year	18,320	-	-	-	-	-	-	18,320
At 30 June 2005	27,815	39,826	4,190	30,989	7,055	2,824	-	112,699
Net book value								
At 30 June 2005	410,641	18,375	4,023	17,790	6,856	1,099	27	458,811
At 30 June 2004	428,431	23,038	2,251	17,585	5,152	951	209	477,617
Depreciation charge for the year ended 30 June 2004	2,384	5,595	605	3,517	1,185	387	-	13,673

Company	Building RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 July 2004	2,338	798	156	182	3,474
Additions	-	19	259	-	278
Disposals	-	(10)	-	-	(10)
Transfer	-	182	-	(182)	-
At 30 June 2005	2,338	989	415	-	3,742
Depreciation					
At 1 July 2004	309	710	156	-	1,175
Charge for the year	25	58	48	-	131
Disposals	-	(9)	-	-	(9)
At 30 June 2005	334	759	204	-	1,297
Net book value					
At 30 June 2005	2,004	230	211	-	2,445
At 30 June 2004	2,029	88	-	182	2,299
Depreciation charge for the year ended 30 June 2004	26	23	-	-	49

Notes to the Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Title deeds to the freehold land of a subsidiary and leasehold land of certain subsidiaries with a net book value of RM5,167,000 (2004 - RM5,167,000) and RM614,000 (2004 - RM626,000) respectively are in the process of being registered in the name of the subsidiaries.

Revaluation

Hotel properties are stated at Directors' valuation based on professional valuations made by Mr. S. Gopala Krishnan, a registered valuer in Azmi & Co. Sdn. Bhd., Mr. Long Tian Chek, a registered valuer in Henry Butcher Malaysia Sdn. Bhd. and En. Zaharin Bin Ahmad Zamani, a registered valuer in Knight Frank Ooi & Zaharin Sdn. Bhd., on the open market basis and cost and income approaches conducted in June 2004.

Had the hotel properties been carried at historical cost less accumulated depreciation, the carrying amount of the revalued hotel properties that would have been included in the financial statements at the end of the financial year would be RM213,324,000 (2004 - RM214,324,000).

Security

The building of the Company with net book value of RM2,004,000 (2004 - RM2,030,000) is pledged to a licensed financial institution to secure banking facilities granted to the Company.

The freehold and leasehold land and buildings of certain subsidiaries with net book value of RM38,959,000 (2004 - RM43,897,000) are pledged to licensed financial institutions to secure banking facilities granted to certain subsidiaries.

The freehold and leasehold land with buildings classified under hotel properties of certain subsidiaries with a net book value of RM219,919,000 (2004 - RM220,020,000) are pledged to licensed financial institutions to secure banking facilities granted to the Company and certain subsidiaries.

Other property, plant and equipment of a subsidiary with a net book value of RM6,607,000 (2004 - RM7,550,000) has been pledged to a licensed financial institution to secure banking facilities granted to the subsidiary.

Impairment loss

During the year, the carrying amount of leasehold hotel properties was written down by RM18,320,000 to its recoverable amount.

3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted ordinary shares - At cost	202,112	198,172
Unquoted redeemable preference shares - At cost	245,400	-
Less: Impairment loss	(21,655)	(11,655)
	425,857	186,517

Details of the subsidiaries are shown in Note 31.

4. INVESTMENTS IN ASSOCIATES

	Group	
	2005 RM'000	2004 RM'000
Unquoted shares		
- in Malaysia - At cost	2	2
- in overseas - At cost	23,919	-
Share of post-acquisition profit	1,291	-*
Exchange translation reserves	5,075	-
	30,287	2
Represented by:		
Share of net assets	52,292	2
Negative goodwill	(22,005)	-
	30,287	2

* Denotes amount less than RM1,000

The associates of the Group are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2005 %	2004 %
Sun-PJDC Sdn. Bhd.*	Securing and carrying out construction contracts	Malaysia	50.00	50.00
Equity & Property Investment Corporation Limited*	Hotel ownership, property investment, property development and equity investment	Australia	27.40	23.54

* The associates were equity accounted using management financial statements.

During the year, unquoted shares in overseas has been reclassified from other investments to investments in associates as in the opinion of the Directors, the Group is able to exercise significant influence over the associate's financial and operating policies.

Notes to the Financial Statements

5. OTHER INVESTMENTS

	Group	
	2005 RM'000	2004 RM'000
Long term - At cost		
Shares quoted:		
- in Malaysia	58,920	52,717
- in overseas	-	1,857
Warrants quoted in Malaysia	482	482
Irredeemable convertible unsecured loan stocks ("ICULS") quoted in Malaysia	-	5,735
Other investments quoted in Malaysia	2,368	2,302
	61,770	63,093
Less: Allowance for diminution in value		
Shares quoted in Malaysia	(8,047)	(8,047)
Shares quoted in overseas	-	(1,857)
Other investments quoted in Malaysia	(1,135)	(1,135)
	(9,182)	(11,039)
	52,588	52,054
Shares unquoted:		
- in Malaysia	34	34
- in overseas	-	23,919
	34	23,953
	52,622	76,007

The market value of the quoted investments is shown in Note 30.

Certain quoted investments in Malaysia with a carrying value of RM51,355,000 (2004 - RM36,884,000) have been pledged to licensed financial institutions as security for banking facilities granted to the Company.

Included in other investments are quoted investments in Malaysia in which certain Directors and close members of their families have interests.

During the year, unquoted shares in overseas has been reclassified from other investments to investments in associates as in the opinion of the Directors, the Group is able to exercise significant influence over the associate's financial and operating policies.

During the year, the Group has converted its quoted ICULS into new shares quoted in Malaysia on maturity date on the basis of one new share for every RM2.28 nominal value of ICULS.

6. LAND HELD FOR PROPERTY DEVELOPMENT

	2005	Group	2004
	RM'000		RM'000
At cost			
At beginning of year	153,003		171,295
Additions	6,637		5,816
Transfer to property development costs	(16,823)		(24,108)
At end of year	142,817		153,003
Representing:			
Land	108,570		118,390
Land development costs	34,247		34,613
	142,817		153,003

Land held for property development incurred during the financial year include:

	2005	Group	2004
	RM'000		RM'000
Interest expense	1,014		-

Interest is capitalised in land held for property development at rates ranging from 2.39% to 7.25% (2004 – 6.34% per annum).

Certain land held for property development with a carrying value of RM89,764,000 (2004 – RM99,402,000) have been pledged to a licensed bank for banking facilities granted to the Company and certain subsidiaries.

7. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Amounts due from subsidiaries are in respect of advances, which are unsecured and interest free except for RM125,387,000 (2004 – RM362,431,000) which is subject to interest at rates ranging from 0.30% to 5.00% (2004 – 0.30% to 6.60%) per annum.

Amounts due to subsidiaries are in respect of advances, which are unsecured and interest free except for RM15,052,000 (2004 – RM3,676,000) which is subject to interest at rates ranging from 4.80% to 5.00% (2004 – 5.00%) per annum.

Amounts due from/(to) subsidiaries are not repayable during the next twelve months except in so far as such repayment will not adversely affect the ability of the respective companies to meet liabilities when due.

8. INTANGIBLE ASSETS

	2005	Group	2004
	RM'000		RM'000
Goodwill arising on consolidation			
Cost			
Opening balance	13,147		12,377
Additions	-		770
Closing balance	13,147		13,147
Amortisation			
Opening balance	5,238		4,591
Amortisation charge for the year	647		647
Closing balance	5,885		5,238
Net book value	7,262		7,909

Notes to the Financial Statements

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current				
Trade receivables	124,101	102,924	-	-
Accrued billings	13,670	20,761	-	-
Amount due from contract customers	21,513	16,925	-	-
Other receivables, deposits and prepayments	17,751	15,191	269	318
	177,035	155,801	269	318
Non-current				
Trade receivables	11,350	9,692	-	-

Trade receivables

Trade receivables of the Group include membership fees amounting to RM16,170,000 (2004 - RM27,802,000) which are receivable from customers over 24 monthly instalments.

Included in trade receivables of the Group are retention sums receivable amounting to RM10,635,000 (2004 - RM7,568,000).

Amount due from contract customers

	Group	
	2005 RM'000	2004 RM'000
Aggregate costs incurred to date	531,364	377,772
Add: Attributable profits	40,024	27,585
	571,388	405,357
Less: Progress billings	(569,286)	(402,081)
	2,102	3,276
Amount due to contract customers reclassified (Note 13)	19,411	13,649
	21,513	16,925

Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group are advances to and payments made on behalf of subcontractors amounting to RM2,603,000 (2004 - RM2,497,000). The amounts are unsecured, interest free and have no fixed terms of repayment.

10. INVENTORIES

	Group	
	2005 RM'000	2004 RM'000
At cost		
Developed properties held for sale	11,127	13,082
Raw materials	6,111	4,663
Work-in-progress	4,335	2,473
Manufactured inventories	8,412	10,782
Spares and consumables	1,814	1,722
	31,799	32,722

11. PROPERTY DEVELOPMENT COSTS

	Group	
	2005 RM'000	2004 RM'000
At beginning of year		
Land	47,882	30,976
Development costs	247,079	212,874
Accumulated costs charged to income statement	(201,126)	(161,574)
	93,835	82,276

Transfer from land held for property development		
- Land	11,751	19,145
- Development costs	5,072	4,963
Development costs incurred during the year	73,802	86,591
Reversal of accrued development costs	(808)	(698)
Cost charged to income statement for the year	(77,715)	(98,116)
	12,102	11,885

Transfer to developed properties held for sale		
- Land	-	(16)
- Development costs	-	(310)
	-	(326)

Completed developments		
Reversal of land and development costs		
- Land	-	(2,223)
- Development costs	-	(56,341)
Reversal of cost charged to income statement	-	58,564
	-	-

At end of year	105,937	93,835

Represented by:		
Land	59,633	47,882
Development costs	325,145	247,079
Accumulated costs charged to income statement	(278,841)	(201,126)
	105,937	93,835

Property development costs incurred during the financial year include:

	Group	
	2005 RM'000	2004 RM'000
Interest expense	3,167	2,819
Rental expense	-	100
	-	-

Interest is capitalised in property development costs at rates ranging from 2.39% to 7.25% (2004 – 6.34% per annum).

The portion of property development costs in respect of which significant development work has been undertaken and which is expected to be completed within the normal operating cycle of two to three years is considered as a current asset.

Certain land under development with a carrying value of RM47,769,000 (2004 – RM80,997,000) have been pledged to a licensed bank for banking facilities granted to certain subsidiaries.

Notes to the Financial Statements

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances	30,730	35,864	75	134
Fixed deposits placed with licensed banks	603	278	-	-
	31,333	36,142	75	134

The Group's cash and bank balances include RM23,147,000 (2004 - RM28,396,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) Regulations 2002 and included in fixed deposits is RM177,000 (2004 - Nil) pledged for bank guarantee facilities granted to a subsidiary during the financial year.

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current				
Trade payables	63,353	61,361	-	-
Progress billings	16,155	11,013	-	-
Amount due to contract customers (Note 9)	19,411	13,649	-	-
Other payables and accrued expenses	22,045	20,274	791	1,464
Deferred income	1,073	759	-	-
	122,037	107,056	791	1,464
Non-current				
Deferred income	23,630	19,351	-	-

Trade payables

Trade payables of the Group include retention sums payable of RM12,395,000 (2004 - RM10,419,000).

Other payables and accrued expenses

Other payables and accrued expenses include enrollment fees payable to Resort Condominiums International LCC ("RCI") of RM2,941,000 (2004 - RM2,316,000) for exchange facility granted to timeshare members to exchange their holiday accommodation through the RCI Exchange System.

Deferred income

Deferred income consists of deferred membership fees representing membership fees received and receivable from members which are recognised over the membership period.

14. BORROWINGS

		Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current					
Term loans	- secured	22,107	43,105	11,250	5,625
Overdrafts	- secured	6,446	22	304	-
	- unsecured	4,614	4,607	-	-
Bankers' acceptances	- secured	1,462	2,906	-	-
	- unsecured	18,909	17,988	-	-
Revolving credits	- secured	41,000	39,600	36,000	34,600
	- unsecured	12,500	12,500	-	-
		107,038	120,728	47,554	40,225
Non-current					
Term loans	- secured	85,292	78,922	43,125	39,375
		192,330	199,650	90,679	79,600

Terms and debt repayment schedule

	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
Group				
Secured term loans – variable at 4.80% to 7.50% (2004 – 6.60% to 7.50%)	107,399	22,107	28,894	56,398
Secured overdrafts - variable at 7.00% to 7.50% (2004 – 7.00% to 7.50%)	6,446	6,446	-	-
Unsecured overdrafts – variable at 7.25% to 8.00% (2004 – 7.50% to 8.00%)	4,614	4,614	-	-
Secured bankers' acceptances - variable at 3.03% (2004 – 3.15% to 4.70%)	1,462	1,462	-	-
Unsecured bankers' acceptances - variable at 3.05% to 3.75% (2004 – 2.89% to 3.90%)	18,909	18,909	-	-
Secured revolving credits - variable at 4.60% to 6.06% (2004 – 4.65% to 7.70%)	41,000	41,000	-	-
Unsecured revolving credits - variable at 4.75% to 4.80% (2004 – 4.80% to 5.50%)	12,500	12,500	-	-
	192,330	107,038	28,894	56,398

Notes to the Financial Statements

14. BORROWINGS (CONT'D)

	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
Company				
Secured revolving credits – variable at 4.60% to 6.06% (2004 – 5.05% to 7.70%)	36,000	36,000	-	-
Secured term loan – variable at 4.80% to 6.60% (2004 – 6.60%)	54,375	11,250	13,860	29,265
Secured overdrafts – variable at 7.50% (2004 – Nil)	304	304	-	-
	90,679	47,554	13,860	29,265

Security

The Company's secured bank borrowings are secured by way of charges over the Company's building and certain subsidiaries' hotel properties (Note 2), quoted investments (Note 5) and land held for property development (Note 6).

The secured bank borrowings of subsidiaries are secured by way of charges over certain subsidiaries' freehold and leasehold land and buildings, hotel properties and other property, plant and equipment (Note 2), land held for property development (Note 6) and property development costs (Note 11).

Significant covenants of term loans

In connection with the term loan agreements, the Company and certain subsidiaries have agreed to certain significant covenants, which include the following:

- not to amend the Memorandum and Articles of Association in a manner inconsistent with the provisions of the lenders' Letters of Offer;
- not to sell, lease or transfer all or any substantial part of its assets;
- not to allow any change in its existing shareholders or their shareholdings and/or undertake a scheme or merger or amalgamation;
- not to decrease the authorised or issued share capital; and
- not to enter into any partnership, profit-sharing or royalty agreements whereby income or profits may be shared with other persons; subject to the consent of the lenders.

15. SHARE CAPITAL

	Group and Company	
	2005 RM'000	2004 RM'000
Authorised Ordinary shares of RM1.00 each	1,000,000	1,000,000
Issued and fully paid Ordinary shares of RM1.00 each	456,132	456,132

16. RESERVES**Retained profits**

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all its retained profits at 30 June 2005 if paid out as dividends.

17. DEFERRED TAX

The amounts, determined after appropriate offsetting, are as follows:

	Group	
	2005 RM'000	2004 RM'000
Deferred tax liabilities	9,980	10,098
Deferred tax assets	(2,781)	(3,167)

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Recognised deferred tax liabilities are in respect of the following items:

	Group	
	2005 RM'000	2004 RM'000
Property, plant and equipment		
- capital allowances in excess of depreciation	4,002	3,224
- revaluation	3,326	4,242
Property development costs	2,988	2,988
Unabsorbed capital allowances	(7)	-
Unutilised tax losses	(11)	(13)
Allowances	(318)	(343)
	9,980	10,098

Recognised deferred tax assets are in respect of the following items:

Property, plant and equipment		
- depreciation in excess of capital allowances	(3)	-
Deductible temporary differences	(2,778)	(3,167)
	(2,781)	(3,167)

Notes to the Financial Statements

17. DEFERRED TAX (CONT'D)

No deferred tax has been recognised in the financial statements for the following items:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Taxable temporary differences	(66,732)	(63,712)	(116)	(38)
Unabsorbed capital allowances	90,813	89,248	660	519
Unutilised tax losses	43,867	44,710	-	-
Allowances	193	124	-	-
Deductible temporary differences	19,273	19,794	-	-
	87,414	90,164	544	481

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The Group has tax losses carried forward of RM43,906,000 (2004 – RM44,756,000) which give rise to the recognised and unrecognised deferred tax assets in respect of unutilised tax losses above.

Subject to agreement by the Inland Revenue Board, the Group has unutilised reinvestment allowances and unutilised investment tax allowances of RM16,444,000 (2004 - RM15,122,000) and RM142,398,000 (2004 - RM142,398,000) respectively.

18. OPERATING PROFIT

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue - contract revenue	104,497	52,711	-	-
- sale of goods	115,876	95,537	-	-
- sale of properties	117,025	131,833	-	-
- services	71,047	71,885	381	279
- dividends	1,411	2,330	38,000	24,400
	409,856	354,296	38,381	24,679
Contract costs recognised as an expense	(91,313)	(40,487)	-	-
Cost of sales	(96,591)	(74,773)	-	-
Cost of properties sold	(79,732)	(100,935)	-	-
Cost of services	(37,033)	(37,854)	(2,189)	(1,982)
	(304,669)	(254,049)	(2,189)	(1,982)
Gross profit	105,187	100,247	36,192	22,697
Administration expenses	(15,843)	(15,149)	(553)	(431)
Other operating expenses	(51,954)	(50,901)	(10,507)	(263)
Other operating income	4,253	5,365	96	140
Operating profit	41,643	39,562	25,228	22,143

18. OPERATING PROFIT (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Operating profit is arrived at after crediting:				
Allowance for doubtful debts written back	865	174	-	-
Bad debts recovered	-	376	-	-
Dividend income from:				
Investments quoted in Malaysia	1,359	2,304	-	-
Unquoted subsidiaries - gross	-	-	28,000	24,400
- tax exempt	-	-	10,000	-
Unquoted investments	52	26	-	-
Gain on disposal of long term quoted investments	86	2,460	-	-
Gain on disposal of property, plant and equipment	538	270	1	-
Rental income on land and buildings	1,443	1,219	188	206
Realised gain on foreign exchange	38	195	-	-
and after charging:				
Allowance for doubtful debts	141	2,968	-	-
Allowance for diminution of investments				
- quoted	-	1,890	-	-
- unquoted	-	-	10,000	-
Amortisation of goodwill on consolidation	647	647	-	-
Auditors' remuneration				
Holding company auditors				
- current year	226	220	32	30
- under provision in prior years	17	1	2	-
- special audit	-	23	-	-
Other auditors	18	10	-	-
Bad debts written off	39	-	-	-
Directors' remuneration				
Salaries and other emoluments				
- Directors of the Company	2,221	1,885	818	755
- Directors of the subsidiaries	778	639	-	-
Directors' fees				
- Directors of the Company	62	62	62	62
- Directors of the subsidiaries	-	27	-	-
Depreciation	13,981	13,673	131	49
Liquidated and ascertained damages	1,358	-	-	-
Loss on disposal of property, plant and equipment	1	-	-	-
Property, plant and equipment written off	381	379	-	-
Rental expense on land and buildings	1,323	750	19	16
Rental of equipment	78	105	-	-
Replacement cost for operating equipment	364	410	-	-
Research and development expenses	233	147	-	-
Realised loss on foreign exchange	42	16	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group and Company is RM57,000 (2004 - RM44,000) and RM17,000 (2004 - RM17,000) respectively.

Notes to the Financial Statements

19. EMPLOYEE INFORMATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Staff costs	40,007	39,293	1,979	1,756

The number of employees of the Group and of the Company (including Directors) at the end of the year was 1,679 (2004 - 1,684) and 24 (2004 - 21) respectively.

Staff costs of the Group and the Company include contributions to the Employees' Provident Fund of RM3,916,000 (2004 - RM3,602,000) and RM206,000 (2004 - RM172,000) respectively.

Equity compensation benefits**Share option plan**

The Group offered vested share options over ordinary shares to eligible employees and full time Executive Directors who had been confirmed in service as employees of the Group for at least twelve months prior to the date of the offer. Movements in the number of share options held by employees are as follows:

	Group and Company	
	2005 '000	2004 '000
Outstanding at beginning of year	17,172	18,976
Lapsed/Expired	(17,172)	(1,804)
Outstanding at end of year	-	17,172

The options expired on 12 August 2004.

20. FINANCING COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest payable				
Bank overdrafts	466	1,222	104	463
Bankers' acceptances	765	695	-	-
Revolving credits	2,092	2,499	1,466	2,923
Subsidiaries	-	-	881	176
Term loans	3,722	6,493	3,504	2,112
Other finance charges	1,398	989	516	272
	8,443	11,898	6,471	5,946

21. INTEREST INCOME

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest receivable				
Fixed deposits	13	22	-	2
Housing development account	627	330	-	-
Loan stocks	549	550	-	-
Subsidiaries	-	-	3,508	4,782
Others	492	457	-	-
	1,681	1,359	3,508	4,784

22. TAX EXPENSE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
Malaysian - current year	7,635	7,726	6,481	6,670
- prior year	(216)	179	(157)	169
	7,419	7,905	6,324	6,839
Deferred tax expense				
Origination and reversal of temporary differences	1,149	859	-	-
Under provision in prior year	35	-	-	-
	8,603	8,764	6,324	6,839

Reconciliation of effective tax expense

Profit before taxation	36,172	29,023	22,265	20,981
Income tax using Malaysian tax rate	10,128	8,126	6,234	5,875
Non-deductible expenses	827	2,680	3,029	795
Non-taxable income	(1,128)	(1,156)	-	-
Tax exempt income	-	-	(2,800)	-
Deferred tax assets not recognised during the year	1,399	526	18	-
Utilisation of previously unrecognised deferred tax assets	(2,169)	(1,265)	-	-
Effect of different tax rate for chargeable income up to RM500,000	(273)	(326)	-	-
	8,784	8,585	6,481	6,670
(Over)/Under provision in prior years	(181)	179	(157)	169
Tax expense	8,603	8,764	6,324	6,839

Deferred tax recognised directly in equity

	Group	
	2005 RM'000	2004 RM'000
Relating to revaluation deficit recognised directly in equity	-	(511)
Relating to impairment loss on hotel properties recognised directly in equity	(916)	-

Notes to the Financial Statements

23. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM27,569,000 (2004 - net profit of RM19,504,000) and the number of ordinary shares outstanding during the year of 456,132,000 (2004 - 456,132,000).

The diluted earnings per share figures are not shown as the conversion price of warrants is higher than the Company's share price at the balance sheet date.

24. DIVIDENDS

	Group and Company	
	2005 RM'000	2004 RM'000
Ordinary Interim paid: 2% per share less tax at 28% (2004 - NIL)	6,568	-
Final paid: 2004 - 4% per share less tax at 28% (2003 - 1% per share less tax at 28%)	13,137	3,284
	19,705	3,284

The Directors proposed a final dividend of 2% (2004: first and final dividend - 4%) less tax at 28% totalling RM6,568,000 (2004 - RM13,137,000) for the current financial year. The proposed final dividend has not been accounted for in the financial statements.

The dividends per ordinary share as disclosed in the income statement takes into account the final proposed dividends for the relevant financial years.

25. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments, which is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined based on negotiated commercial terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing borrowings and financing costs, and corporate assets and expenses.

Business segments

The Group comprises the following main business segments:

Construction	Securing and carrying out construction contracts.
Properties	Property development, provision of property management services, project management services and management and operation of recreational club.
Manufacturing and trading	The manufacture and sale of roofing tiles, concrete wall panels, cables and wires and trading of building materials.

25. SEGMENTAL INFORMATION (CONT'D)

Business segments (cont'd)

Hotel and leisure	Hotel and restaurant business, hotel management and consultancy services, golf course operations and operation and management of timeshare membership scheme.
Investment holding and trading	Holding and trading of quoted and unquoted shares, warrants and other investments.
Others	Property investment, software consultancy, product development and maintenance.

Geographical segments

No geographical segment information is presented as the Group's operation and the location of the customers are principally in Malaysia.

Business Segments	Construction RM'000	Properties RM'000	Manufacturing and trading RM'000	Hotel and leisure RM'000	Investment holding and trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2005								
Revenue from external customers	104,497	118,311	115,869	69,590	1,523	66	-	409,856
Inter-segment revenue	72,397	205	27,163	-	261	65	(100,091)	-
Total revenue	176,894	118,516	143,032	69,590	1,784	131	(100,091)	409,856
Segment result	8,534	22,172	9,359	3,772	(1,501)	(159)	(534)	41,643
Financing costs								(8,443)
Interest income								1,681
Share of profit of associates								1,291
Profit before taxation								36,172
Tax expense								(8,603)
Net profit for the year								27,569
2004								
Revenue from external customers	52,711	132,211	95,538	69,474	2,422	1,940	-	354,296
Inter-segment revenue	74,618	25	27,304	-	179	913	(103,039)	-
Total revenue	127,329	132,236	122,842	69,474	2,601	2,853	(103,039)	354,296
Segment result	8,289	18,260	9,581	3,966	436	(146)	(824)	39,562
Financing costs								(11,898)
Interest income								1,359
Profit before taxation								29,023
Tax expense								(8,764)
Minority interests								(755)
Net profit for the year								19,504

Notes to the Financial Statements

25. SEGMENTAL INFORMATION (CONT'D)

	Construction RM'000	Properties RM'000	Manufacturing and trading RM'000	Hotel and leisure RM'000	Investment holding and trading RM'000	Others RM'000	Consolidated RM'000
2005							
Segment assets	79,655	342,712	108,289	419,341	85,832	12,821	1,048,650
Unallocated assets							<u>11,032</u>
Total assets							<u>1,059,682</u>
Segment liabilities	52,876	26,495	19,567	45,835	846	48	145,667
Unallocated liabilities							<u>207,574</u>
Total liabilities							<u>353,241</u>
Capital expenditure	1,379	3,040	1,115	11,447	278	5	17,264
Depreciation and amortisation of property, plant and equipment	1,030	798	6,003	6,003	131	16	13,981
Amortisation of goodwill	-	-	413	234	-	-	647
Non-cash expenses other than depreciation and amortisation	1	4	-	376	-	-	381
2004							
Segment assets	50,086	337,367	99,478	448,812	78,787	27,922	1,042,452
Unallocated assets							<u>9,790</u>
Total assets							<u>1,052,242</u>
Segment liabilities	36,435	33,614	12,998	40,580	1,536	1,244	126,407
Unallocated liabilities							<u>215,179</u>
Total liabilities							<u>341,586</u>
Capital expenditure	1,500	471	1,682	4,948	123	320	9,044
Depreciation and amortisation of property, plant and equipment	951	180	6,324	5,699	49	470	13,673
Amortisation of goodwill	-	-	320	234	-	93	647
Non-cash expenses other than depreciation and amortisation	-	1	120	256	-	2	379

26. CONTINGENT LIABILITIES

	Company	
	2005 RM'000	2004 RM'000
Corporate guarantees given to financial institutions relating to borrowings of subsidiaries	247,823	246,586
Corporate guarantees given to third parties relating to credit facilities granted to subsidiaries	17,180	9,880
	265,003	256,466

27. COMMITMENTS

	Group	
	2005 RM'000	2004 RM'000
Property, plant and equipment Contracted but not provided for in the financial statements	22	73
Land held for development Contracted but not provided for in the financial statements	17,100	-
	17,122	73

28. OPERATING LEASES

Leases as lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Less than one year	1,109	1,153	17	14
Between one and five years	728	1,770	10	17
	1,837	2,923	27	31

The Group and Company leases a number of office lots under operating leases. The leases typically run for an initial period of three years, with an option to renew the leases. None of the leases include contingent rentals.

Notes to the Financial Statements

29. RELATED PARTIES***Identity of related parties***

The Company has a controlling related party relationship with its subsidiaries.

Significant transactions with companies in which certain Directors and close members of their families have interests are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000

Transactions

With companies in which Wong Ah Chiew and Khor Chai Moi, Directors of the Company, have interests:

Dindings Construction Sdn. Bhd.				
Sale of building materials	2,210	3,993	-	-
Training fees receivable	-	20	-	-
Purchase of property, plant and equipment	-	493	-	-
DC Services Sdn. Bhd.				
Insurance premium payable	1,356	1,045	13	4
Dindings Risk Management Services Sdn. Bhd.				
Insurance premium payable	269	558	7	16
Willowglen (Malaysia) Sdn. Bhd.				
Rental payable	-	28	-	-
Progress claim payable	469	1,026	-	-
Training fees receivable	-	6	-	-

With companies in which the brothers of Wong Ah Chiew and Wong Chong Shee, and the spouse of Khor Chai Moi, Directors of the Company, have interests:

OSK Properties Sdn. Bhd.				
Construction cost billed	10,713	15,830	-	-
Project management fees billed	262	1,200	-	-
OSK Properties (Seremban) Sdn. Bhd.				
Project management fees billed	56	-	-	-
OSK Realty Sdn. Bhd.				
Rental of premises payable	-	915	-	5
Ke-Zan Holdings Berhad				
Rental of premises payable	847	-	10	-

29. RELATED PARTIES (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000

Transactions (cont'd)

OSK Securities Berhad				
Room revenue receivable	80	22	-	-
Rental receivable	25	24	-	-
Epic Hotels Pty. Ltd.				
Hotel management fees billed	1,636	1,379	-	-
Hotel room charges payable	50	77	-	-

With company in which the son of Wong Ah Chiew, Director of the Company, has interest:

Cyanix Corporation Sdn. Bhd.				
Purchase of property, plant and equipment	151	173	-	-

The Directors are of the opinion that the above transactions are undertaken on arm's length basis and on normal commercial terms, which are on terms not more favorable to the related parties than those generally available to the public.

Balances in respect of non-trade transactions with related parties are not disclosed as the balances are insignificant to the financial statements of the Group and of the Company.

Significant transactions with subsidiaries other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2005 RM'000	2004 RM'000
Facilities charges payable	24	11
Management fees receivable	193	73
Rental receivable	76	114
Rental payable	9	11
Service charge for rental receivable	51	76

The above transactions with subsidiaries have been established under negotiated commercial terms.

Notes to the Financial Statements

30. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of the Group and Company's business. The nature of these risks and the Group and the Company's approaches in managing the risks are summarised below:

Credit risk

The Group and the Company's primary exposure to credit risk arise through trade and other receivables. Exposure to credit risk is monitored by management on an ongoing basis.

Other financial assets of the Group and the Company with exposure to credit risk include cash and fixed deposits, which are placed with financial institutions with good standing.

At balance sheet date, the Company has significant exposures to amounts due from subsidiaries but there were no significant concentrations of credit risk for the Group. The maximum exposure of credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

The Group and the Company's primary interest rate risk relates to interest-earning deposits and amounts due from subsidiaries and interest-bearing borrowings from financial institution. There is no formal hedging policy with respect to interest rate exposure.

Foreign currency risk

The Group and the Company incur foreign currency risk on transactions that are denominated in currencies other than functional currencies of the operating entities.

It is not the Group and the Company's policies to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency as transactions denominated in foreign currency are minimal.

The Group is also exposed to foreign currency risk in respect of the overseas investments. The Group and the Company do not hedge this exposure with foreign currency borrowings. However, the Board keeps this policy under review.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group and the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table shows information about exposure to interest rate risk.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

30. FINANCIAL INSTRUMENTS (CONT'D)**Effective interest rates and repricing analysis (cont'd)**

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000
Group			
2005			
Financial assets			
Fixed deposits placed with licensed banks	2.99	603	603
Financial liabilities			
Secured term loans	6.25	107,399	107,399
Secured overdrafts	7.13	6,446	6,446
Unsecured overdrafts	7.64	4,614	4,614
Secured bankers' acceptances	3.03	1,462	1,462
Unsecured bankers' acceptances	3.19	18,909	18,909
Secured revolving credits	5.19	41,000	41,000
Unsecured revolving credits	4.77	12,500	12,500
2004			
Financial assets			
Fixed deposits placed with licensed banks	3.00	278	278
Quoted ICULS	9.60	5,735	5,735
Financial liabilities			
Secured term loans	7.08	122,027	122,027
Secured overdrafts	7.00	22	22
Unsecured overdrafts	7.75	4,607	4,607
Secured bankers' acceptances	3.51	2,906	2,906
Unsecured bankers' acceptances	3.12	17,988	17,988
Secured revolving credits	5.86	39,600	39,600
Unsecured revolving credits	4.88	12,500	12,500
Company			
2005			
Financial liabilities			
Secured term loans	6.10	54,375	54,375
Secured revolving credits	5.27	36,000	36,000
Secured overdrafts	7.50	304	304
2004			
Financial liabilities			
Secured term loans	6.60	45,000	45,000
Secured revolving credits	6.03	34,600	34,600

Notes to the Financial Statements

30. FINANCIAL INSTRUMENTS (CONT'D)**Fair Values****Recognised financial instruments**

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

In respect of long-term borrowings, the carrying amounts approximate fair value as they are on floating rates and reprice to market interest rates for liabilities with similar risk profiles.

It is not practicable to estimate the fair value of unquoted investments. Unquoted investments in Malaysia and overseas are carried at historical cost less allowance for diminution in value of RM34,000 (2004 - RM34,000) and Nil (2004 - RM23,919,000) respectively in the balance sheet. The Group's share of net tangible assets reported by the unquoted company in Malaysia at 31 December 2004 was RM545,000 (31.12.2003 - RM489,000). In the previous year, the Group's share of net tangible assets reported by the overseas unquoted company at year end was RM46,078,000.

The fair values of amounts due from/(to) subsidiaries have not been determined as the timing of the expected cash flows of these balances cannot be reasonably determined without incurring excessive cost due principally to a lack of fixed repayment terms between the parties involved.

The aggregate fair values of other financial assets and liabilities carried on the balance sheet as at 30 June are represented in the following table.

	2005 Carrying amount RM'000	2004 Fair value RM'000	2005 Carrying amount RM'000	2004 Fair value RM'000
--	--	---	--	---

Group**Financial assets**

Shares quoted in Malaysia	50,873	34,747	44,670	37,918
Shares quoted overseas	-	-	-	83
Warrants quoted in Malaysia	482	386	482	482
ICULS quoted in Malaysia	-	-	5,735	6,285
Other investments quoted in Malaysia	1,233	1,677	1,167	1,589
	52,588	36,810	52,054	46,357

The fair value of quoted investments is their quoted bid price at the close of business on the balance sheet date.

Financial assets carried in excess of fair value

The quoted shares are carried in excess of their fair value. The quoted investments have not been written down to fair value because the Directors are of the view that the diminution in their value is temporary.

31. SUBSIDIARIES

The principal activities of the subsidiaries, their places of incorporation and the interest of PJ Development Holdings Berhad are as follows:

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2005 %	2004 %
Damai Laut Golf Resort Sdn. Bhd. and its subsidiary	Development and investment in resort property, hotel and restaurant business and operation of golf course	Malaysia	99	98
DLHA Management Services Sdn. Bhd.	Provision of property management services	Malaysia	99	98
Eframe Sdn. Bhd.	Software consultancy, product development and maintenance	Malaysia	100	100
Olympic Cable Company Sendirian Berhad and its subsidiaries	Manufacturing and sales of cables and wires	Malaysia	100	100
Olympic Cable (Singapore) Pte. Ltd.*	Trading of cable products	Singapore	100	100
Olympic Properties Sdn. Bhd.	Property investment	Malaysia	100	100
Pengerang Jaya Pte. Ltd.* and its subsidiaries	Investment holding	Singapore	100	100
Pengerang Jaya Investment Pte. Ltd.*	Investment holding	Singapore	100	100
P.J. (A) Pty. Limited**	Investment holding	Australia	100	100
PJD Construction Sdn. Bhd. and its subsidiaries	Construction	Malaysia	100	100
Acotec-Concrete Products Sdn. Bhd.	Property investment and rental services	Malaysia	100	100
PJD Concrete Land (JB) Sdn. Bhd.	Property investment	Malaysia	100	100
PJD Concrete Land (South) Sdn. Bhd.	Property investment	Malaysia	100	100
PJD Concrete Products Sdn. Bhd.	Manufacturing and sale of roofing tiles and concrete wall panels	Malaysia	100	100
PJDC International Sdn. Bhd.	Investment holding	Malaysia	100	100
PJDCI Co., Ltd.**	Investment holding	Thailand	78.5	-
PJDC Co., Ltd**	Construction	Thailand	88.5	-

Notes to the Financial Statements

31. SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2005 %	2004 %
PJD Land Sdn. Bhd.	Dormant	Malaysia	100	100
PJD Management Services Sdn. Bhd.	Provision of property management and facilities services	Malaysia	100	100
PJD Marketing Sdn. Bhd.	Trading of building materials	Malaysia	100	100
PJD Hotels Sdn. Bhd. and its subsidiaries	Hotel and restaurant business	Malaysia	100	100
MM Hotels Sdn. Bhd.	Hotel and restaurant business	Malaysia	100	100
Superville Sdn. Bhd.	Investment in resort property	Malaysia	100	100
Swiss-Garden Hotel Management Sdn. Bhd.	Hotel management and consultancy services	Malaysia	100	100
Swiss-Garden International Limited	Hotel management and consultancy services	British Virgin Islands	100	100
Swiss-Garden International Hotel & Resorts (Australia) Pty. Ltd.**	Hotel management and consultancy services	Australia	100	-
Swiss-Garden International Limited**	Dormant	United Kingdom	100	100
Swiss-Garden International Sdn. Bhd.	Hotel management and consultancy services	Malaysia	100	100
Swiss-Garden Rewards Sdn. Bhd.	Marketing of annual privilege cards	Malaysia	70	70
Swiss-Garden Rewards (Singapore) Pte. Ltd.*	Agent providing services to hotel companies	Singapore	70	70
PJD Realty Sdn. Bhd. and its subsidiaries	Investment holding	Malaysia	100	100
Bindev Sdn. Bhd.	Property development	Malaysia	100	100
Bunga Development Sdn. Bhd.	Property development	Malaysia	100	100
Harbour Place Management Services Sdn. Bhd.**	Provision of property management services	Malaysia	100	-

31. SUBSIDIARIES (CONT'D)

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2005 %	2004 %
HTR Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	-
Kota Mulia Sdn. Bhd.	Property development and investment	Malaysia	100	100
Kulai Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
K.G. Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
OLP Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
PJD Eastern Land Sdn. Bhd.	Property development and investment	Malaysia	100	100
PJD Paragon Development Sdn. Bhd.	Property development	Malaysia	100	100
PJD Properties Management Sdn. Bhd.	Provision of project management services	Malaysia	100	100
PJD Regency Sdn. Bhd.	Property development	Malaysia	100	100
PTC Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
Putri Kulai Recreational Club Berhad	Management and operation of recreational club	Malaysia	100	100
Rose Villa Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
PJ Equity Sdn. Bhd.	Investment holding and trading	Malaysia	100	100
PJ Exim Sdn. Bhd.	Trading of cable products	Malaysia	100	100
Swiss-Garden International Vacation Club Berhad	Operation and management of timeshare membership scheme	Malaysia	100	100
Swiss-Garden Management Services Sdn. Bhd.	Hotel and restaurant business	Malaysia	100	100
Techno-Trans Engineering Sdn. Bhd.	Dormant	Malaysia	100	100
Wahyu Sdn. Bhd.	Dormant	Malaysia	100	100

* Audited by member firm of KPMG International in the respective country.

** Not required to be audited and was consolidated using management financial statements.

Notes to the Financial Statements

32. ACQUISITION OF SUBSIDIARY

On 15 January 2005, a subsidiary, Swiss-Garden International Sdn. Bhd., acquired all the shares in Swiss-Garden International Hotel & Resorts (Australia) Pty. Ltd. for a consideration of RM3.00 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

On 18 January 2005, a subsidiary, Kota Mulia Sdn. Bhd., acquired all the shares in HTR Management Services Sdn. Bhd. for a consideration of RM2.00 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

On 20 May 2005, a subsidiary, PJDC International Sdn. Bhd., acquired 78.5% and 48.5% of the entire shares in PJDCI Co., Ltd. and PJDC Co., Ltd. for a consideration of RM219,000 and RM1,644,000 respectively satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

On 20 May 2005, a subsidiary, PJDCI Co., Ltd., acquired 51% of the entire shares in PJDC Co., Ltd. for a consideration of RM1,729,000 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

On 30 May 2005, a subsidiary, PJD Eastern Land Sdn. Bhd., acquired all the shares in Harbour Place Management Services Sdn. Bhd. for a consideration of RM2.00 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

Effect of acquisitions

All the acquisitions during the year had no material effect on the Group's financial position, assets and liabilities at the date of acquisition and as at 30 June 2005.

33. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

Change in accounting policy

In the current financial year, the Group adopted FRS 201, Property Development Activities for the first time and as a result, borrowing costs previously capitalised in respect of land held for property development that is not being developed has to be written off and promotional cost associated with the sale of development units that were previously capitalised are now expensed off to the income statement in accordance with FRS 201.

This change in accounting policy, applied retrospectively, had the following impact on results:

	Group	
	2005 RM'000	2004 RM'000
Net profit before change in accounting policy	29,840	20,056
Effect of adopting FRS 201	(2,271)	(552)
Net profit for the year	27,569	19,504

Prior year adjustment

The change in accounting policy due to the adoption of FRS 201 has been accounted for by restating comparatives and adjusting the opening balances of retained profits at 1 July 2004 as disclosed in Note 34 and the statement of changes in equity retrospectively.

34. COMPARATIVE FIGURES

The following comparatives have been restated to reflect the changes in accounting policy as explained in Note 33.

	As restated RM'000	As previously stated RM'000
Balance sheet		
Land held for property development	153,003	183,299
Deferred tax assets	3,167	-
Deferred tax liabilities	10,098	10,113
Current assets/Current liabilities		
Property development costs	93,835	104,994
Trade and other receivables	155,801	135,040
Trade and other payables	107,056	96,043
Income statement		
Property development expenses	(100,935)	(107,498)
Gross profit	100,247	93,684
Other operating expenses	(50,901)	(46,540)
Operating profit	39,562	37,360
Financing costs	(11,898)	(9,603)
Profit before taxation	29,023	29,116
Tax expense	(8,764)	(8,305)
Net profit for the year	19,504	20,056
Statement of changes in equity		
Retained earnings		
At 1 July 2003	118,279	146,252
Retained earnings		
At 1 July 2004	134,499	163,024

As a result of the above, the Company's cash flow statement for the year ended 30 June 2004 has been restated accordingly.