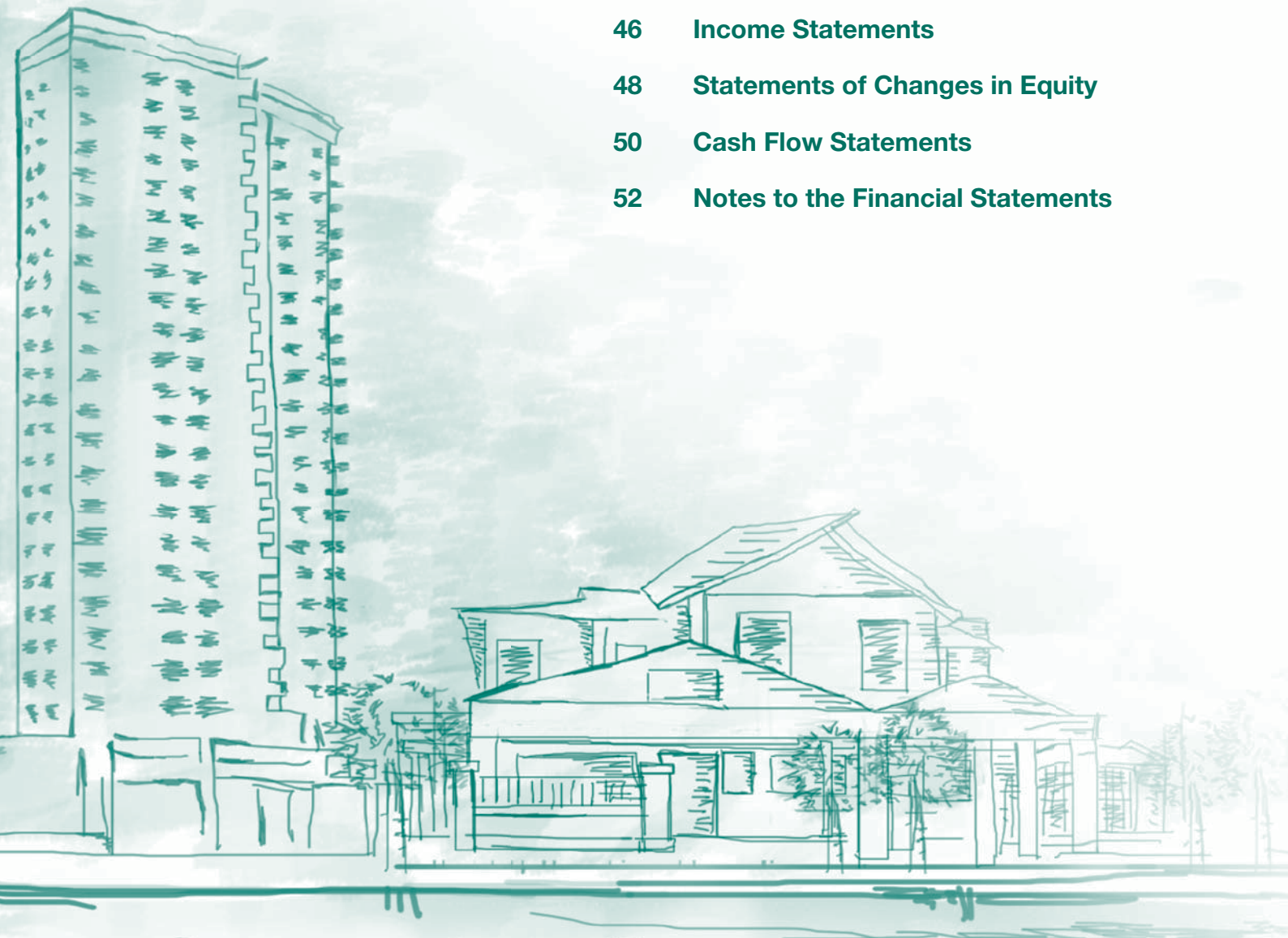


# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

for the year ended 30 June 2006

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 2006.

## 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	28,539	15,429

## 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 a final dividend of 2% less tax at 28% totalling RM6,568,000 in respect of the year ended 30 June 2005 on 11 January 2006.

The Directors recommend a first and final dividend of 4% less tax at 28% totalling RM13,137,000 for the current financial year.

## DIRECTORS OF THE COMPANY

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

Mohamed Zain bin Mohamed Yusoff  
Wong Ah Chiew  
Wong Chong Shee  
Khor Chai Moi  
Dato' Dr. Haji Dzulkarnain bin Shafiee  
Dato' Mohamed Tarmizi bin Mohd. Tahir  
YM Ungku Haji Mohd. Afandi bin Suleiman  
Au Chun Choong  
Yap Yoon Kong (appointed on 13 January 2006)



## DIRECTORS OF THE COMPANY (CONT'D)

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:

Company	Number of ordinary shares of RM1.00 each			At 30.6.2006
	At 1.7.2005	Bought	Sold	
<b>Direct interest:</b>				
Wong Ah Chiew	2,376,000	-	-	2,376,000
Wong Chong Shee	1,300,000	-	-	1,300,000
Khor Chai Moi	15,698,121	889,600	-	16,587,721
Dato' Dr. Haji Dzulkarnain bin Shafiee	64,000	4,000	(34,000)	34,000
<b>Indirect interest:</b>				
Wong Ah Chiew **	90,180,281	100,000	-	90,280,281
Khor Chai Moi ***	111,183,486	100,000	(889,600)	110,393,886
Dato' Dr. Haji Dzulkarnain bin Shafiee *	53,000	-	(53,000)	-

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 30.6.2006
	At 1.7.2005	Bought	Sold	Expired	
<b>Direct interest:</b>					
Wong Ah Chiew	1,135,890	-	-	(1,135,890)	-
Khor Chai Moi	65	-	-	(65)	-
Dato' Dr. Haji Dzulkarnain bin Shafiee	108,708	-	-	(108,708)	-
<b>Indirect interest:</b>					
Wong Ah Chiew ****	7,468,234	-	(7,468,200)	(34)	-
Khor Chai Moi *****	7,468,380	-	(7,468,200)	(180)	-

The Warrants A expired on 7 November 2005.



# DIRECTORS' REPORT

for the year ended 30 June 2006

## DIRECTORS OF THE COMPANY (CONT'D)

Company	Number of Warrants B			At 30.6.2006
	At 1.7.2005	Bought	Sold	
<b>Direct interest:</b>				
Wong Ah Chiew	402,000	-	-	402,000
Wong Chong Shee	33	-	-	33
Khor Chai Moi	8,581,199	210,000	-	8,791,199
Dato' Dr. Haji Dzulkarnain bin Shafiee	4,000	-	-	4,000
<b>Indirect interest:</b>				
Wong Ah Chiew ****	31,593,392	-	-	31,593,392
Khor Chai Moi ***	36,538,862	-	(210,000)	36,328,862

\* 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. 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 member

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 1.7.2005	Bought	Sold	At 30.6.2006
Damai Laut Golf Resort Sdn. Bhd.	29,500,000	-	-	29,500,000
Swiss-Garden Rewards Sdn. Bhd.	70,000	280,000	-	350,000

	Number of ordinary shares of 10.00 Thai Baht each			
	At 1.7.2005	Bought	Sold	At 30.6.2006
PJDCI Co., Ltd.	242,500	-	-	242,500
PJDC Co., Ltd.	14,925,000	-	-	14,925,000



## DIRECTORS OF THE COMPANY (CONT'D)

	Number of redeemable preference shares of RM1.00 each			At 30.6.2006
	At 1.7.2005	Bought	Sold	
Damai Laut Golf Resort Sdn. Bhd.	20,000,000	-	-	20,000,000

None of the other Directors holding office at 30 June 2006 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.

## 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

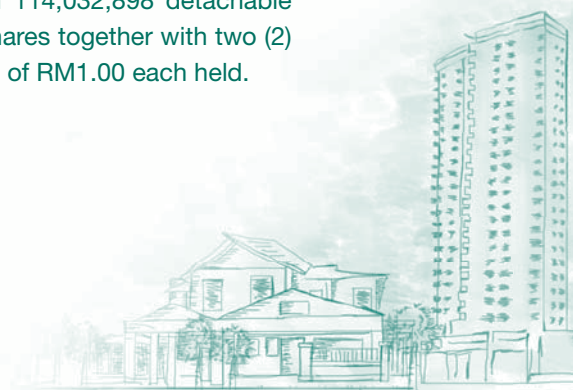
### *Warrants*

i) Warrants A

The Warrants A expired on 7 November 2005.

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.



# DIRECTORS' REPORT

for the year ended 30 June 2006

## OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

### ii) Warrants B (cont'd)

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 2006, 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.

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.



## **OTHER STATUTORY INFORMATION (CONT'D)**

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2006 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:

**Wong Ah Chiew**

**Wong Chong Shee**

Kuala Lumpur,  
18 October 2006



## 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 46 to 94 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 2006 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:

**Wong Ah Chiew**

**Wong Chong Shee**

Kuala Lumpur,  
18 October 2006

## STATUTORY DECLARATION

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

I, **Yap Yoon Kong**, the Director primarily responsible for the financial management of PJ Development Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 94 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 18 October 2006.

**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 46 to 94. 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 content 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 2006 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

Kuala Lumpur,  
18 October 2006

### Siew Chin Kiang @ Seow Chin Kiang

Partner  
Approval Number: 2012/11/06(J)



## BALANCE SHEETS

at 30 June 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Property, plant and equipment	2	457,455	458,811	2,339	2,445
Investments in subsidiaries	3	-	-	425,857	425,857
Investments in associates	4	25,638	30,287	-	-
Other investments	5	52,699	52,622	-	-
Land held for property development	6	106,295	142,817	-	-
Amount due from subsidiaries	7	-	-	250,504	250,422
Intangible assets	8	6,615	7,262	-	-
Trade and other receivables	9	10,479	11,350	-	-
Deferred tax assets	17	3,407	2,781	-	-
		<b>662,588</b>	705,930	<b>678,700</b>	678,724
<b>Current assets</b>					
Inventories	10	30,720	31,799	-	-
Property development costs	11	169,794	98,394	-	-
Trade and other receivables	9	234,872	177,454	237	269
Tax recoverable		6,276	7,648	5,225	5,862
Cash and cash equivalents	12	28,703	31,333	167	75
		<b>470,365</b>	346,628	<b>5,629</b>	6,206
<b>Current liabilities</b>					
Trade and other payables	13	161,196	114,913	885	791
Borrowings	14	129,077	107,038	62,570	47,554
Taxation		2,854	5,264	-	-
		<b>293,127</b>	227,215	<b>63,455</b>	48,345
<b>Net current assets/(liabilities)</b>		<b>177,238</b>	119,413	<b>(57,826)</b>	(42,139)
		<b>839,826</b>	825,343	<b>620,874</b>	636,585
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	15	456,132	456,132	456,132	456,132
Reserves	16	268,601	250,059	88,436	79,575
		<b>724,733</b>	706,191	<b>544,568</b>	535,707
<b>Minority shareholders' interests</b>		<b>260</b>	250	-	-
<b>Long term and deferred liabilities</b>					
Amount due to subsidiaries	7	-	-	44,431	57,753
Trade and other payables	13	24,867	23,630	-	-
Borrowings	14	79,385	85,292	31,875	43,125
Deferred tax liabilities	17	10,581	9,980	-	-
		<b>114,833</b>	118,902	<b>76,306</b>	100,878
		<b>839,826</b>	825,343	<b>620,874</b>	636,585

The financial statements were approved and authorised for issue by the Board of Directors on 18 October 2006.

The notes set out on pages 52 to 94 form an integral part of, and should be read in conjunction with, these financial statements.



# INCOME STATEMENTS

for the year ended 30 June 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Revenue</b>	18	<b>487,820</b>	409,856	<b>31,073</b>	38,381
<b>Operating profit</b>	18	<b>44,340</b>	41,643	<b>25,095</b>	25,228
Financing costs	20	<b>(10,155)</b>	(8,443)	<b>(6,744)</b>	(6,471)
Interest income	21	<b>773</b>	1,681	<b>2,404</b>	3,508
Share of profit of associates		<b>155</b>	1,291	-	-
<b>Profit before taxation</b>		<b>35,113</b>	36,172	<b>20,755</b>	22,265
Tax expense - Company and subsidiaries		<b>(6,294)</b>	(8,603)	<b>(5,326)</b>	(6,324)
- Associates		<b>(420)</b>	-	-	-
Tax expense	22	<b>(6,714)</b>	(8,603)	<b>(5,326)</b>	(6,324)
<b>Profit after taxation</b>		<b>28,399</b>	27,569	<b>15,429</b>	15,941
Minority interests		<b>140</b>	-	-	-
<b>Net profit for the year</b>		<b>28,539</b>	27,569	<b>15,429</b>	15,941
Basic earnings per ordinary share (sen)	23	<b>6.26</b>	6.04		
Dividends per ordinary share – net (sen)	24	<b>2.88</b>	2.88	<b>2.88</b>	2.88



## STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2006

Group	Note	Non-distributable			Distributable		Total
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained profits RM'000	
<b>At 1 July 2004</b>		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		-	-	-	-	27,569	27,569
Dividends	24						
- 2004 first and final		-	-	-	-	(13,137)	(13,137)
- 2005 interim		-	-	-	-	(6,568)	(6,568)
<b>At 30 June 2005/1 July 2005</b>		456,132	39,773	62,848	5,075	142,363	706,191
Exchange differences on translation of the financial statements of associates and foreign subsidiaries		-	-	-	(3,429)	-	(3,429)
Net loss not recognised in the income statement		-	-	-	(3,429)	-	(3,429)
Net profit for the year		-	-	-	-	28,539	28,539
Dividends	24						
- 2005 final		-	-	-	-	(6,568)	(6,568)
<b>At 30 June 2006</b>		<b>456,132</b>	<b>39,773</b>	<b>62,848</b>	<b>1,646</b>	<b>164,334</b>	<b>724,733</b>

Note 15



Company	Note	Non-distributable		Distributable	Total
		Share capital RM'000	Share premium RM'000	Retained profits RM'000	
<b>At 1 July 2004</b>		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)
<b>At 30 June 2005/1 July 2005</b>		456,132	39,773	39,802	535,707
Net profit for the year		-	-	15,429	15,429
Dividends - 2005 final	24	-	-	(6,568)	(6,568)
<b>At 30 June 2006</b>		456,132	39,773	48,663	544,568
		Note 15		Note 16	



## CASH FLOW STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	35,113	36,172	20,755	22,265
Adjustments for:				
Allowance for diminution in value of investments - unquoted	-	-	-	10,000
Amortisation of goodwill on consolidation	647	647	-	-
Depreciation	14,213	13,981	135	131
Dividend income	(2,519)	(1,411)	(28,300)	(38,000)
Gain on disposal of long term quoted investments	-	(86)	-	-
Gain on disposal of property, plant and equipment	(192)	(538)	-	(1)
Interest expense	9,046	7,045	6,392	5,955
Interest income	(773)	(1,681)	(2,404)	(3,508)
Property, plant and equipment written off	239	381	1	-
Share of profit in associates	(155)	(1,291)	-	-
Operating profit/(loss) before working capital changes	55,619	53,219	(3,421)	(3,158)
Decrease/(Increase) in working capital:				
Inventories	1,079	923	-	-
Property development costs and land held for property development	(32,808)	2,265	-	-
Trade and other receivables	(56,417)	(22,892)	32	49
Trade and other payables	47,520	20,103	94	(673)
Cash generated from/(used in) operations	14,993	53,618	(3,295)	(3,782)
Income taxes paid	(9,912)	(8,511)	-	-
Income taxes refunded	3,235	-	3,235	728
<b>Net cash generated from/(used in) operating activities</b>	<b>8,316</b>	<b>45,107</b>	<b>(60)</b>	<b>(3,054)</b>
<b>Cash flows from investing activities</b>				
Additional investments in subsidiaries	-	-	-	(249,340)
Compensation received on property, plant and equipment	-	2,087	-	-
Dividends received	2,694	1,033	20,376	30,160
Increase in pledged deposits placed with a licensed bank	(7,118)	(177)	-	-
Interest received	773	1,681	2,404	3,508
Proceeds from disposal of property, plant and equipment	505	996	-	2
Proceeds from disposal of quoted investments	-	86	-	-
Purchase of investments	(77)	(534)	-	-
Purchase of property, plant and equipment	(13,409)	(17,264)	(30)	(278)
<b>Net cash (used in)/generated from investing activities</b>	<b>(16,632)</b>	<b>(12,092)</b>	<b>22,750</b>	<b>(215,948)</b>





	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Cash flows from financing activities</b>				
(Advances to)/Repayments from subsidiaries	-	-	(13,404)	233,524
Interest paid	(11,116)	(11,226)	(6,392)	(5,955)
Dividends paid to shareholders of the Company	(6,568)	(19,705)	(6,568)	(19,705)
Proceeds from loans and other borrowings	61,181	162,113	17,000	58,700
Repayment of loans and other borrowings	(51,563)	(175,864)	(13,250)	(47,925)
Proceeds from issuance of shares to minority shareholders	120	250	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(7,946)</b>	<b>(44,432)</b>	<b>(22,614)</b>	<b>218,639</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,262)</b>	<b>(11,417)</b>	<b>76</b>	<b>(363)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>20,096</b>	<b>31,513</b>	<b>(229)</b>	<b>134</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,834</b>	<b>20,096</b>	<b>(153)</b>	<b>(229)</b>

#### *Cash and cash equivalents*

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

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash and bank balances		20,765	30,730	167	75
Deposits placed with licensed banks (excluding deposits pledged)	12	643	426	-	-
Bank overdrafts	14	(17,574)	(11,060)	(320)	(304)
		3,834	20,096	(153)	(229)



# 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.

### (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.





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

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

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.

#### *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.



# NOTES TO THE FINANCIAL STATEMENTS

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

### (d) Investments (cont'd)

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.

### (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<sub>2004</sub>.

### (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.



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

### (g) Property development costs (cont'd)

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.

### (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.



# NOTES TO THE FINANCIAL STATEMENTS

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

### (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.

### (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.

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.



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

### (o) Capitalisation of borrowing costs (cont'd)

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.

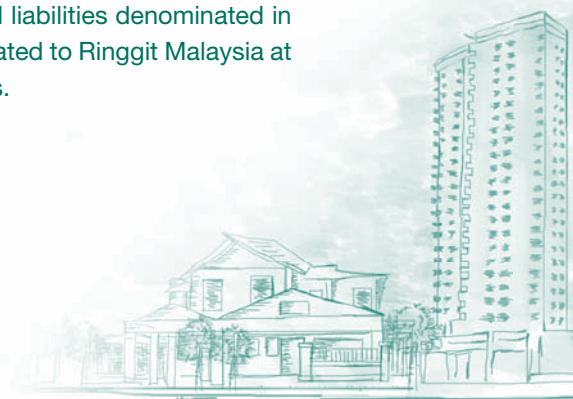
Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition 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.

### (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.



# NOTES TO THE FINANCIAL STATEMENTS

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

### (q) Foreign currency (cont'd)

#### (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	RM2.31	(2005 :	SGD1	RM2.25)
AUD1	RM2.70	(2005 :	AUD1	RM2.90)
THB1	RM0.09	(2005 :	THB1	RM0.09)

### (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.



## 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*

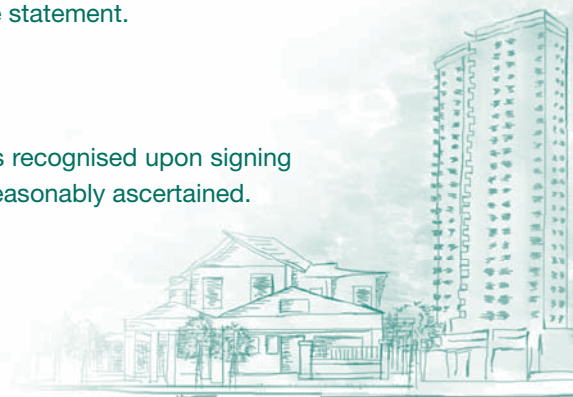
Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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.



# NOTES TO THE FINANCIAL STATEMENTS

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

### (r) Revenue (cont'd)

#### (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.

### (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.



## 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
<b>Cost/Valuation</b>								
At 1 July 2005	219,919	91,800	20,447	29,453	6,265	41,045	29,527	438,456
Additions	1,619	-	-	3,613	-	1,539	-	6,771
Disposals	-	-	-	-	(61)	-	-	(61)
Transfers	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	-
<b>At 30 June 2006</b>	<b>221,538</b>	<b>91,800</b>	<b>20,447</b>	<b>33,066</b>	<b>6,204</b>	<b>42,584</b>	<b>29,527</b>	<b>445,166</b>
<b>Representing items at:</b>								
Cost	1,619	-	20,447	33,066	6,204	42,584	29,527	133,447
Directors' valuation - 2004	219,919	91,800	-	-	-	-	-	311,719
<b>At 30 June 2006</b>	<b>221,538</b>	<b>91,800</b>	<b>20,447</b>	<b>33,066</b>	<b>6,204</b>	<b>42,584</b>	<b>29,527</b>	<b>445,166</b>
<b>Depreciation and impairment losses</b>								
Accumulated depreciation	-	1,020	-	-	674	4,657	3,144	9,495
Accumulated impairment losses	-	18,320	-	-	-	-	-	18,320
At 1 July 2005	-	19,340	-	-	674	4,657	3,144	27,815
Charge for the year	-	1,020	-	-	75	947	616	2,658
Disposals	-	-	-	-	(7)	-	-	(7)
Transfers	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	-
Accumulated depreciation	-	2,040	-	-	742	5,604	3,760	12,146
Accumulated impairment losses	-	18,320	-	-	-	-	-	18,320
<b>At 30 June 2006</b>	<b>-</b>	<b>20,360</b>	<b>-</b>	<b>-</b>	<b>742</b>	<b>5,604</b>	<b>3,760</b>	<b>30,466</b>
<b>Net book value</b>								
<b>At 30 June 2006</b>	<b>221,538</b>	<b>71,440</b>	<b>20,447</b>	<b>33,066</b>	<b>5,462</b>	<b>36,980</b>	<b>25,767</b>	<b>414,700</b>
At 30 June 2005	219,919	72,460	20,447	29,453	5,591	36,388	26,383	410,641
Depreciation charge for the year ended								
30 June 2005	-	1,020	-	-	117	924	605	2,666



## NOTES TO THE FINANCIAL STATEMENTS

### 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
<b>Cost/Valuation</b>								
At 1 July 2005	438,456	58,201	8,213	48,779	13,911	3,923	27	571,510
Additions	6,771	967	491	2,206	2,482	299	193	13,409
Disposals	(61)	(679)	(615)	(270)	(103)	(36)	-	(1,764)
Transfers	-	(195)	-	(1)	195	-	1	-
Write off	-	-	(394)	(246)	(10)	(42)	(1)	(693)
<b>At 30 June 2006</b>	<b>445,166</b>	<b>58,294</b>	<b>7,695</b>	<b>50,468</b>	<b>16,475</b>	<b>4,144</b>	<b>220</b>	<b>582,462</b>
<b>Representing items at:</b>								
Cost	133,447	58,294	7,695	50,468	16,475	4,144	220	270,743
Directors' valuation - 2004	311,719	-	-	-	-	-	-	311,719
<b>At 30 June 2006</b>	<b>445,166</b>	<b>58,294</b>	<b>7,695</b>	<b>50,468</b>	<b>16,475</b>	<b>4,144</b>	<b>220</b>	<b>582,462</b>
<b>Depreciation and impairment losses</b>								
Accumulated depreciation	9,495	39,826	4,190	30,989	7,055	2,824	-	94,379
Accumulated impairment losses	18,320	-	-	-	-	-	-	18,320
At 1 July 2005	27,815	39,826	4,190	30,989	7,055	2,824	-	112,699
Charge for the year	2,658	4,706	1,140	3,460	1,831	418	-	14,213
Disposals	(7)	(676)	(457)	(174)	(101)	(36)	-	(1,451)
Transfers	-	3	2	-	(5)	-	-	-
Write off	-	-	(394)	(15)	(4)	(41)	-	(454)
Accumulated depreciation	12,146	43,859	4,481	34,260	8,776	3,165	-	106,687
Accumulated impairment losses	18,320	-	-	-	-	-	-	18,320
<b>At 30 June 2006</b>	<b>30,466</b>	<b>43,859</b>	<b>4,481</b>	<b>34,260</b>	<b>8,776</b>	<b>3,165</b>	<b>-</b>	<b>125,007</b>
<b>Net book value</b>								
<b>At 30 June 2006</b>	<b>414,700</b>	<b>14,435</b>	<b>3,214</b>	<b>16,208</b>	<b>7,699</b>	<b>979</b>	<b>220</b>	<b>457,455</b>
At 30 June 2005	410,641	18,375	4,023	17,790	6,856	1,099	27	458,811
Depreciation charge for the year ended 30 June 2005	2,666	5,030	1,057	3,406	1,411	411	-	13,981



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

Company	Building RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>				
At 1 July 2005	2,338	989	415	3,742
Additions	-	30	-	30
Write off	-	(1)	-	(1)
<b>At 30 June 2006</b>	<b>2,338</b>	<b>1,018</b>	<b>415</b>	<b>3,771</b>
<b>Depreciation</b>				
At 1 July 2005	334	759	204	1,297
Charge for the year	26	57	52	135
Write off	-	-	-	-
<b>At 30 June 2006</b>	<b>360</b>	<b>816</b>	<b>256</b>	<b>1,432</b>
<b>Net book value</b>				
<b>At 30 June 2006</b>	<b>1,978</b>	<b>202</b>	<b>159</b>	<b>2,339</b>
At 30 June 2005	2,004	230	211	2,445
Depreciation charge for the year ended 30 June 2005	25	58	48	131

### Revaluation

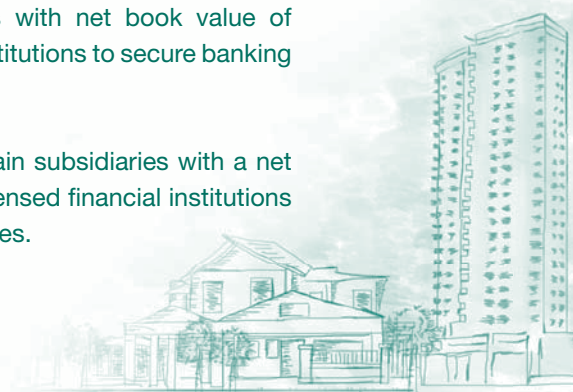
Hotel properties are stated at Directors' valuation based on professional valuations made by Mr. S. Gopala Krishnan, a registered valuer in Azmi & Co. Sdn. Bhd., Mr. Long Tian Chek, a registered valuer in Henry Butcher Malaysia Sdn. Bhd. and En. Zaharin Bin Ahmad Zamani, a registered valuer in Knight 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 RM214,246,000 (2005 - RM213,324,000).

### Security

The freehold and leasehold land and buildings of certain subsidiaries with net book value of RM40,872,000 (2005 - RM38,959,000) are pledged to licensed financial institutions to secure banking facilities granted to certain subsidiaries.

The freehold land with buildings classified under hotel properties of certain subsidiaries with a net book value of RM221,538,000 (2005 - RM219,919,000) are pledged to licensed financial institutions to secure banking facilities granted to the Company and certain subsidiaries.



## NOTES TO THE FINANCIAL STATEMENTS

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

#### *Security (cont'd)*

Other property, plant and equipment of a subsidiary with a net book value of RM5,360,000 (2005 - RM6,607,000) has been pledged to a licensed financial institution to secure banking facilities granted to the subsidiary.

#### *Impairment loss*

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

### 3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM'000	2005 RM'000
Unquoted ordinary shares – at cost	202,112	202,112
Unquoted redeemable preference shares – at cost	245,400	245,400
Less: Impairment loss	(21,655)	(21,655)
	<b>425,857</b>	425,857

Details of the subsidiaries are shown in Note 31.

### 4. INVESTMENTS IN ASSOCIATES

	Group	
	2006 RM'000	2005 RM'000
Unquoted shares		
- in Malaysia – at cost	2	2
- in overseas – at cost	23,919	23,919
Share of post-acquisition profits	170	1,291
Exchange translation reserves	1,547	5,075
	<b>25,638</b>	30,287
Represented by:		
Share of net assets	47,643	52,292
Negative goodwill	(22,005)	(22,005)
	<b>25,638</b>	30,287



#### 4. INVESTMENTS IN ASSOCIATES (CONT'D)

The associates of the Group are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2006 %	2005 %
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	27.40

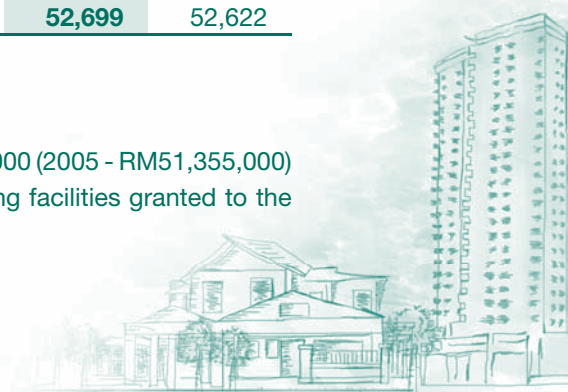
\* The associates were equity accounted using management financial statements.

#### 5. OTHER INVESTMENTS

	Group	
	2006 RM'000	2005 RM'000
Long term - at cost		
Shares quoted - in Malaysia	58,920	58,920
Warrants quoted in Malaysia	482	482
Other investments quoted in Malaysia	2,445	2,368
	<b>61,847</b>	61,770
Less: Allowance for diminution in value		
Shares quoted in Malaysia	(8,047)	(8,047)
Other investments quoted in Malaysia	(1,135)	(1,135)
	<b>(9,182)</b>	(9,182)
	<b>52,665</b>	52,588
Shares unquoted: - in Malaysia	34	34
	<b>52,699</b>	52,622

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 (2005 - RM51,355,000) have been pledged to licensed financial institutions as security for banking facilities granted to the Company.



## NOTES TO THE FINANCIAL STATEMENTS

### 5. OTHER INVESTMENTS (CONT'D)

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

### 6. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2006 RM'000	2005 RM'000
<b>At cost</b>		
<i>At beginning of year</i>	142,817	153,003
Additions	7,820	6,637
Transfer to property development costs	(43,990)	(16,823)
Disposal of land	(352)	-
<b>At end of year</b>	<b>106,295</b>	<b>142,817</b>
<b>Representing:</b>		
Land	77,124	108,570
Land development costs	29,171	34,247
	<b>106,295</b>	<b>142,817</b>

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

	Group	
	2006 RM'000	2005 RM'000
Interest expense	-	1,014

In the previous year, interest was capitalised in land held for property development at rates ranging from 2.39% to 7.25% per annum.

Certain land held for property development with a carrying value of RM39,348,000 (2005 - RM89,764,000) have been pledged to a licensed bank for banking facilities granted to the Company and certain subsidiaries.

### 7. AMOUNT DUE FROM/TO SUBSIDIARIES

Amount due from subsidiaries is in respect of advances, which are unsecured and interest free except for RM228,743,000 (2005 - RM125,387,000), which is subject to interest rate at 1.06% (2005 - 0.30% to 5.00%) per annum.

Amounts due to subsidiaries is in respect of advances, which are unsecured and interest free except for RM12,175,000 (2005 - RM15,052,000), which is subject to interest rate ranging from 5.00% to 6.75% (2005 - 4.80% to 5.00%) per annum.





## 7. AMOUNT DUE FROM/TO SUBSIDIARIES (CONT'D)

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

## 8. INTANGIBLE ASSETS

	Group	
	2006 RM'000	2005 RM'000
<b><i>Goodwill arising on consolidation</i></b>		
<b><i>At cost</i></b>		
Opening /Closing balance	13,147	13,147
<b><i>Amortisation</i></b>		
Opening balance	5,885	5,238
Amortisation charge for the year	647	647
Closing balance	6,532	5,885
<b><i>Net book value</i></b>	6,615	7,262

## 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b><i>Current</i></b>				
Trade receivables	142,175	124,101	-	-
Accrued billings	30,491	14,089	-	-
Amount due from contract customers	29,891	21,513	-	-
Other receivables, deposits and prepayments	32,315	17,751	237	269
	234,872	177,454	237	269
<b><i>Non-current</i></b>				
Trade receivables	10,479	11,350	-	-

### ***Trade receivables***

Trade receivables of the Group include membership fees amounting to RM22,093,000 (2005 - RM27,520,000) receivable from customers ranging from 12 to 60 monthly instalments.

Included in trade receivables of the Group are retention sums receivable amounting to RM16,766,000 (2005 - RM10,635,000).



## NOTES TO THE FINANCIAL STATEMENTS

### 9. TRADE AND OTHER RECEIVABLES (CONT'D)

#### *Amount due from contract customers*

	Group	
	2006 RM'000	2005 RM'000
Aggregate costs incurred to date	707,252	531,364
Add: Attributable profits	50,363	40,024
	<b>757,615</b>	571,388
Less: Progress billings	<b>(768,935)</b>	(569,286)
	<b>(11,320)</b>	2,102
Amount due to contract customers reclassified (Note 13)	41,211	19,411
	<b>29,891</b>	21,513

#### *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 and deposit paid for acquisition of land amounting to RM3,809,000 (2005 - RM2,603,000) and RM7,337,000 (2005 - Nil) respectively.

Advances and payments made on behalf of subcontractors are unsecured, interest free and have no fixed terms of repayment.

### 10. INVENTORIES

	Group	
	2006 RM'000	2005 RM'000
<b><i>At cost</i></b>		
Developed properties held for sale	8,943	11,127
Raw materials	7,043	6,111
Work-in-progress	2,937	4,335
Manufactured inventories	9,932	8,412
Spares and consumables	1,865	1,814
	<b>30,720</b>	31,799



## 11. PROPERTY DEVELOPMENT COSTS

	Group	
	2006 RM'000	2005 RM'000
<b><i>At beginning of year</i></b>		
Land	59,229	47,882
Development costs	318,006	243,425
Accumulated costs charged to income statement	<b>(278,841)</b>	(201,126)
	<b>98,394</b>	90,181
Transfer from land held for property development		
- Land	33,568	11,347
- Development costs	10,422	5,476
Development costs incurred during the year	120,307	69,913
Reversal of accrued development cost	(846)	(808)
Cost charged to income statement for the year	<b>(91,926)</b>	(77,715)
	<b>71,525</b>	8,213
Transfer to developed properties held for sale	<b>(125)</b>	-
<b><i>At end of year</i></b>	<b>169,794</b>	98,394
<b><i>Represented by:</i></b>		
Land	112,392	59,229
Development costs	428,169	318,006
Accumulated costs charged to income statement	<b>(370,767)</b>	(278,841)
	<b>169,794</b>	98,394

Property development costs incurred during the financial year include:

	Group	
	2006 RM'000	2005 RM'000
Interest expense	2,070	3,167

Interest is capitalised in property development costs at rates ranging from 1.06% to 8.30% (2005 - 2.39% to 7.25%) 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 RM125,532,000 (2005 - RM47,769,000) 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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash and bank balances	20,765	30,730	167	75
Fixed deposits placed with licensed banks	7,938	603	-	-
	<b>28,703</b>	31,333	<b>167</b>	75

The Group's cash and bank balances include RM12,228,000 (2005 - RM23,147,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) Regulations 2002. Included in fixed deposits is RM7,295,000 (2005 - RM177,000) pledged for bank guarantee facilities granted to a subsidiary during the financial year.

### 13. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b><i>Current</i></b>				
Trade payables	88,733	63,353	-	-
Progress billings	2,096	9,031	-	-
Amount due to contract customers (Note 11)	41,211	19,411	-	-
Other payables and accrued expenses	28,928	22,045	885	791
Deferred income	228	1,073	-	-
	<b>161,196</b>	114,913	<b>885</b>	791
<b><i>Non-current</i></b>				
Deferred income	24,867	23,630	-	-

#### ***Trade payables***

Trade payables of the Group include retention sums payable of RM15,523,000 (2005 - RM12,395,000).

#### ***Other payables and accrued expenses***

Other payables and accrued expenses include enrollment fees payable to Resort Condominiums International LCC ("RCI") of RM3,185,000 (2005 - RM2,941,000) 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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Current</b>				
Term loans - secured	18,410	22,107	11,250	11,250
Overdrafts - secured	12,857	6,446	320	304
	4,717	4,614	-	-
Bankers' acceptances - secured	3,358	1,462	-	-
	21,216	18,909	-	-
Revolving credits - secured	56,000	41,000	51,000	36,000
	12,500	12,500	-	-
Hire purchase liabilities	19	-	-	-
	129,077	107,038	62,570	47,554
<b>Non-current</b>				
Term loans - secured	79,355	85,292	31,875	43,125
Hire purchase liabilities	30	-	-	-
	79,385	85,292	31,875	43,125
	208,462	192,330	94,445	90,679

### Terms and debt repayment schedule

	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>Group</b>				
Secured term loans - variable at 5.80% to 8.30% (2005 - 4.80% to 7.50%)	97,765	18,410	21,296	58,059
Secured overdrafts - variable at 7.75% to 8.25% (2005 - 7.00% to 7.50%)	12,857	12,857	-	-
Unsecured overdrafts - variable at 8.25% to 8.75% (2005 - 7.25% to 8.00%)	4,717	4,717	-	-
Secured bankers' acceptances - variable at 3.83% to 3.95% (2005 - 3.03%)	3,358	3,358	-	-
Unsecured bankers' acceptances - variable at 3.25% to 5.90% (2005 - 3.05% to 3.75%)	21,216	21,216	-	-
Secured revolving credits - variable at 5.19% to 6.62% (2005 - 4.60% to 6.06%)	56,000	56,000	-	-
Unsecured revolving credits - variable at 5.50% (2005 - 4.75% to 4.80%)	12,500	12,500	-	-
Hire purchase liabilities at 2.70% (2005 - Nil)	49	19	30	-
	208,462	129,077	21,326	58,059



## 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
<b>Company</b>				
Secured term loan - variable at 6.60% to 6.75% (2005 - 4.80% to 6.60%)	43,125	11,250	11,250	20,625
Secured overdrafts - variable at 8.00% to 8.25% (2005 - 7.50%)	320	320	-	-
Secured revolving credits - variable at 5.19% to 6.62% (2005 - 4.60% to 6.06%)	51,000	51,000	-	-
	94,445	62,570	11,250	20,625

#### **Security**

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

The 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	
	2006	2005
	RM'000	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 2006 if paid out as dividends.

## 17. DEFERRED TAX

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

	Group	
	2006	2005
	RM'000	RM'000
Deferred tax liabilities	10,581	9,980
Deferred tax assets	(3,407)	(2,781)

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	
	2006	2005
	RM'000	RM'000
Property, plant and equipment		
- capital allowances in excess of depreciation	10,860	4,002
- revaluation	3,326	3,326
Property development costs	2,988	2,988
Unabsorbed capital allowances	(5,491)	(7)
Unutilised tax losses	(230)	(11)
Allowances	(872)	(318)
	10,581	9,980

## NOTES TO THE FINANCIAL STATEMENTS

### 17. DEFERRED TAX (CONT'D)

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

	Group	
	2006 RM'000	2005 RM'000
Property, plant and equipment	75	(3)
Deductible temporary differences	(3,311)	(2,778)
Unutilised tax losses	(171)	-
	<b>(3,407)</b>	<b>(2,781)</b>

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Taxable temporary differences	(41,570)	(66,732)	(156)	(116)
Deductible temporary differences	15,481	19,273	-	-
Unabsorbed capital allowances	74,880	90,813	771	660
Unutilised tax losses	45,464	43,867	-	-
Allowances	-	193	-	-
	<b>94,255</b>	<b>87,414</b>	<b>615</b>	<b>544</b>

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.

Subject to agreement by the Inland Revenue Board, the Group has unutilised reinvestment allowances and unutilised investment tax allowances of RM29,610,000 (2005 - RM35,561,000) and RM142,398,000 (2005 - RM142,398,000) respectively.

### 18. OPERATING PROFIT

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue - contract revenue	136,463	104,497	-	-
- sale of goods	154,583	115,876	-	-
- sale of properties	124,964	117,025	-	-
- services	69,290	71,047	2,773	381
- dividends	2,520	1,411	28,300	38,000
	<b>487,820</b>	<b>409,856</b>	<b>31,073</b>	<b>38,381</b>



## 18. OPERATING PROFIT (CONT'D)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Contract costs recognised as an expense	(121,592)	(91,313)	-	-
Cost of sales	(129,291)	(96,591)	-	-
Cost of properties sold	(93,483)	(79,732)	-	-
Cost of services	(31,059)	(37,033)	(5,668)	(2,189)
	(375,425)	(304,669)	(5,668)	(2,189)
Gross profit	112,395	105,187	25,405	36,192
Administration expenses	(17,399)	(15,843)	(664)	(553)
Other operating expenses	(54,457)	(51,954)	(334)	(10,507)
Other operating income	3,801	4,253	688	96
Operating profit	44,340	41,643	25,095	25,228
<b>Operating profit is arrived at after crediting:</b>				
Allowance for doubtful debts written back	682	865	-	-
Dividend income from:				
Investments quoted in Malaysia	2,436	1,359	-	-
Unquoted subsidiaries - gross	-	-	28,300	28,000
- tax exempt	-	-	-	10,000
Unquoted investments	83	52	-	-
Gain on disposal of long term quoted investments	-	86	-	-
Gain on disposal of property, plant and equipment	206	538	-	1
Rental income on land and buildings	2,393	1,443	133	188
Realised gain on foreign exchange	81	38	-	-
<b>and after charging:</b>				
Allowance for doubtful debts	648	141	-	-
Allowance for diminution of investments				
- unquoted	-	-	-	10,000
Amortisation of goodwill on consolidation	647	647	-	-
Auditors' remuneration				
Holding company auditors				
- current year	258	226	34	32
- under provision in prior years	16	17	2	2
Other auditors	24	18	-	-
Bad debts written off	196	39	-	-



## NOTES TO THE FINANCIAL STATEMENTS

### 18. OPERATING PROFIT (CONT'D)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>and after charging: (cont'd)</b>				
Directors' remuneration				
Salaries and other emoluments				
- Directors of the Company	2,584	2,221	2,584	818
- Directors of the subsidiaries	907	778	-	-
Directors' fees				
- Directors of the Company	81	62	81	62
Depreciation	14,213	13,981	135	131
Liquidated and ascertained damages	2,180	1,358	-	-
Loss on disposal of property, plant and equipment	14	1	-	-
Property, plant and equipment written off	239	381	1	-
Rental expense on land and buildings	1,282	1,323	19	19
Rental of equipment	105	78	-	-
Replacement cost for operating equipment	444	364	-	-
Research and development expenses	557	233	-	-
Realised loss on foreign exchange	156	42	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group and Company is RM60,000 (2005 - RM57,000) and RM18,000 (2005 - RM17,000) respectively.

### 19. EMPLOYEE INFORMATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Staff costs	43,566	40,007	5,408	1,979

The number of employees of the Group and of the Company (including Directors) at the end of the year was 1,780 (2005 - 1,679) and 61 (2005 - 24) respectively.

Staff costs of the Group and the Company include contributions to the Employees' Provident Fund of RM4,330,000 (2005 - RM3,916,000) and RM638,000 (2005 - RM206,000) respectively.



## 20. FINANCING COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest payable				
Bank overdrafts	1,250	466	626	104
Bankers' acceptances	758	765	-	-
Revolving credits	2,669	2,092	2,028	1,466
Subsidiaries	-	-	645	881
Term loans	4,369	3,722	3,093	3,504
Other finance charges	1,109	1,398	352	516
	<b>10,155</b>	<b>8,443</b>	<b>6,744</b>	<b>6,471</b>

## 21. INTEREST INCOME

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest receivable				
Fixed deposits	45	13	-	-
Housing development account	397	627	-	-
Loan stocks	-	549	-	-
Subsidiaries	-	-	2,404	3,508
Others	331	492	-	-
	<b>773</b>	<b>1,681</b>	<b>2,404</b>	<b>3,508</b>

## 22. TAX EXPENSE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current tax expense				
Malaysian - current year	7,057	7,635	6,059	6,481
- prior year	(971)	(216)	(733)	(157)
Overseas - current year	233	-	-	-
	<b>6,319</b>	<b>7,419</b>	<b>5,326</b>	<b>6,324</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 22. TAX EXPENSE (CONT'D)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deferred tax expense				
Origination and reversal of temporary differences	(217)	1,149	-	-
Under provision in prior year	192	35	-	-
	(25)	1,184	-	-
Share of tax expense of associates	420	-	-	-
	6,714	8,603	5,326	6,324
<b>Reconciliation of effective tax expense</b>				
Profit before taxation	35,113	36,172	20,755	22,265
Income tax using Malaysian tax rate	9,832	10,128	5,811	6,234
Non-deductible expenses	2,139	827	230	3,029
Non-taxable income	(661)	(1,128)	-	-
Tax exempt income	-	-	-	(2,800)
Deferred tax assets not recognised during the year	1,531	1,399	18	18
Utilisation of previously unrecognised deferred tax assets	(3,446)	(2,169)	-	-
Effect of different tax rate for chargeable income up to RM500,000 (2005 - RM500,000)	(223)	(273)	-	-
Tax incentive	(1,679)	-	-	-
	7,493	8,784	6,059	6,481
Over provision in prior years	(779)	(181)	(733)	(157)
Tax expense	6,714	8,603	5,326	6,324

### 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 RM28,539,000 (2005 - RM27,569,000) and the number of ordinary shares outstanding during the year of 456,132,000 (2005 - 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	
	2006 RM'000	2005 RM'000
Ordinary		
Interim paid:		
2006 - Nil		
(2005 - 2% per share less tax at 28%)	-	6,568
Final paid:		
2005 - 2% per share less tax at 28%		
(2004 - 4% per share less tax at 28%)	6,568	13,137
	<b>6,568</b>	<b>19,705</b>

The Directors proposed a first and final dividend of 4% (2005: final dividend - 2%) less tax at 28% totalling RM13,137,000 (2005 - RM6,568,000) for the current financial year. The proposed first and 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.

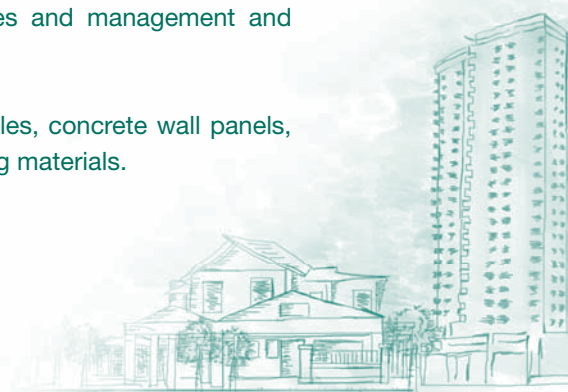
Inter-segment pricing is determined based on negotiated commercial terms.

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.



## NOTES TO THE FINANCIAL STATEMENTS

### 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, management of timeshare membership scheme and marketing of timeshare memberships.
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.

<i>Business Segments</i>	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
<b>2006</b>								
Revenue from external customers	136,463	126,644	154,579	67,353	2,643	138	-	487,820
Inter-segment revenue	81,524	184	40,924	-	2,650	38	(125,320)	-
<b>Total revenue</b>	<b>217,987</b>	<b>126,828</b>	<b>195,503</b>	<b>67,353</b>	<b>5,293</b>	<b>176</b>	<b>(125,320)</b>	<b>487,820</b>
<b>Segment result</b>	<b>6,610</b>	<b>18,872</b>	<b>12,887</b>	<b>7,554</b>	<b>(905)</b>	<b>(79)</b>	<b>(599)</b>	<b>44,340</b>
Financing costs								(10,155)
Interest income								773
Share of profit of associates								155
<b>Profit before taxation</b>								<b>35,113</b>
Tax expense								
- Company and subsidiaries								(6,294)
- associates								(420)
Minority interests								140
<b>Net profit for the year</b>								<b>28,539</b>



## 25. SEGMENTAL INFORMATION (CONT'D)

<i>Business Segments</i>	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
<b>2005</b>								
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)	-
<b>Total revenue</b>	<b>176,894</b>	<b>118,516</b>	<b>143,032</b>	<b>69,590</b>	<b>1,784</b>	<b>131</b>	<b>(100,091)</b>	<b>409,856</b>
<b>Segment result</b>	<b>8,534</b>	<b>22,172</b>	<b>9,359</b>	<b>3,772</b>	<b>(1,501)</b>	<b>(159)</b>	<b>(534)</b>	<b>41,643</b>
Financing costs								(8,443)
Interest income								1,681
Share of profit of associates								1,291
<b>Profit before taxation</b>								<b>36,172</b>
Tax expense								(8,603)
Minority interests								-
<b>Net profit for the year</b>								<b>27,569</b>

	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
<b>2006</b>							
<b>Segment assets</b>	<b>118,206</b>	<b>374,200</b>	<b>111,757</b>	<b>419,008</b>	<b>81,130</b>	<b>11,031</b>	<b>1,115,332</b>
Unallocated assets							17,621
<b>Total assets</b>							<b>1,132,953</b>
<b>Segment liabilities</b>	<b>86,541</b>	<b>27,354</b>	<b>22,696</b>	<b>48,021</b>	<b>1,143</b>	<b>308</b>	<b>186,063</b>
Unallocated liabilities							221,897
<b>Total liabilities</b>							<b>407,960</b>
Capital expenditure	1,782	1,127	330	10,140	30	-	13,409
Depreciation and amortisation of property, plant and equipment	1,114	1,140	5,655	6,157	135	12	14,213
Amortisation of goodwill	-	-	413	234	-	-	647
Non-cash expenses other than depreciation and amortisation	2	3	-	233	1	-	239



## 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
<b>2005</b>							
<b>Segment assets</b>	79,655	335,588	108,289	419,341	85,832	12,821	1,041,526
Unallocated assets							11,032
<b>Total assets</b>							1,052,558
<b>Segment liabilities</b>	52,876	19,371	19,567	45,835	846	48	138,543
Unallocated liabilities							207,574
<b>Total liabilities</b>							346,117
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

### 26. CONTINGENT LIABILITIES

	Company	
	2006 RM'000	2005 RM'000
Corporate guarantees given to financial institutions relating to borrowings of subsidiaries	261,273	247,823
Corporate guarantees given to third parties relating to credit facilities granted to subsidiaries	15,840	17,180
	277,113	265,003

#### **Litigation**

Swiss-Garden International Vacation Club Berhad ("SGIVCB"), a wholly owned subsidiary of the Company has initiated a civil suit against Swiss Marketing Corporation Sdn. Bhd. ("the external agent").

The civil suit taken by SGIVCB against the external agent was in respect of the wrongful repudiation of the Marketing Agreement entered into by the parties on 2 July 2001, resulting in SGIVCB suffered losses and damages. In this civil suit, the external agent has filed a counter claim against SGIVCB. Based upon the advice of legal advisors, the Directors are of the opinion that the counter claim is frivolous and unsubstantiated.





## 26. CONTINGENT LIABILITIES (CONT'D)

The hearing for Summary Judgement for the counter claim on 26 July 2006 was decided in our favour. On 17 August 2006, the external agent has lodged an appeal against the decision. The hearing for the appeal was fixed on 1 November 2006.

The date of the Case Management in respect of the civil suit taken by SGIVCB against the external agent was held on 30 August 2006. The Case Management continues on 31 January 2007.

## 27. COMMITMENTS

	Group	
	2006 RM'000	2005 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements	-	22
Land held for development		
Contracted but not provided for in the financial statements	17,021	17,100
	<b>17,021</b>	<b>17,122</b>

## 28. OPERATING LEASES

### *Leases as lessee*

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Less than one year	1,015	1,109	19	17
Between one and five years	253	728	7	10
	<b>1,268</b>	<b>1,837</b>	<b>26</b>	<b>27</b>

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	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Transactions</b>				
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	2,304	2,210	-	-
DC Services Sdn. Bhd. Insurance premium payable	1,821	1,356	58	13
Dindings Risk Management Services Sdn. Bhd. Insurance premium payable	448	269	13	7
Willowglen (Malaysia) Sdn. Bhd. Progress claim payable	242	469	-	-
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 Holdings Berhad Room revenue receivable	37	-	-	-
OSK Properties Sdn. Bhd. Construction cost billed	17,096	10,713	-	-
Project management fees billed	-	262	-	-
OSK Properties (Seremban) Sdn. Bhd. Project management fees billed	16	56	-	-
Ke-Zan Holdings Berhad Rental of premises payable	1,111	847	10	10



## 29. RELATED PARTIES (CONT'D)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Transactions (cont'd)</b>				
OSK Securities Berhad				
Room revenue receivable	35	80	-	-
Rental receivable	25	25	-	-
Epic Hotels Pty. Ltd.				
Hotel management fees billed	1,254	1,636	-	-
Hotel room charges payable	82	50	-	-
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	15	151	-	-

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	
	2006 RM'000	2005 RM'000
Facilities charges payable	24	24
Introductory fees receivables	644	-
Management fees receivable	2,640	193
Rental receivable	9	76
Rental payable	9	9
Service charge for rental receivable	6	51

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 amount 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 institutions. 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.



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

#### *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.

Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000
<b>2006</b>			
<b>Financial assets</b>			
Fixed deposits placed with licensed banks	3.10	7,938	7,938
<b>Financial liabilities</b>			
Secured term loans	6.92	97,765	97,765
Secured overdrafts	7.97	12,857	12,857
Unsecured overdrafts	8.49	4,717	4,717
Secured bankers' acceptances	3.86	3,358	3,358
Unsecured bankers' acceptances	4.08	21,216	21,216
Secured revolving credits	6.00	56,000	56,000
Unsecured revolving credits	5.50	12,500	12,500
Hire purchase liabilities	2.70	49	49
<b>2005</b>			
<b>Financial assets</b>			
Fixed deposits placed with licensed banks	2.99	603	603
<b>Financial liabilities</b>			
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



## NOTES TO THE FINANCIAL STATEMENTS

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

Company	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000
<b>2006</b>			
<b>Financial liabilities</b>			
Secured term loans	6.65	43,125	43,125
Secured overdrafts	8.05	320	320
Secured revolving credits	6.08	51,000	51,000
<b>2005</b>			
<b>Financial liabilities</b>			
Secured term loans	6.10	54,375	54,375
Secured overdrafts	7.50	304	304
Secured revolving credits	5.27	36,000	36,000

#### 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 are carried at historical cost less allowance for diminution in value of RM34,000 (2005 – RM34,000) in the balance sheet. The Group's share of net tangible assets reported by the unquoted company in Malaysia at 31 December 2005 was RM549,000 (31.12.2005 - RM545,000).

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.



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

Group	2006 Carrying amount RM'000	2006 Fair value RM'000	2005 Carrying amount RM'000	2005 Fair value RM'000
<b>Financial assets</b>				
Shares quoted in Malaysia	50,873	38,810	50,873	34,747
Warrants quoted in Malaysia	482	257	482	386
Other investments quoted in Malaysia	1,310	1,824	1,233	1,677
	52,665	40,891	52,588	36,810

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	
			2006 %	2005 %
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	99
DLHA Management Services Sdn. Bhd.	Provision of property management services	Malaysia	99	99
Eframe Sdn. Bhd.	Software consultancy, product development and maintenance	Malaysia	100	100
Olympic Cable Company Sendirian Berhad and its subsidiary	Manufacturing and sales of cables and wires	Malaysia	100	100



## NOTES TO THE FINANCIAL STATEMENTS

### 31. SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2006 %	2005 %
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	78.5
PJDC Co., Ltd.**	Construction	Thailand	88.5	88.5
PJD Land Sdn. Bhd.	Dormant	Malaysia	100	100



### 31. SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2006 %	2005 %
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	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 timeshare memberships	Malaysia	70	70
Swiss-Garden Rewards (Singapore) Pte. Ltd.*	Agent providing services to hotel companies	Singapore	70	70



## NOTES TO THE FINANCIAL STATEMENTS

### 31. SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2006 %	2005 %
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	100
HTR Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	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



### 31. SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2006 %	2005 %
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
PKM Management Services Sdn. Bhd. (formerly known as Techno-Trans Engineering Sdn. Bhd.)	Provision of property management services	Malaysia	100	100
Wahyu Sdn. Bhd.	Dormant	Malaysia	100	100

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

\*\*Audited by other firms of auditors

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



## NOTES TO THE FINANCIAL STATEMENTS

### 32. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Company has repurchased its own shares, as follows:

Date of purchase	Number of shares purchased (‘000)	Total consideration paid RM’000
16.08.2006	22	9
17.08.2006	10	4
18.08.2006	68	27
	100	40

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. The Company may distribute the treasury shares as dividend to the shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Malaysia Securities Berhad or cancel the shares in accordance with Section 67A of the Companies Act, 1965.

### 33. COMPARATIVE FIGURES

The following comparatives have been restated to conform with current year presentation.

	Group	
	As restated RM’000	As previously stated RM’000
<b>Balance sheet</b>		
Property development costs	98,394	105,937
Trade and other receivables	177,454	177,035
Trade and other payables	114,913	122,037

