

## financial statements

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## directors' report for the year ended 30 June 2007

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 2007.

### 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 30 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
Profit for the year	42,474	16,545

### RESERVES AND PROVISIONS

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

### DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final ordinary dividends of 4% per ordinary share less tax at 27% totalling RM13,316,000 (2.92 sen net per share) in respect of the year ended 30 June 2006 on 18 January 2007.

The first and final ordinary dividends recommended by the Directors in respect of the year ended 30 June 2007 is 5% per ordinary share less tax at 26% totalling RM16,873,000 (3.70 sen net per share).

### 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  
 Yap Yoon Kong  
 Dato' Dr. Haji Dzulkarnain bin Shafiee  
 Dato' Mohamed Tarmizi bin Mohd. Tahir  
 YM Ungku Haji Mohd. Afandi bin Suleiman  
 Au Chun Choong

## DIRECTORS' INTERESTS

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:

	Number of ordinary shares of RM1.00 each			At 30.6.2007
	At 1.7.2006	Bought	Sold	
<b>The Company</b>				
<i>Shareholdings in which Directors have direct interest</i>				
Wong Ah Chiew	2,376,000	-	-	2,376,000
Wong Chong Shee	1,300,000	1,500,000	-	2,800,000
Khor Chai Moi	16,587,721	10,352,445	-	26,940,166
Dato' Dr. Haji Dzulkarnain bin Shafiee	34,000	-	(28,000)	6,000
<i>Shareholdings in which Directors have indirect interest</i>				
Wong Ah Chiew *	90,280,281	3,567,400	-	93,847,681
Khor Chai Moi **	110,393,886	4,083,400	(10,352,445)	104,124,841

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:

	Number of Warrants B			At 30.6.2007
	At 1.7.2006	Bought	Sold	
<b>The Company</b>				
<i>Warrantholdings in which Directors have direct interest</i>				
Wong Ah Chiew	402,000	-	-	402,000
Wong Chong Shee	33	-	-	33
Khor Chai Moi	8,791,199	2,901,630	-	11,692,829
Dato' Dr. Haji Dzulkarnain bin Shafiee	4,000	-	-	4,000

## directors' report

for the financial year ended 30 June 2007

	Number of Warrants B			
	At 1.7.2006	Bought	Sold	At 30.6.2007

### The Company

#### Warrantholdings in which Directors have indirect interest

Wong Ah Chiew ***	31,593,392	-	-	31,593,392
Khor Chai Moi ****	36,328,862	-	(2,901,630)	33,427,232

\* By virtue of shares held by Dindings Consolidated Sdn. Bhd., Elegant Preference Sdn. Bhd. and through nominees

\*\* By virtue of shares 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. and Ladang Setia Sdn. Bhd.

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 PJ Development Holdings Berhad 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 1.7.2006	Bought	Sold	At 30.6.2007
Damai Laut Golf Resort Sdn. Bhd.	29,500,000	-	-	29,500,000
Swiss-Garden Rewards Sdn. Bhd.	350,000	-	-	350,000

	Number of ordinary shares of 10.00 Thai Baht each			
	At 1.7.2006	Bought	Sold	At 30.6.2007
PJDCI Co., Ltd.	242,500	-	-	242,500
PJDC Co., Ltd.	14,925,000	-	-	14,925,000

	Number of redeemable preference shares of RM1.00 each			
	At 1.7.2006	Bought	Sold	At 30.6.2007
Damai Laut Golf Resort Sdn. Bhd.	20,000,000	-	-	20,000,000

None of the other Directors holding office at 30 June 2007 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 certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business 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 authorised, issued and paid-up capital of the Company during the financial year.

## SHARES REPURCHASED

During the year, the Company has repurchased 100,000 of its issued and paid up share capital from the open market for a total consideration of RM40,000. The shares repurchased were not subsequently cancelled and have been classified as treasury shares which were presented as a deduction from total equity.

## OPTIONS GRANTED OVER UNISSUED SHARES

### *Warrants*

#### Warrants B

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

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

As at 30 June 2007, 114,032,898 Warrants B have yet to be converted to ordinary shares.

## directors' report for the financial year ended 30 June 2007

### OTHER STATUTORY INFORMATION

Before the balance sheets and income 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.

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 2007 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.



## SIGNIFICANT EVENTS DURING THE YEAR

- (a) On 3 July 2006, PJD-MM2H Sdn. Bhd. has become a wholly-owned subsidiary of PJD Realty Sdn. Bhd. ("PJDR"), a wholly-owned subsidiary of the Company, with the authorised and paid-up capital of RM100,000 and RM2 respectively.
- (b) The Company has entered into Sale and Purchase Agreements with Willowglen (Malaysia) Sdn. Bhd., a related party, for the disposal of four (4) pieces of land together with 4 units three storey shop offices for a sale consideration of RM2,990,000. The transaction was completed on 30 April 2007.
- (c) On 22 November 2006, PJDR acquired two (2) ordinary shares of RM1 each in Sanubari Sejahtera Sdn. Bhd. ("SSSB"), representing 100% equity interest in SSSB for a cash consideration of RM2.
- (d) Olympic Cable (Singapore) Pte. Ltd. has been granted an Investment License to establish a 100% foreign-owned company known as OVI Cables (Vietnam) Co., Ltd. in the Socialist Republic of Vietnam with a legal capital of USD828,000.
- (e) In May 2007, a subsidiary company of Equity & Property Investment Corporation Limited, an associate of the Company in which the Company holds 27.4% interest, has entered into an option agreement for the disposal of its hotel properties and business for a consideration of AUD135,000,000.

## SUBSEQUENT EVENT

On 2 November 2006, the Company, had announced to acquire 100% equity interest in Pravest Sdn. Bhd. ("PSB") through PJDR, for a consideration of RM17,400,000. The authorised share capital of PSB is RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 100,000 ordinary shares of RM1 each have been issued and fully paid-up. PSB has a joint venture agreement with Perbadanan Setiausaha Kerajaan Pahang for the development of 1,000 acres of land in Penor, Kuantan. The purchase of PSB was completed on 20 July 2007.

## AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Wong Ah Chiew

Wong Chong Shee

Kuala Lumpur, Malaysia  
8 October 2007



## 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 50 to 113 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2007 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, Malaysia  
8 October 2007

## 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 50 to 113 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 in the Federal Territory on 8 October 2007.

Yap Yoon Kong

Before me:

Teong Kian Meng (W147)  
Commissioner for Oaths  
Kuala Lumpur, Malaysia



## report of the auditors to the members of PJ Development Holdings Berhad

We have audited the financial statements set out on pages 50 to 113. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. 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 Financial Reporting Standards 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 2007 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 30 to the financial statements and we have considered their management financial statements and financial statements and the auditors' reports thereon.

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

**Peter Ho Kok Wai**  
Partner  
Approval Number: 1745/12/07(J)

Kuala Lumpur, Malaysia  
8 October 2007

## balance sheets

at 30 june 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 restated	2007 RM'000	2006 RM'000 restated
<b>Assets</b>					
Property, plant and equipment	3	380,835	382,317	272	361
Intangible assets	4	6,615	6,615	-	-
Prepaid lease payments	5	5,909	5,989	-	-
Investment property	6	6,852	7,060	-	1,978
Investments in subsidiaries	7	-	-	425,857	425,857
Investments in associates	8	37,432	25,638	-	-
Other investments	9	50,519	52,699	-	-
Land held for property development	10	79,895	106,295	-	-
Deferred tax assets	11	4,362	3,407	-	-
Receivables, deposits and prepayments	12	20,678	10,479	251,940	250,504
<b>Total non-current assets</b>		<b>593,097</b>	<b>600,499</b>	<b>678,069</b>	<b>678,700</b>
Property development costs	13	261,166	169,794	-	-
Receivables, deposits and prepayments	12	266,290	234,872	600	237
Inventories	14	29,556	26,284	-	-
Current tax assets		4,379	6,276	3,773	5,225
Cash and cash equivalents	15	32,621	28,703	676	167
<b>Total current assets</b>		<b>594,012</b>	<b>465,929</b>	<b>5,049</b>	<b>5,629</b>
<b>Total assets</b>		<b>1,187,109</b>	<b>1,066,428</b>	<b>683,118</b>	<b>684,329</b>
<b>Equity</b>					
Share capital		456,132	456,132	456,132	456,132
Treasury shares		(40)	-	(40)	-
Reserves		245,694	205,403	91,665	88,436
<b>Total equity attributable to shareholders of the Company</b>		<b>701,786</b>	<b>661,535</b>	<b>547,757</b>	<b>544,568</b>
Minority interest		299	260	-	-
<b>Total equity</b>	16	<b>702,085</b>	<b>661,795</b>	<b>547,757</b>	<b>544,568</b>
<b>Liabilities</b>					
Loans and borrowings	17	81,788	79,385	25,312	31,875
Deferred income	18	30,200	24,867	-	-
Payables and accruals	19	12,154	-	31,223	44,431
Deferred tax liabilities	11	7,062	7,254	-	-
<b>Total non-current liabilities</b>		<b>131,204</b>	<b>111,506</b>	<b>56,535</b>	<b>76,306</b>
Deferred income	18	53,723	41,439	-	-
Payables and accruals	19	113,259	119,757	2,263	885
Loans and borrowings	17	182,614	129,077	76,563	62,570
Current tax liabilities		4,224	2,854	-	-
<b>Total current liabilities</b>		<b>353,820</b>	<b>293,127</b>	<b>78,826</b>	<b>63,455</b>
<b>Total liabilities</b>		<b>485,024</b>	<b>404,633</b>	<b>135,361</b>	<b>139,761</b>
<b>Total equity and liabilities</b>		<b>1,187,109</b>	<b>1,066,428</b>	<b>683,118</b>	<b>684,329</b>

The notes on pages 57 to 113 are an integral part of these financial statements.



## income statements

for the year ended 30 june 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	20	549,358	487,820	33,442	31,073
<b>Results from operating activities</b>	20	62,254	44,340	26,884	25,095
Interest income	20	1,586	773	3,086	2,404
Finance costs	20	(11,388)	(10,155)	(7,883)	(6,744)
<b>Operating profit</b>	20	52,452	34,958	22,087	20,755
Share of profit/(loss) after tax and minority interest of equity accounted associates		547	(265)	-	-
<b>Profit before tax</b>		52,999	34,693	22,087	20,755
Tax expense	21	(10,525)	(6,294)	(5,542)	(5,326)
<b>Profit for the year</b>		42,474	28,399	16,545	15,429
<b>Attributable to:</b>					
Shareholders of the Company		42,377	28,539	16,545	15,429
Minority interest		97	(140)	-	-
<b>Profit for the year</b>		42,474	28,399	16,545	15,429
<b>Basic earnings per ordinary share (sen)</b>	22	9.29	6.26		

The notes on pages 57 to 113 are an integral part of these financial statements.

## consolidated statements of changes in equity

for the year ended 30 June 2007

Group	Note	Attributable to shareholders of the Company								Total equity RM'000
		Non-distributable				Distributable				
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	
<b>1 July 2005</b>										
<u>Adjusted retrospectively</u>										
- As previously reported		456,132	39,773	62,848	5,075	-	142,363	706,191	250	706,441
- Effect of adoption of FRS 116	34	-	-	(62,848)	-	-	(350)	(63,198)	-	(63,198)
<b>At 1 July 2005, restated</b>		<b>456,132</b>	<b>39,773</b>	<b>-</b>	<b>5,075</b>	<b>-</b>	<b>142,013</b>	<b>642,993</b>	<b>250</b>	<b>643,243</b>
Foreign exchange translation differences		-	-	-	(3,429)	-	-	(3,429)	-	(3,429)
Net losses recognised directly in equity		-	-	-	(3,429)	-	-	(3,429)	-	(3,429)
Issuance of shares to minority shareholders		-	-	-	-	-	-	-	150	150
Profit for the year		-	-	-	-	-	28,539	28,539	(140)	28,399
Dividends to shareholders	23	-	-	-	-	-	(6,568)	(6,568)	-	(6,568)
<b>At 30 June 2006/ 1 July 2006, restated</b>		<b>456,132</b>	<b>39,773</b>	<b>-</b>	<b>1,646</b>	<b>-</b>	<b>163,984</b>	<b>661,535</b>	<b>260</b>	<b>661,795</b>
<b>At 30 June 2006/1 July 2006</b>										
<u>Adjusted retrospectively</u>										
- As previously reported		456,132	39,773	62,848	1,646	-	164,334	724,733	260	724,993
- Effect of adoption of FRS 116	34	-	-	(62,848)	-	-	(350)	(63,198)	-	(63,198)
<b>At 30 June 2006/ 1 July 2006, restated</b>		<b>456,132</b>	<b>39,773</b>	<b>-</b>	<b>1,646</b>	<b>-</b>	<b>163,984</b>	<b>661,535</b>	<b>260</b>	<b>661,795</b>
Foreign exchange translation differences		-	-	-	(3,105)	-	-	(3,105)	(58)	(3,163)
<u>Adjusted prospectively</u>										
- Effect of adoption of FRS 3	8	-	-	-	-	-	22,005	22,005	-	22,005
- Effect of adoption of FRS 116	8	-	-	-	-	-	(7,670)	(7,670)	-	(7,670)
Net losses recognised directly in equity		-	-	-	(3,105)	-	14,335	11,230	(58)	11,172
Profit for the year		-	-	-	-	-	42,377	42,377	97	42,474
Treasury shares acquired	16	-	-	-	-	(40)	-	(40)	-	(40)
Dividends to shareholders	23	-	-	-	-	-	(13,316)	(13,316)	-	(13,316)
<b>At 30 June 2007</b>		<b>456,132</b>	<b>39,773</b>	<b>-</b>	<b>(1,459)</b>	<b>(40)</b>	<b>207,380</b>	<b>701,786</b>	<b>299</b>	<b>702,085</b>

The notes on pages 57 to 113 are an integral part of these financial statements.



## statements of changes in equity

for the year ended 30 june 2007

Company	Note	Non-distributable		Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	
<b>At 1 July 2005</b>		456,132	39,773	-	39,802	535,707
Profit for the year		-	-	-	15,429	15,429
Dividends to shareholders	23	-	-	-	(6,568)	(6,568)
<b>At 30 June 2006/1 July 2006</b>		456,132	39,773	-	48,663	544,568
Treasury shares acquired	16	-	-	(40)	-	(40)
Profit for the year		-	-	-	16,545	16,545
Dividends to shareholders	23	-	-	-	(13,316)	(13,316)
<b>At 30 June 2007</b>		456,132	39,773	(40)	51,892	547,757

The notes on pages 57 to 113 are an integral part of these financial statements.

## cash flow statements

for the year ended 30 june 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 restated	2007 RM'000	2006 RM'000 restated
<b>Cash flows from operating activities</b>					
Profit before tax		52,999	34,693	22,087	20,755
<i>Adjustments for:</i>					
Amortisation of goodwill	4	-	647	-	-
Amortisation of prepaid lease payments	5	80	75	-	-
Depreciation of investment properties	6	121	76	21	26
Depreciation of property, plant and equipment	3	18,493	14,062	112	109
Dividend income		(3,915)	(2,519)	(30,025)	(28,300)
Gain on disposal of investments properties		(1,033)	-	(1,033)	-
Gain on disposal of prepaid lease payments		-	(42)	-	-
Gain on disposal of other investments		(871)	-	-	-
Gain on disposal of property, plant and equipment		(963)	(150)	(8)	-
Impairment of property, plant and equipment	3	2,700	-	-	-
Interest expense		10,445	9,046	7,708	6,392
Interest income		(1,586)	(773)	(3,086)	(2,404)
Property, plant and equipment written off	3	611	239	10	1
Allowance for diminution in value of other investments		870	-	-	-
Share of (profit)/loss of equity accounted associates		(547)	265	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>77,404</b>	<b>55,619</b>	<b>(4,214)</b>	<b>(3,421)</b>
Change in inventories		(3,272)	1,079	-	-
Change in property development costs and land held for property development		(60,730)	(32,808)	-	-
Change in receivables, deposits and prepayments		(41,692)	(56,417)	(363)	32
Change in payables and accruals		23,273	47,520	1,378	94
<b>Cash (used in)/generated from operations</b>		<b>(5,017)</b>	<b>14,993</b>	<b>(3,199)</b>	<b>(3,295)</b>
Tax paid		(10,879)	(9,912)	-	-
Tax refunded		3,519	3,235	3,342	3,235
<b>Net cash (used in)/generated from operating activities</b>		<b>(12,377)</b>	<b>8,316</b>	<b>143</b>	<b>(60)</b>

	Note	Group		Company	
		2007 RM'000	2006 RM'000 restated	2007 RM'000	2006 RM'000 restated
<b>Cash flows from investing activities</b>					
Acquisition of investment properties	6	(1,870)	-	-	-
Acquisition of property, plant and equipment	3,(ii)	(22,810)	(13,409)	(33)	(30)
Dividends received		2,870	2,694	22,593	20,376
Increase in pledged deposits placed with licensed banks		(6,017)	(7,118)	-	-
Interest received		1,586	773	3,086	2,404
Proceeds from disposal of property, plant and equipment		3,451	409	8	-
Proceeds from disposal of prepaid lease payments		-	96	-	-
Proceeds from disposal of investments properties		2,990	-	2,990	-
Proceeds from disposal of other investments		2,291	-	-	-
Purchase of other investments		(110)	(77)	-	-
Repurchase of treasury shares	16	(40)	-	(40)	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(17,659)</b>	<b>(16,632)</b>	<b>28,604</b>	<b>22,750</b>
<b>Cash flows from financing activities</b>					
Advances to subsidiaries		-	-	(14,644)	(13,404)
Interest paid		(14,687)	(11,116)	(7,708)	(6,392)
Dividends paid to shareholders of the Company	23	(13,316)	(6,568)	(13,316)	(6,568)
Drawdown from loans and borrowings		131,470	61,181	19,000	17,000
Repayment of loans and borrowings		(63,254)	(51,563)	(11,250)	(13,250)
Proceeds from issuance of shares to minority shareholders		-	120	-	-
<b>Net cash generated from/(used in) financing activities</b>		<b>40,213</b>	<b>(7,946)</b>	<b>(27,918)</b>	<b>(22,614)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,177</b>	<b>(16,262)</b>	<b>829</b>	<b>76</b>
Cash and cash equivalents at 1 July	(i)	3,834	20,096	(153)	(229)
<b>Cash and cash equivalents at 30 June</b>	<b>(i)</b>	<b>14,011</b>	<b>3,834</b>	<b>676</b>	<b>(153)</b>

## cash flow statements

for the year ended 30 june 2007

### i) Cash and cash equivalents

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

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	15	15,417	20,765	676	167
Deposits placed with licensed banks (excluding deposits pledged)	15	3,892	643	-	-
Bank overdrafts	17	(5,298)	(17,574)	-	(320)
		14,011	3,834	676	(153)

### ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM22,810,000 (2006 – RM13,409,000) of which RM nil (2006 – RM58,000) were acquired by means of finance lease/hire purchase.

The notes on pages 57 to 113 are an integral part of these financial statements.



## notes to the financial statements

PJ Development Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

18th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur

The consolidated financial statements as at and for the year ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the year ended 30 June 2007 do not include other entities.

The Company is principally engaged in investment holding and property investment while the other group entities are primarily involved in property development activities, construction activities, manufacturing and trading of cable products, roofing tiles and concrete wall panels, trading of building materials, hotel and restaurant activities, hotel management and consultancy services, timeshare membership, property management services and management and operation of recreational club.

### 1. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards (FRSs), accounting principles generally accepted and the provisions of the Companies Act, 1965 in Malaysia. These financial statements also comply with applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Malaysian Accounting Standards Board has issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 July 2006, and that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 124, <i>Related Party Disclosures</i>	1 October 2006
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
FRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation</i>	1 July 2007
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007

## notes to the financial statements

### 1. BASIS OF PREPARATION (CONTINUED)

#### (a) Statement of compliance (continued)

FRSs / Interpretations	Effective date
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 119, <i>Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007

In this set of financial statements, the Group and the Company has chosen to early adopt FRS 117, *Leases* which is effective for annual periods beginning on or after 1 October 2006.

The Group and the Company plans to apply the rest of the above-mentioned FRSs (except for FRS 139 which its effective date has yet to be announced) and Interpretations for the annual period beginning 1 July 2007.

The impact of applying FRS 124 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in the respective standards.

FRS 112 addresses the accounting treatment for income taxes. However, FRS 112 does not prescribe the accounting treatment for reinvestment allowance and investment tax allowance. In the current accounting policy for income taxes, reinvestment allowance or investment tax allowance is treated as the tax base of an asset. The Company has not yet determined whether this accounting policy needs to be changed.

The initial application of these standards and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

The effects of adopting the new/revised FRSs in 2007 are set out in Note 34.

The financial statements were approved by the Board of Directors on 8 October 2007.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.



## 1. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:-

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 11 - recognition of unutilised tax losses and capital allowances
- Note 20 - revenue recognition on sales of properties

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 35). In addition, the comparative financial statements have been restated to take into account the effects of adopting the new and revised FRSs as mentioned in Note 34.

### (a) Basis of consolidation

#### (i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, if any, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

## notes to the financial statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

##### *(ii) Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

##### *(iii) Changes in Group composition*

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

##### *(iv) Minority interest*

Minority interest at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### *(v) Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

#### *(i) Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

#### *(ii) Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

#### *(iii) Net investment in foreign operations*

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Deferred exchange differences are released to the income statement upon disposal of the investment.

### (c) Property, plant and equipment

#### *(i) Recognition and measurement*

Freehold land and operating equipment are stated at cost less accumulated impairment losses. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

In the previous year, the freehold hotel properties were stated at valuation. The Group revalued its property comprising freehold hotel properties every three (3) to five (5) years or at shorter intervals whenever the fair value of the revalued assets was expected to differ materially from their carrying value.

## notes to the financial statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Property, plant and equipment (continued)

##### *(i) Recognition and measurement (continued)*

Surpluses arising from revaluation were dealt with in the property revaluation reserve account. Any deficit arising was 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 was charged to the income statement.

The Directors are of the view that this change in policy, which is applied retrospectively, provides information which is more reliable and relevant. The effect of the change in the current and prior period is disclosed in Note 34.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

##### *(ii) Reclassification to investment property*

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

##### *(iii) Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

##### *(iv) Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

During the year, the Company depreciated its hotel properties over the remaining useful life of 36 to 43 years arising from a change in the estimate of the residual value of the hotel pursuant to the adoption of FRS 116, Property, Plant and Equipment.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Property, plant and equipment (continued)

#### (iv) Depreciation (continued)

In the previous year, no depreciation was provided on freehold hotel properties as it was the Group's practice to maintain these properties in such condition that the residual value was so significant that depreciation would be irrelevant. The carrying amount of the Group's hotel properties were reviewed at each balance sheet date to determine whether there is any indication of impairment.

The change in estimate resulted in an increase of RM3,849,000 in depreciation charge for the year and a corresponding decrease of the profit for the year.

The estimated useful lives for the current and comparative periods are as follows:

• Freehold hotel properties	over the remaining useful life of 36 – 42 years
• Leasehold hotel properties	over the remaining useful life of 43 years
• Buildings and improvements	5 – 50 years
• Jetty and infrastructure	50 years
• Plant, machinery and electrical installation	5 – 20 years
• Motor vehicles and boats	5 – 10 years
• Hotel furniture, fittings and equipment	5 – 10 years
• Furniture, fittings and equipment	5 – 10 years
• Computers	3 – 5 years

The base stock of operating equipment for hotel properties is not depreciated and 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 base stock.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

### (d) Leased assets

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

Other leases are operating leases and, except for leasehold land classified as investment property, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

#### *Accounting policy note on Leasehold land / Prepaid lease payments*

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land classified as investment property.



## notes to the financial statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Leased assets (continued)

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On early adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

The prepaid lease payments are amortised over the lease term ranging from 56 years to 96 years.

#### (e) Intangible assets

##### (i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

For acquisitions prior to 1 July 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 July 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

##### *Amortised goodwill and negative goodwill*

Before adoption of FRS 3, goodwill was measured at cost less accumulated amortisation and impairment losses. Goodwill was amortised from the date of initial recognition over its estimated useful life of not more than 20 years. Impairment tests on goodwill were performed when there were indications of impairment. Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, was recognised in the income statement over the weighted average useful life of those assets that were amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired was recognised immediately in the income statement. To the extent that negative goodwill related to expectation of future losses and expenses that were identified in the plan of acquisition and could be measured reliably, but which were not identifiable liabilities at the date of acquisition, that portion of negative goodwill was recognised in the income statement when the future losses and expenses were recognised.

Following the adoption of FRS 3, goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement. The carrying amount of negative goodwill at 1 July 2006 is derecognised with a corresponding adjustment to the opening balance of retained earnings.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

#### (f) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Investments in equity securities (continued)

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries and associates are stated at cost less allowance for diminution in value
- All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

### (g) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note (c).

In the previous years, all investment properties were included in property, plant and equipment and inventories. Following the adoption of FRS 140, Investment Property, these investment properties are now classified separately. Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to the income statement on a straightline basis over the estimated useful lives of 56 to 96 years for buildings. Freehold land is not depreciated.

### (h) 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.

## notes to the financial statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Land held for property development (continued)

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. Upon first adoption of FRS 201<sub>2004</sub>, the Group which had previously recorded the land at revalued amount continues to retain this amount as its surrogate cost.

#### (i) Property development costs

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

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

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

#### (j) 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*

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (k) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Constructions work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of receivables, deposits and prepayments in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

### (m) 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.

### (n) Impairment of assets

The carrying amounts of assets except for financial assets, inventories, assets arising from construction and development contracts and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

### (o) Share capital

#### *Repurchase of share capital*

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

## notes to the financial statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (p) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

#### (q) Employee benefits

##### *Short-term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the Employees' Provident Fund is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### *Contingent liabilities*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### (s) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

#### (t) Revenue

##### *(i) Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Revenue (continued)

#### (ii) Services

##### *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.

##### *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.

##### *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.

##### *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.

#### (iii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

#### (iv) 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.

## notes to the financial statements

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (t) Revenue (continued)

##### (v) *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.

##### (vi) *Rental income*

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### (vii) *Dividend income*

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

#### (u) 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 as an integral part of the total lease expense, over the term of the lease.

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

#### (v) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

#### (w) Tax expense

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (w) Tax expense (continued)

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

### (x) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### (y) Segment reporting

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

## notes to the financial statements

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	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:									
As previously reported		219,919	91,800	20,447	29,453	6,265	41,045	29,527	438,456
Transfer from inventories		-	-	-	-	-	2,242	-	2,242
Transfer to investment property	6	-	-	-	(775)	-	(4,840)	-	(5,615)
Effect of adopting FRS 116		(64,082)	(20,763)	-	-	-	-	-	(84,845)
Effect of adopting FRS 117	5	-	(482)	-	-	(6,265)	-	-	(6,747)
<b>Cost</b>									
1 July 2005, restated		155,837	70,555	20,447	28,678	-	38,447	29,527	343,491
Additions		1,619	-	-	3,613	-	1,539	-	6,771
At 30 June 2006/1 July 2006, restated		157,456	70,555	20,447	32,291	-	39,986	29,527	350,262
Additions		162	-	-	1,371	-	2,527	-	4,060
Disposals		-	-	-	(2,367)	-	-	-	(2,367)
Transfers		(18,779)	-	-	18,779	-	-	-	-
Write off		-	-	-	-	-	(200)	(59)	(259)
At 30 June 2007		138,839	70,555	20,447	50,074	-	42,313	29,468	351,696

Group	Note	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:									
As previously reported		438,456	58,201	8,213	48,779	13,911	3,923	27	571,510
Transfer from inventories		2,242	-	-	-	-	-	-	2,242
Transfer to investment property	6	(5,615)	-	-	-	-	-	-	(5,615)
Effect of adopting FRS 116		(84,845)	-	-	-	-	-	-	(84,845)
Effect of adopting FRS 117	5	(6,747)	-	-	-	-	-	-	(6,747)
<b>Cost</b>									
1 July 2005, restated		343,491	58,201	8,213	48,779	13,911	3,923	27	476,545
Additions		6,771	967	491	2,206	2,482	299	193	13,409
Disposals		-	(679)	(615)	(270)	(103)	(36)	-	(1,703)
Transfers		-	(195)	-	(1)	195	-	1	-
Write off		-	-	(394)	(246)	(10)	(42)	(1)	(693)
At 30 June 2006/1 July 2006, restated		350,262	58,294	7,695	50,468	16,475	4,144	220	487,558
Additions		4,060	1,098	1,006	3,559	2,164	409	10,514	22,810
Disposals		(2,367)	(140)	(419)	(1,431)	(100)	(54)	-	(4,511)
Transfers		-	(56)	56	-	(1)	1	-	-
Write off		(259)	(2)	-	(1,311)	(288)	(34)	-	(1,894)
At 30 June 2007		351,696	59,194	8,338	51,285	18,250	4,466	10,734	503,963

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	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>Depreciation and impairment losses</b>									
At 1 July 2005:									
As previously reported									
		-	1,020	-	-	674	4,657	3,144	9,495
		-	18,320	-	-	-	-	-	18,320
		-	19,340	-	-	674	4,657	3,144	27,815
Transfer		-	-	-	-	(45)	-	-	(45)
Offset of accumulated depreciation on property transferred to investment property	6	-	-	-	-	-	(673)	-	(673)
Effect of adopting FRS 116		-	(18,320)	-	-	-	-	-	(18,320)
Effect of adopting FRS 117	5	-	-	-	-	(629)	-	-	(629)
At 1 July 2005, restated									
		-	1,020	-	-	-	3,984	3,144	8,148
		-	-	-	-	-	-	-	-
		-	1,020	-	-	-	3,984	3,144	8,148
Depreciation for the year		-	1,020	-	-	-	871	616	2,507
At 30 June 2006 / 1 July 2006, restated									
		-	2,040	-	-	-	4,855	3,760	10,655
		-	-	-	-	-	-	-	-
		-	2,040	-	-	-	4,855	3,760	10,655
Depreciation for the year		3,255	1,594	-	-	-	900	597	6,346
Write off		-	-	-	-	-	(1)	(9)	(10)
Impairment loss		-	-	-	-	-	2,700	-	2,700
At 30 June 2007:									
		3,255	3,634	-	-	-	5,754	4,348	16,991
		-	-	-	-	-	2,700	-	2,700
		3,255	3,634	-	-	-	8,454	4,348	19,691
<b>Carrying amounts</b>									
At 1 July 2005, restated		155,837	69,535	20,447	28,678	-	34,463	26,383	335,343
At 30 June 2006/1 July 2006, restated		157,456	68,515	20,447	32,291	-	35,131	25,767	339,607
At 30 June 2007		135,584	66,921	20,447	50,074	-	33,859	25,120	332,005

## notes to the financial statements

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	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>Depreciation and impairment losses</b>									
At 1 July 2005:									
As previously reported									
Accumulated depreciation		9,495	39,826	4,190	30,989	7,055	2,824	-	94,379
Accumulated impairment losses		18,320	-	-	-	-	-	-	18,320
		27,815	39,826	4,190	30,989	7,055	2,824	-	112,699
Transfer		(45)	-	45	-	-	-	-	-
Offset of accumulated depreciation on property transferred to investment property	6	(673)	-	-	-	-	-	-	(673)
Effect of adopting FRS 116		(18,320)	-	-	-	-	-	-	(18,320)
Effect of adopting FRS 117	5	(629)	-	-	-	-	-	-	(629)
At 1 July 2005, restated:									
Accumulated depreciation		8,148	39,826	4,235	30,989	7,055	2,824	-	93,077
Accumulated impairment losses		-	-	-	-	-	-	-	-
		8,148	39,826	4,235	30,989	7,055	2,824	-	93,077
Depreciation for the year		2,507	4,706	1,140	3,460	1,831	418	-	14,062
Disposals		-	(676)	(457)	(174)	(101)	(36)	-	(1,444)
Transfers		-	3	2	-	(5)	-	-	-
Write off		-	-	(394)	(15)	(4)	(41)	-	(454)
At 30 June 2006/1 July 2006, restated:									
Accumulated depreciation		10,655	43,859	4,526	34,260	8,776	3,165	-	105,241
Accumulated impairment losses		-	-	-	-	-	-	-	-
		10,655	43,859	4,526	34,260	8,776	3,165	-	105,241
Depreciation for the year		6,346	4,513	1,191	3,979	2,115	349	-	18,493
Disposals		-	(100)	(416)	(1,389)	(65)	(53)	-	(2,023)
Transfers		-	(56)	56	-	(1)	1	-	-
Write off		(10)	-	-	(968)	(273)	(32)	-	(1,283)
Impairment losses		2,700	-	-	-	-	-	-	2,700
At 30 June 2007:									
Accumulated depreciation		16,991	48,216	5,357	35,882	10,552	3,430	-	120,428
Accumulated impairment loss		2,700	-	-	-	-	-	-	2,700
		19,691	48,216	5,357	35,882	10,552	3,430	-	123,128
<b>Carrying amounts</b>									
At 1 July 2005, restated		335,343	18,375	3,978	17,790	6,856	1,099	27	383,468
At 30 June 2006/1 July 2006, restated		339,607	14,435	3,169	16,208	7,699	979	220	382,317
At 30 June 2007		332,005	10,978	2,981	15,403	7,698	1,036	10,734	380,835



### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Building RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>					
At 1 July 2005					
As previously reported		2,338	989	415	3,742
Transfer to investment property	6	(2,338)	-	-	(2,338)
At 1 July 2005, restated		-	989	415	1,404
Additions		-	30	-	30
Write off		-	(1)	-	(1)
At 30 June 2006/1 July 2006, restated		-	1,018	415	1,433
Additions		-	33	-	33
Write off		-	(252)	-	(252)
Disposal		-	-	(156)	(156)
At 30 June 2007		-	799	259	1,058
<b>Depreciation</b>					
At 1 July 2005					
As previously reported		334	759	204	1,297
Offset of accumulated depreciation on property transferred to investment property	6	(334)	-	-	(334)
At 1 July 2005, restated		-	759	204	963
Depreciation for the year		-	57	52	109
At 30 June 2006/1 July 2006, restated		-	816	256	1,072
Depreciation for the year		-	60	52	112
Write off		-	(242)	-	(242)
Disposal		-	-	(156)	(156)
At 30 June 2007		-	634	152	786
<b>Carrying amounts</b>					
At 1 July 2005, restated		-	230	211	441
At 30 June 2006/1 July 2006, restated		-	202	159	361
At 30 June 2007		-	165	107	272

#### Security

The freehold land and buildings of certain subsidiaries with carrying value of RM32,542,000 (2006 – RM32,476,000) are pledged to licensed financial institutions to secure banking facilities granted to the Company and certain subsidiaries.

The freehold land with buildings classified as hotel properties of certain subsidiaries with a carrying value of RM154,363,000 (2006, restated – RM157,457,000) are pledged to licensed financial institutions to secure banking facilities granted to the Company and certain subsidiaries.

## notes to the financial statements

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### *Security (continued)*

Other property, plant and equipment of a subsidiary with a carrying value of RM4,348,000 (2006 - RM5,360,000) has been pledged to a licensed financial institution to secure banking facilities granted to the subsidiary (see Note 17).

#### *Impairment loss*

During the year, the carrying amount of buildings of a subsidiary was written down by RM2,700,000 to its recoverable amount.

#### *Change in estimates*

During the year ended 30 June 2007 the Group depreciated its hotel properties over the remaining useful life of 36 to 43 years arising from a change in the estimate of the residual value of the hotel pursuant to the adoption of FRS 116, Property, Plant and Equipment. As a result, their expected residual values decreased. The effect of these changes on depreciation expense, recognised in other expenses, in current and future periods is as follows:

	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Later RM'000
Increase in depreciation expense	3,849	3,849	3,849	3,849	3,849	177,232

### 4. INTANGIBLE ASSETS

Group	Goodwill RM'000
<b>Cost</b>	
At 1 July 2005/30 June 2006	13,147
Effect of adopting FRS 3	(6,532)
At 1 July 2006, restated/At 30 June 2007	6,615
<b>Amortisation</b>	
1 July 2005	
Accumulated amortisation	5,885
Amortisation for the year	647
At 30 June 2006/1 July 2006:	
Accumulated amortisation	6,532
Effect of adopting FRS 3	(6,532)
At 1 July 2006, restated/30 June 2007	-
<b>Carrying amounts</b>	
At 1 July 2005	7,262
At 30 June 2006/1 July 2006	6,615
At 30 June 2007	6,615

#### *Impairment testing for cash-generating units containing goodwill*

For the purpose of impairing testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.



#### 4. INTANGIBLE ASSETS (CONTINUED)

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2007 RM'000	2006 RM'000
Manufacturing and trading	4,230	4,230
Hotel and leisure	2,385	2,385
	<u>6,615</u>	<u>6,615</u>

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit based on actual operating results and management's assessment of future trends in the respective industries derived from both external sources and internal sources (internal data).

The above estimates are particularly sensitive to fluctuations in the following areas:

- The average occupancy rates and the average room rates
- The trend of global market of copper and aluminum

#### 5. PREPAID LEASE PAYMENTS

Group	Note	Leasehold land unexpired period more than 50 years RM'000
<b>Cost</b>		
At 1 July 2005:		
As previously reported		-
Effect of adopting FRS 117	3	<u>6,747</u>
At 1 July 2005, restated		6,747
Disposals		<u>(61)</u>
At 30 June 2006/1 July 2006, restated		6,686
At 30 June 2007		<u>6,686</u>
<b>Amortisation</b>		
At 1 July 2005:		
As previously reported		-
Effect of adopting FRS 117	3	<u>629</u>
At 1 July 2005, restated		629
Amortisation for the year		75
Disposals		<u>(7)</u>
At 30 June 2006/1 July 2006, restated		697
Amortisation for the year		80
At 30 June 2007		<u>777</u>

## notes to the financial statements

### 5. PREPAID LEASE PAYMENTS (CONTINUED)

Group	Note	Leasehold land unexpired period more than 50 years RM'000
<b>Carrying amounts</b>		
At 1 July 2005, restated	3	6,118
At 30 June 2006/1 July 2006, restated		5,989
At 30 June 2007		5,909

#### Security

The leasehold land of certain subsidiaries with carrying value of RM5,434,000 (2006 – RM5,509,000) are pledged to licensed financial institutions to secure banking facilities granted to certain subsidiaries.

### 6. INVESTMENT PROPERTY

Group	Note	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>Cost</b>				
At 1 July 2005				
As previously reported		-	-	-
Transfer from inventories		-	2,194	2,194
Transfer from property, plant and equipment	3	775	4,840	5,615
At 1 July 2005/30 June 2006, restated		775	7,034	7,809
Additions		-	1,870	1,870
Disposals		-	(2,338)	(2,338)
At 30 June 2007		775	6,566	7,341
<b>Depreciation</b>				
At 1 July 2005				
As previously reported		-	-	-
Transfer from property, plant and equipment	3	-	673	673
At 1 July 2005, restated		-	673	673
Depreciation for the year		-	76	76
At 30 June 2006, restated		-	749	749
Depreciation for the year		-	121	121
Disposals		-	(381)	(381)
At 30 June 2007		-	489	489
<b>Carrying amounts</b>				
At 1 July 2005, restated		775	6,361	7,136
At 30 June 2006/1 July 2006, restated		775	6,285	7,060
At 30 June 2007		775	6,077	6,852
<b>Fair value</b>				
At 30 June 2007				6,348



## 6. INVESTMENT PROPERTY (CONTINUED)

Company	Note	Buildings RM'000
<b>Cost</b>		
At 1 July 2005		-
As previously reported		-
Transfer from property, plant and equipment	3	2,338
At 1 July 2005/30 June 2006, restated		2,338
Disposals		(2,338)
At 30 June 2007		-
<b>Depreciation</b>		
At 1 July 2005		-
Transfer from property, plant and equipment	3	334
At 1 July 2005/1 July 2006, restated		334
Depreciation for the year		26
At 30 June 2006/1 July 2006, restated		360
Depreciation for the year		21
Disposals		(381)
At 30 June 2007		-
<b>Carrying amounts</b>		
At 1 July 2005, restated		2,004
At 30 June 2006/1 July 2006, restated		1,978
At 30 June 2007		-

Investment property comprises a number of shop lots that are leased to 3rd parties. Each of the leases contains an initial non-cancellable period of 2 years (see Note 26). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The fair value of the investment properties were derived from published property market reports and Directors' assessment based on indicative values obtained from independent professional valuers.

### **Security**

The investment property of certain subsidiaries with carrying value of RM6,411,000 (2006 - RM2,887,000) are pledged to licensed financial institutions to secure banking facilities granted to the Company and certain subsidiaries.

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
At cost:		
Unquoted shares	447,512	447,512
Less: Impairment loss	(21,655)	(21,655)
	425,857	425,857

Details of the subsidiaries are shown in Note 30.

## notes to the financial statements

## 8. INVESTMENTS IN ASSOCIATES

	Group	
	2007 RM'000	2006 RM'000
At cost:		
Unquoted shares in Malaysia	2	2
Unquoted shares in overseas	23,919	23,919
Share of post acquisition reserve at 1 July	170	-
Effect of adopting FRS 3	22,005	-
Effect of adopting FRS 116*	(7,670)	-
Share of post acquisition reserve at 30 June	547	170
Share of post-acquisition reserves	15,052	170
Exchange translation reserves	(1,541)	1,547
	<b>37,432</b>	<b>25,638</b>

\* This represents the reversal of pre-acquisition revaluation reserve arising from implementation of FRS 116 which reduces the negative goodwill correspondingly.

## Summary financial information on associates:

Group	Country of incorporation	Effective ownership interest 2007 %	Revenues (100%) RM'000	Profit/(Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
<b>2007</b>						
Sun-PJDC Sdn. Bhd. *	Malaysia	50.00	45,975	(3)	29,290	29,299
Equity & Property Investment Corporation Limited *	Australia	27.40	52,994	3,821	202,815	75,381
			<b>98,969</b>	<b>3,818</b>	<b>232,105</b>	<b>104,680</b>
<b>2006</b>						
Sun-PJDC Sdn. Bhd. *	Malaysia	50.00	41,380	(3)	21,497	21,503
Equity & Property Investment Corporation Limited *	Australia	27.40	47,820	(76)	141,877	27,184
			<b>89,200</b>	<b>(79)</b>	<b>163,374</b>	<b>48,687</b>

\* The associate was equity accounted using management accounts.

## 9. OTHER INVESTMENTS

	Group	
	2007 RM'000	2006 RM'000
<b>Non-current</b>		
At cost:		
Unquoted shares in Malaysia	34	34
Quoted shares in Malaysia	58,920	58,920
Quoted warrants in Malaysia	482	482
Other quoted investments in Malaysia	-	2,445
	59,436	61,881
Less: Allowance for diminution in value		
Quoted shares in Malaysia	(8,917)	(8,047)
Other quoted investments in Malaysia	-	(1,135)
	(8,917)	(9,182)
	50,519	52,699
Market value:		
Quoted shares in Malaysia	84,858	38,810
Quoted warrants in Malaysia	756	257
Other quoted investments in Malaysia	-	1,824
Details of disposed investments stated at cost are as follows:		
Proceeds from disposal	2,291	-
Carrying amount of other investments disposed	(1,420)	-
Gain on disposal of other investments	871	-

Certain quoted investments in Malaysia with a carrying value of RM50,016,000 (2006 - RM51,355,000) have been pledged to licensed financial institutions as security for banking facilities granted to the Company.

The quoted investments include investments in companies in which certain Directors and close members of their families have interests.

## notes to the financial statements

### 10. LAND HELD FOR PROPERTY DEVELOPMENT

	Note	Group	
		2007 RM'000	2006 RM'000
<b>At cost:</b>			
At 1 July		106,295	142,817
Additions		2,053	7,820
Transfer to property development costs	13	(24,949)	(43,990)
Disposal of land		-	(352)
Charged to income statement		(3,489)	-
Write off		(15)	-
<b>At 30 June</b>		<b>79,895</b>	<b>106,295</b>
<b>Representing:</b>			
Land		62,576	77,124
Land development costs		17,319	29,171
		<b>79,895</b>	<b>106,295</b>

Certain land held for property development with a carrying value of RM33,780,000 (2006 - RM39,348,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries.

### 11. DEFERRED TAX ASSETS AND LIABILITIES

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant and equipment						
- capital allowances in excess of depreciation	-	-	(12,440)	(10,934)	(12,440)	(10,934)
Revaluation	9	-	-	-	9	-
Property development cost	2,463	-	(2,988)	(2,988)	(525)	(2,988)
Capital allowances carry-forward	6,532	5,491	-	-	6,532	5,491
Tax loss carry-forwards	1,977	401	-	-	1,977	401
Allowances	417	872	-	-	417	872
Deductible temporary differences	1,330	3,311	-	-	1,330	3,311
<b>Tax assets/(liabilities)</b>	<b>12,728</b>	<b>10,075</b>	<b>(15,428)</b>	<b>(13,922)</b>	<b>(2,700)</b>	<b>(3,847)</b>
Set off of tax	(8,366)	(6,668)	8,366	6,668	-	-
<b>Net tax assets/(liabilities)</b>	<b>4,362</b>	<b>3,407</b>	<b>(7,062)</b>	<b>(7,254)</b>	<b>(2,700)</b>	<b>(3,847)</b>

## 11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

### Recognised deferred tax assets and liabilities (continued)

In recognising the deferred tax assets attributable to unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards the Directors made an assumption that there will not be any substantial change (more than 50%) in the shareholders before these assets are utilised. If there is substantial change in the shareholders, unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards amounting to approximately RM7,322,000 (2006 - RM1,432,000) and RM24,193,000 (2006 - RM19,611,000) respectively will not be available to the Group, resulting in an increase in net deferred tax liabilities of RM8,509,000 (2006 - RM5,892,000).

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Taxable temporary differences	(8,142)	(10,725)	-	(156)
Deductible temporary differences	4,319	4,335	-	-
Capital allowances carry-forwards	17,462	20,974	-	771
Tax loss carry-forwards	10,976	12,760	-	-
	24,615	27,344	-	615

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders (more than 50%). If there is substantial change in shareholders, unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards amounting to RM40,652,000 and RM64,674,000 will not be available to the Group.

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 or respective subsidiaries can utilise the benefits there from.

### Movement in temporary differences during the year

Group	At 1.7.2005 RM'000	Recognised in income statement (note 21) RM'000	At 30.6.2006 RM'000	Recognised in income statement (note 21) RM'000	At 30.6.2007 RM'000
	<b>Deferred tax liabilities</b>				
Property, plant and equipment					
- capital allowance in excess of depreciation	(3,998)	(6,936)	(10,934)	(1,506)	(12,440)
Revaluation	-	-	-	9	9
Property development costs	(2,988)	-	(2,988)	2,463	(525)
Unabsorbed capital allowances	7	5,484	5,491	1,041	6,532
Unutilised tax losses	11	390	401	1,576	1,977
Allowances	318	554	872	(455)	417
Deductible temporary differences	2,778	533	3,311	(1,981)	1,330
	(3,872)	25	(3,847)	1,147	(2,700)

## notes to the financial statements

## 11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in unrecognised deferred tax during the year

	At 1.7.2005 RM'000	Addition/ (Recognition) RM'000	At 30.6.2006 RM'000	Addition/ (Recognition) RM'000	At 30.6.2007 RM'000
<b>Group</b>					
Taxable temporary differences	(18,685)	7,960	(10,725)	2,583	(8,142)
Deductible temporary differences	5,396	(1,061)	4,335	(16)	4,319
Unabsorbed capital allowances	25,428	(4,454)	20,974	(3,512)	17,462
Unutilised tax losses	12,283	477	12,760	(1,784)	10,976
Allowances	54	(54)	-	-	-
	24,476	2,868	27,344	(2,729)	24,615
<b>Company</b>					
Taxable temporary difference	(116)	(40)	(156)	156	-
Unabsorbed capital allowances	660	111	771	(771)	-
	544	71	615	(615)	-

## 12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Non-current</b>					
<b>Trade</b>					
Trade receivables	a	20,678	10,479	-	-
<b>Non-trade</b>					
Amounts due from subsidiaries	b	-	-	251,940	250,504
		20,678	10,479	251,940	250,504
<b>Current</b>					
<b>Trade</b>					
Trade receivables		135,538	144,976	-	-
Less: Allowance for doubtful debts		(4,886)	(2,801)	-	-
	a	130,652	142,175	-	-
Accrued billings		44,116	30,491	-	-
Construction work-in-progress	c	33,470	29,891	-	-
		208,238	202,557	-	-
<b>Non-trade</b>					
Other receivables	d	45,830	14,234	442	26
Less: Allowance for doubtful debts		(88)	(198)	-	-
		45,742	14,036	442	26
Deposits	d	10,075	15,982	17	79
Prepayments		2,235	2,297	141	132
		58,052	32,315	600	237
		266,290	234,872	600	237



## 12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

### Note a

All trade receivables are denominated in the functional currency, which is in Ringgit Malaysia ("RM").

Trade receivables of the Group include timeshare membership fees amounting to RM31,990,000 (2006 - RM22,093,000) receivable from customers via monthly instalments ranging from 12 to 60 months.

Included in trade receivables of the Group are retention sums receivable amounting to RM17,055,000 (2006 - RM16,766,000).

Retentions are unsecured, interestfree and are expected to be collected as follows:

	2007 RM'000	2006 RM'000
Within 1 year	13,777	10,552
1 – 2 years	226	6,214
2 – 3 years	3,052	-
	<u>17,055</u>	<u>16,766</u>

### Note b

Amount due from subsidiaries is in respect of advances, which are unsecured and interest free, except for RM236,037,000 (2006 – RM228,743,000), which is subject to interest rate at 1.21% (2006 – 1.06%) per annum.

The amount due is not receivable within 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.

### Note c

		Group	
	Note	2007 RM'000	2006 RM'000
Aggregate costs incurred to date		822,585	707,252
Add: Attributable profits		54,334	50,363
		<u>876,919</u>	<u>757,615</u>
Less: Progress billings		(895,710)	(768,935)
		<u>(18,791)</u>	<u>(11,320)</u>
Customer advances for construction work-in-progress	18	52,261	41,211
		<u>33,470</u>	<u>29,891</u>

### Note d

Included in other receivables of the Group are advances to and payments made on behalf of subcontractors amounting to RM4,986,000 (2006 – RM3,809,000), which are unsecured, interest free and have no fixed terms of repayment.

Included in deposits of the Group is a deposit paid for the acquisition of land amounting to RM3,000,000 (2006 – RM7,337,000).

## notes to the financial statements

### 13. PROPERTY DEVELOPMENT COSTS

	Note	Group	
		2007 RM'000	2006 RM'000
<b>At 1 July</b>			
Land		112,392	59,229
Development costs		428,169	318,006
Accumulated costs charged to income statement		(370,767)	(278,841)
		169,794	98,394
Transfer from land held for property development	10	24,949	43,990
Acquisition of land		30,518	-
Development costs incurred during the year		123,710	120,307
Reversal of accrued development cost		-	(846)
Cost charged to income statement for the year		(87,422)	(91,926)
Completed developments			
- Reversal of development costs		(78,650)	-
- Reversal of costs charged to income statement		78,267	-
		91,372	71,525
Transfer to developed properties held for sale		-	(125)
<b>At 30 June</b>		261,166	169,794
<b>Represented by:</b>			
Land		180,989	112,392
Development costs		456,096	428,169
Accumulated costs charged to income statement		(375,919)	(370,767)
		261,166	169,794

Property development costs incurred during the financial year include:

	Group	
	2007 RM'000	2006 RM'000
Interest expense	4,242	2,070

Interest is capitalised in property development costs at rates ranging from 1.21% to 8.25% (2006 - 1.06% to 8.30%) 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 RM275,236,000 (2006 – RM125,532,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries.



## 14. INVENTORIES

	Group	
	2007 RM'000	2006 RM'000 restated
<b>At cost</b>		
Developed properties held for sale	2,667	4,507
Raw materials	9,225	7,043
Work-in-progress	3,738	2,937
Manufactured inventories	12,112	9,932
Spares and consumables	1,814	1,865
	<b>29,556</b>	<b>26,284</b>

In 2007, inventories recognised as cost of sales amounted to RM164,886,000 (2006 - RM133,792,000).

## 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits are placed with licensed banks	17,204	7,938	-	-
Cash and bank balances	15,417	20,765	676	167
	<b>32,621</b>	<b>28,703</b>	<b>676</b>	<b>167</b>

The Group's cash and bank balances include RM4,827,000 (2006 – RM12,228,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) Regulations 2002.

### *Deposits placed with licensed banks pledged for a bank facility*

Included in the deposits placed with licensed banks is RM13,312,000 (2006 – RM7,295,000) pledged for bank guarantee facilities granted to a subsidiary.

## 16. CAPITAL AND RESERVES

### Group and Company

	Group		Company	
	Amount 2007 RM'000	Number of shares 2007 '000	Amount 2006 RM'000	Number of shares 2006 '000
Authorised:				
Ordinary shares of RM1 each	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	456,132	456,132	456,132	456,132

## notes to the financial statements

### 16. CAPITAL AND RESERVES (CONTINUED)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

#### Translation reserve

The translation reserves comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

#### Share premium

The share premium is arrived at after accounting for the premium received less expenses over the nominal value of shares issued to the public, less the subsequent capitalisation for bonus issue of the Company.

#### Treasury shares

The shareholders of the Company, by the ordinary resolution passed in the annual general meeting held on 23 November 2005, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the year, Company repurchased 100,000 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.39 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares.

Details of the repurchase of shares were as follows:

	Average purchase price RM	Highest purchase price RM	Lowest purchase price RM	Number of shares purchased	Total consideration RM
2007					
August	0.39	0.40	0.39	100,000	39,645

#### Section 108 tax credit

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 2007 if paid out as dividends.

### 17. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and Company's exposure to interest rate and foreign currency risk, see Note 25.

## 17. LOANS AND BORROWINGS (CONTINUED)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Non-current</b>				
Secured term loans	81,778	79,355	25,312	31,875
Hire purchase liabilities	10	30	-	-
	81,788	79,385	25,312	31,875
<b>Current</b>				
Secured term loans	25,842	18,410	11,563	11,250
Secured bank overdrafts	2,971	12,857	-	320
Unsecured bank overdrafts	2,327	4,717	-	-
Secured bankers' acceptances	4,026	3,358	-	-
Unsecured bankers' acceptances	26,398	21,216	-	-
Secured revolving credits	107,000	56,000	65,000	51,000
Unsecured revolving credits	12,500	12,500	-	-
Hire purchase liabilities	19	19	-	-
Unsecured promissory note	1,531	-	-	-
	182,614	129,077	76,563	62,570
	264,402	208,462	101,875	94,445

All loans and borrowings are denominated in the functional currency, which is in Ringgit Malaysia ("RM").

**Security**

The Company's bank borrowings are secured by way of charges over certain subsidiaries' hotel properties and buildings (Note 3), investment property (Note 6) and quoted investments (Note 9).

The bank borrowings of subsidiaries are secured by way of charges over certain subsidiaries' freehold land and buildings, hotel properties and other property, plant and equipment (Note 3), prepaid lease payments (Note 5), land held for property development (Note 10), property development costs (Note 13) and corporate guarantee by the Company.

**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:

- i) not to amend the Memorandum and Articles of Association in a manner inconsistent with the provisions of the lenders' Letters of Offer;
- ii) not to sell, lease or transfer all or any substantial part of its assets;
- iii) not to allow any change in its existing shareholders or their shareholdings and/or undertake a scheme or merger or amalgamation;
- iv) not to decrease the authorised or issued share capital; and
- v) 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.

## notes to the financial statements

### 17. LOANS AND BORROWINGS (CONTINUED)

#### Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
<b>2007</b>						
Secured term loans	2014	107,620	25,845	24,923	56,852	-
Secured bank overdrafts	2008	2,971	2,971	-	-	-
Unsecured bank overdrafts	2008	2,327	2,327	-	-	-
Secured bankers' acceptances	2008	4,026	4,026	-	-	-
Unsecured bankers' acceptances	2008	26,398	26,398	-	-	-
Secured revolving credits	2008	107,000	107,000	-	-	-
Unsecured revolving credits	2008	12,500	12,500	-	-	-
Hire purchase liabilities	2009	29	19	10	-	-
Unsecured promissory note	2008	1,531	1,531	-	-	-
		264,402	182,617	24,933	56,852	-
<b>2006</b>						
Secured term loans	2014	97,765	18,410	21,296	56,522	1,537
Secured bank overdrafts	2007	12,857	12,857	-	-	-
Unsecured bank overdrafts	2007	4,717	4,717	-	-	-
Secured bankers' acceptances	2007	3,358	3,358	-	-	-
Unsecured bankers' acceptances	2007	21,216	21,216	-	-	-
Secured revolving credits	2007	56,000	56,000	-	-	-
Unsecured revolving credits	2007	12,500	12,500	-	-	-
Hire purchase liabilities	2009	49	19	19	11	-
		208,462	129,077	21,315	56,533	1,537

#### Hire purchase liabilities

Hire purchase liabilities are repayable as follows:-

Group	Hire purchase liabilities payments			Hire purchase liabilities payments		
	2007 RM'000	Interest 2007 RM'000	Principal 2007 RM'000	2006 RM'000	Interest 2006 RM'000	Principal 2006 RM'000
Less than one year	21	2	19	21	2	19
Between one to five years	11	1	10	32	2	30
	32	3	29	53	4	49

## 17. LOANS AND BORROWINGS (CONTINUED)

Company	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>2007</b>					
Secured term loans	2013	36,875	11,563	9,163	16,149
Secured revolving credits	2008	65,000	65,000	-	-
		101,875	76,563	9,163	16,149

Company	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
<b>2006</b>						
Secured term loans	2013	43,125	11,250	11,250	19,947	678
Secured revolving credits	2007	51,000	51,000	-	-	-
Secured bank overdrafts	2007	320	320	-	-	-
		94,445	62,570	11,250	19,947	678

## 18. DEFERRED INCOME

	Note	Group	
		2007 RM'000	2006 RM'000
<b>Non-current</b>			
Membership fees	a	30,200	24,867
<b>Current</b>			
Customer advances for construction work-in-progress	12	52,261	41,211
Membership fees	a	1,462	228
		53,723	41,439

**Note a**

Deferred membership fees represent membership fees received and receivable from members which are recognised based on the benefit to be enjoyed over the membership period.

## notes to the financial statements

### 19. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Non-current</b>					
Amounts due to subsidiaries	a	-	-	31,223	44,431
Other payables	b	12,154	-	-	-
		12,154	-	31,223	44,431
<b>Current</b>					
<b>Trade</b>					
Trade payables	c	75,952	88,733	-	-
Progress billings		4,268	2,096	-	-
		80,220	90,829	-	-
<b>Non-trade</b>					
Other payables	d	17,334	15,193	1,474	234
Accrued expenses		15,705	13,735	789	651
		33,039	28,928	2,263	885
		113,259	119,757	2,263	885

#### Note a

Amount due to subsidiaries is in respect of advances, which are unsecured and interest free, except for RM13,766,000 (2006 – RM12,175,000), which is subject to interest rate ranging from 5.00% to 7.50% (2006 – 5.00% to 6.75%) per annum.

The amount due is not payable within 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.

#### Note b

Non-current other payables represent balances of amount payable for the acquisition of land.

#### Note c

All trade payables are denominated in the functional currency, which is in Ringgit Malaysia ("RM") except for an equivalent amount of RM5,649,000 (2006 – Nil) denominated in Thai Baht.

Trade payables of the Group include retention sums payable of RM17,700,000 (2006 – RM15,523,000).

Retentions are unsecured, interest-free and are expected to be paid as follows:

	2007 RM'000	2006 RM'000
Within 1 year	16,003	12,931
1 – 2 years	1,186	2,592
2 – 3 years	511	-
	17,700	15,523

## 19. PAYABLES AND ACCRUALS (CONTINUED)

### Note d

Other payables include enrollment fees payable to Resort Condominiums International LCC ("RCI") of RM3,799,000 (2006 – RM3,185,000) to activate the exchange facility granted to timeshare members which allows them to exchange their holiday accommodation through the RCI Exchange System.

## 20. OPERATING PROFIT

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue - contract revenue	138,050	136,463	-	-
- sale of goods	200,029	154,583	-	-
- sale of properties	124,017	124,964	-	-
- services	83,347	69,290	3,417	2,773
- dividends	3,915	2,520	30,025	28,300
	549,358	487,820	33,442	31,073
Contract costs recognised as an expense	(123,394)	(121,592)	-	-
Cost of sales	(158,752)	(129,291)	-	-
Cost of properties sold	(89,064)	(93,483)	-	-
Cost of services	(34,778)	(31,059)	(6,401)	(5,668)
	(405,988)	(375,425)	(6,401)	(5,668)
Gross profit	143,370	112,395	27,041	25,405
Other income	6,479	3,801	1,094	688
Administrative expenses	(20,639)	(17,399)	(695)	(664)
Other expenses	(66,956)	(54,457)	(556)	(334)
Results from operating activities	62,254	44,340	26,884	25,095

The revenue recognised from contracts and sale of properties are estimated by management by applying the stage of completion measured by reference to the proportion of costs incurred for work performed to date bear to the estimate total cost based on project budgets approved by the Directors for each of the projects. The budgeted profits as included in the project budget are derived by deducting the actual costs incurred plus estimation by management of further costs to be incurred against the anticipated revenue. Anticipated revenue is estimated by management based on actual transacted prices of properties. The project budgets are reviewed annually and revenues for the current year are computed based on the updated budgets approved by the Directors.

## notes to the financial statements

## 20. OPERATING PROFIT (CONTINUED)

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Operating profit is arrived at after charging:</b>					
Allowance for doubtful debts		2,532	648	-	-
Allowance for diminution in value of investments		870	-	-	-
Amortisation of goodwill on consolidation	4	-	647	-	-
Amortisation of prepaid lease payment	5	80	75	-	-
Auditors' remuneration					
- Statutory audit					
KPMG					
- current year		271	258	34	34
- under provision in prior years		19	16	-	2
Other auditors					
- current year		28	24	-	-
- under provision in prior years		15	-	-	-
- Other services					
KPMG		57	-	49	-
Bad debts written off		186	196	-	-
Depreciation on investment properties	6	121	76	21	26
Depreciation on property, plant and equipment	3	18,493	14,062	112	109
Direct operating expenses of investment property:					
- Did not generate rental income		23	24	-	-
- Generated rental income		121	79	69	34
Impairment loss of property, plant and equipment	3	2,700	-	-	-
Interest expense on:					
- Bank overdrafts		1,636	1,250	604	626
- Bankers' acceptances		1,145	758	-	-
- Revolving credits		4,255	2,669	3,549	2,028
- Subsidiaries		-	-	862	645
- Term loans		3,409	4,369	2,693	3,093
- Other finance charges		943	1,109	175	352
Land held for property development written off	10	15	-	-	-
Liquidated and ascertained damages		2	2,180	-	-
Loss on disposal of property, plant and equipment	3	20	14	-	-
Property, plant and equipment written off	3	611	239	10	1
Rental expense on land and buildings		1,593	1,282	19	19
Rental of equipment		424	105	3	-
Replacement cost for operating equipment		349	444	-	-
Research and development expensed as incurred		4,413	557	-	-
Personnel expenses:					
- Contributions to Employees' Provident Fund		4,485	3,837	260	242
- Wages, salaries and others		41,373	36,157	2,517	2,501
- Directors' remuneration					
- fees		100	81	100	81
- emoluments		4,621	3,491	3,235	2,584
Realised loss on foreign exchange		118	156	-	-
Unrealised loss on foreign exchange		1	-	-	-

## 20. OPERATING PROFIT (CONTINUED)

The estimated monetary value of Directors' benefits-in-kind of the Group and the Company is RM61,000 (2006 - RM60,000) and RM21,000 (2006 - RM18,000) respectively.

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>and after crediting:</b>					
Allowance for doubtful debts written back		224	682	-	-
Dividend income from:					
- shares quoted in Malaysia		3,826	2,436	-	-
- subsidiaries (unquoted)		-	-	30,025	28,300
- unquoted shares		89	83	-	-
Gain on disposal of other investments	9	871	-	-	-
Gain on disposal of investment properties		1,033	-	1,033	-
Gain on disposal of prepaid lease payments		-	42	-	-
Gain on disposal of property, plant and equipment		983	150	8	-
Interest income					
- Fixed deposits		1,097	45	-	-
- Housing development account		188	397	-	-
- Subsidiaries		-	-	3,086	2,404
- Others		301	331	-	-
Rental income on land and buildings		3,480	2,393	117	133
Realised gain on foreign exchange		117	81	-	-

## 21. TAX EXPENSE

*Recognised in the income statement*

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax expense		10,525	6,294	5,542	5,326
Share of tax of equity accounted associates		87	420	-	-
Total tax expense		10,612	6,714	5,542	5,326
Major components of tax expense include:					
<b>Current tax expense</b>					
Malaysian - current year		11,018	7,057	5,501	6,059
- prior year		301	(971)	41	(733)
Overseas - current year		353	233	-	-
Total current tax		11,672	6,319	5,542	5,326
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences		(1,223)	(217)	-	-
Under provision in prior year		76	192	-	-
Total deferred tax recognised in income statement	11	(1,147)	(25)	-	-
Share of tax of equity accounted associates		87	420	-	-
Total tax expense		10,612	6,714	5,542	5,326

## notes to the financial statements

## 21. TAX EXPENSE (CONTINUED)

*Reconciliation of effective tax expense*

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit for the year	42,474	28,399	16,545	15,429
Total tax expense	10,612	6,714	5,542	5,326
Profit excluding tax	53,086	35,113	22,087	20,755
Tax at Malaysian tax rate of 27% (2006 - 28%)	14,333	9,832	5,963	5,811
Effect of tax rate in foreign jurisdictions **	(77)	-	-	-
Effect of change in tax rate***	876	-	1	-
Non-deductible expenses	3,593	2,139	191	230
Non-taxable income	(1,005)	(661)	-	-
Tax exempt income	(675)	-	(675)	-
Deferred tax assets not recognised during the year	273	1,531	-	18
Utilisation of previously unrecognised deferred tax assets	(3,002)	(3,446)	(172)	-
Effect of lower tax rate for certain subsidiaries *	(230)	(223)	-	-
Tax incentives	(3,867)	(1,679)	-	-
Others	16	-	193	-
	10,235	7,493	5,501	6,059
Under/ (Over) provision in prior years				
- Tax expense	301	(971)	41	(733)
- Deferred tax expense	76	192	-	-
Tax expense	10,612	6,714	5,542	5,326

\* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

\*\* Subsidiary incorporated in 2006 (see Note 30) operates in a tax jurisdiction with a lower tax rate.

\*\*\* With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2007 also announced the reduction of corporate tax rate of 26% in 2008. Consequently, deferred tax assets and liabilities are measured using these tax rates.

## 22. EARNINGS PER ORDINARY SHARE

### Basic earning per ordinary share

The calculation of basic earning per ordinary share at 30 June 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2007 RM'000	2006 RM'000
Profit for the year attributable to shareholders	42,377	28,539
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	456,132	456,132
Effect of treasury shares held	(87)	-
Weighted average number of ordinary shares at 30 June	456,045	456,132

	Group	
	2007 Sen	2006 Sen
Basic earnings per share (in sen)	9.29	6.26

### Diluted earning per ordinary share

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.

## 23. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net per tax)	Total amount RM'000	Date of payment
<b>2007</b>			
First and final 2006 ordinary	2.92	13,316	18 January 2007
<b>2006</b>			
Final 2005 ordinary	1.44	6,568	11 January 2006

## notes to the financial statements

### 23. DIVIDENDS (CONTINUED)

After the balance sheet date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share	Total amount RM'000
First and final ordinary	3.70	16,873

### 24. SEGMENTAL REPORTING

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

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 finance costs, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

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

#### **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.
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.

## 24. SEGMENTAL REPORTING (CONTINUED)

*Geographical segments*

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

	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>2007</b>								
<i>Business Segments</i>								
Total external revenue	138,050	125,583	200,027	81,579	4,033	86	-	549,358
Inter-segment revenue	76,590	5,562	33,211	-	3,300	244	(118,907)	-
<b>Total segment revenue</b>	<b>214,640</b>	<b>131,145</b>	<b>233,238</b>	<b>81,579</b>	<b>7,333</b>	<b>330</b>	<b>(118,907)</b>	<b>549,358</b>
<b>Segment result</b>	<b>7,514</b>	<b>21,170</b>	<b>21,353</b>	<b>12,236</b>	<b>431</b>	<b>741</b>	<b>(1,191)</b>	<b>62,254</b>
Finance costs								(11,388)
Interest income								1,586
Share of profit of associates								547
<b>Profit before taxation</b>								<b>52,999</b>
Tax expense								(10,525)
<b>Profit for the year</b>								<b>42,474</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	Eliminations RM'000	Consolidated RM'000
<b>2006</b>								
<i>Business Segments</i>								
Total external revenue	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 segment 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>
Finance costs								(10,155)
Interest income								773
Share of profit of associates								(265)
<b>Profit before taxation</b>								<b>34,693</b>
Tax expense								(6,294)
<b>Profit for the year</b>								<b>28,399</b>

## notes to the financial statements

## 24. SEGMENTAL REPORTING (CONTINUED)

	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>2007</b>							
<b>Segment assets</b>	124,886	436,694	120,580	373,298	97,916	7,790	1,161,164
Unallocated assets							25,945
<b>Total assets</b>							<u>1,187,109</u>
<b>Segment liabilities</b>	97,990	31,246	23,396	23,846	2,352	306	179,136
Unallocated liabilities							305,888
<b>Total liabilities</b>							<u>485,024</u>
Capital expenditure	847	2,921	3,629	17,270	12	1	24,680
Depreciation and amortisation of property, plant and equipment, investment property and prepaid lease payments	1,176	1,495	5,351	10,535	129	8	18,694
Non-cash expenses other than depreciation and amortisation	2	2,702	3	594	10	-	3,311

	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>	118,206	374,200	111,757	352,483	81,130	11,031	1,048,807
Unallocated assets							17,621
<b>Total assets</b>							<u>1,066,428</u>
<b>Segment liabilities</b>	86,541	27,354	22,696	44,694	1,143	308	182,736
Unallocated liabilities							221,897
<b>Total liabilities</b>							<u>404,633</u>
Capital expenditure	1,782	1,127	330	10,140	30	-	13,409
Depreciation and amortisation of property, plant and equipment, investment property and prepaid lease payments	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

## 25. FINANCIAL INSTRUMENTS

## Financial risk management objectives and policies

Exposure to credit, interest rate, currency and liquidity risks arise in the normal course of the Group and Company's business.

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### Credit risk

The Group and the Company's primary exposure to credit risk arise through trade and other receivables. The 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's investment in fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and Company's investments in variable-rate borrowing and amount due from subsidiaries are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not exposed to 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.

### Effective interest rates and repricing analysis

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

Group	Note	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
<b>2007</b>									
<b>Fixed rate instruments</b>									
Deposits	15	3.85	17,204	17,204	-	-	-	-	-
Hire purchase liabilities	17	2.70	(29)	(19)	(10)	-	-	-	-
			17,175	17,185	(10)	-	-	-	-
<b>Floating rate instruments</b>									
Secured term loans	17	7.08	(107,620)	(107,620)	-	-	-	-	-
Secured bank overdrafts	17	7.75	(2,971)	(2,971)	-	-	-	-	-
Unsecured bank overdrafts	17	8.41	(2,327)	(2,327)	-	-	-	-	-
Secured bankers' acceptances	17	3.68	(4,026)	(4,026)	-	-	-	-	-
Unsecured bankers' acceptances	17	4.08	(26,398)	(26,398)	-	-	-	-	-
Secured revolving credits	17	5.59	(107,000)	(107,000)	-	-	-	-	-
Unsecured revolving credits	17	5.62	(12,500)	(12,500)	-	-	-	-	-
Unsecured promissory notes	17	4.28	(1,531)	(1,531)	-	-	-	-	-
			(264,373)	(264,373)	-	-	-	-	-

## notes to the financial statements

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

*Effective interest rates and repricing analysis (continued)*

Group	Note	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
<b>2006</b>									
<b>Fixed rate instruments</b>									
Deposits	15	3.10	7,938	7,938	-	-	-	-	-
Hire purchase liabilities	17	2.70	(49)	(19)	(19)	(11)	-	-	-
			<u>7,889</u>	<u>7,919</u>	<u>(19)</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Floating rate instruments</b>									
Secured term loans	17	6.92	(97,765)	(97,765)	-	-	-	-	-
Secured bank overdrafts	17	7.97	(12,857)	(12,857)	-	-	-	-	-
Unsecured bank overdrafts	17	8.49	(4,717)	(4,717)	-	-	-	-	-
Secured bankers' acceptances	17	3.86	(3,358)	(3,358)	-	-	-	-	-
Unsecured bankers' acceptances	17	4.08	(21,216)	(21,216)	-	-	-	-	-
Secured revolving credits	17	6.00	(56,000)	(56,000)	-	-	-	-	-
Unsecured revolving credits	17	5.50	(12,500)	(12,500)	-	-	-	-	-
			<u>(208,413)</u>	<u>(208,413)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Company	Note	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
<b>2007</b>									
<b>Floating rate instruments</b>									
Secured term loans	17	6.98	(36,875)	(36,875)	-	-	-	-	-
Secured revolving credits	17	5.98	(65,000)	(65,000)	-	-	-	-	-
			<u>(101,875)</u>	<u>(101,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2006</b>									
<b>Floating rate instruments</b>									
Secured term loans	17	6.65	(43,125)	(43,125)	-	-	-	-	-
Secured bank overdrafts	17	8.05	(320)	(320)	-	-	-	-	-
Secured revolving credits	17	6.08	(51,000)	(51,000)	-	-	-	-	-
			<u>(94,445)</u>	<u>(94,445)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**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.

## 25. FINANCIAL INSTRUMENTS (CONTINUED)

### Foreign currency risk (continued)

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.

### Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, other payables and accruals, and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

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 was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs. Unquoted investments in Malaysia are carried at historical cost less allowance for diminution in value of RM34,000 (2006 – RM34,000) in the balance sheet. The Group's share of net tangible assets reported by the unquoted company in Malaysia at 31 December 2006 was RM605,000 (31.12.2005 - RM549,000).

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 fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

Group	Note	2007		2006	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Shares quoted in Malaysia	9	50,003	84,858	50,873	38,810
Warrants quoted in Malaysia	9	482	756	482	257
Other investments quoted in Malaysia	9	-	-	1,310	1,824
Hire purchase liabilities	17	(29)	(30)	(49)	(49)
		50,456	85,584	52,616	40,842

## notes to the financial statements

### 25. FINANCIAL INSTRUMENTS (CONTINUED)

#### *Estimation of fair values*

The following summarises the methods used in determining the fair values of financial instruments reflected in the table.

Fair value of quoted shares and warrants are based on the quoted market price of the balance sheet date without any deduction in transaction costs.

The interest rate used to discount estimated cash flows are as follows:

	2007	2006
Hire purchase liabilities	2.63%	2.70%

#### *Financial assets carried in excess of fair value*

In the previous year, the quoted shares were carried in excess of their fair value. The quoted investments had not been written down to fair value because the Directors were of the view that the diminution in their value was temporary.

### 26. OPERATING LEASES

#### *Leases as lessee*

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Less than one year	1,721	1,015	22	19
Between one and five years	2,576	253	36	7
	4,297	1,268	58	26

The Group and Company lease 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.

#### *Leases as lessor*

The Group and the Company lease out its investment property under operating leases (see Note 6). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Less than one year	22	82	-	60
Between one and five years	16	65	-	27
	38	147	-	87

## 27. CAPITAL AND OTHER COMMITMENTS

	Group	
	2007 RM'000	2006 RM'000
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
Contracted but not provided for and payable:		
Within one year	6,967	-
<b>Land held for development</b>		
Contracted but not provided and payable:		
Within one year	4,000	17,021
One year or later and no later than five years	4,000	-
Later than five years	4,500	-
	<u>19,467</u>	<u>17,021</u>

## 28. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2007 RM'000	2006 RM'000
<b>Guarantees</b>		
Corporate guarantees given to financial institutions relating to borrowings of subsidiaries	421,273	261,273
Corporate guarantees given to third parties relating to credit facilities granted to subsidiaries	24,040	15,840
	<u>445,313</u>	<u>277,113</u>

### Contingent liabilities not considered remote

#### *Litigation (unsecured)*

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 suffering losses and damages. In this civil suit, the external agent has filed a counter claim against SGIVCB.

The Hearing for Summary Judgement for the counter claim was decided in the favour of SGIVCB but the external agent has lodged an appeal against the decision. During the Hearing for the appeal on 9 March 2007, the said appeal was dismissed with cost by the judge and there was no further appeal made by the defendants.

In respect of the civil suit taken by SGIVCB against the external agent, both parties were directed to file relevant documents and the Case Management was fixed for 2 May 2007. The Case Management that was fixed for 2 May 2007 has been further postponed to 22 October 2007.

## notes to the financial statements

### 29. RELATED PARTIES

#### *Identity of related parties*

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has a controlling related party relationship with its subsidiaries (Note 30), associates (Note 8) and Directors.

Significant transactions and balances with related parties are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Transactions with related parties</b>				
Sale of building materials				
- Dindings Construction Sdn. Bhd.	5,080	2,304	-	-
Insurance premium payable				
- DC Services Sdn. Bhd.	1,774	1,821	53	58
- Dindings Risk Management Services Sdn. Bhd.	163	448	10	13
Progress claim payable				
- Willowglen (Malaysia) Sdn. Bhd.	741	242	-	-
Room revenue receivable				
- OSK Holdings Berhad	25	37	-	-
- OSK Investment Bank Berhad (formerly known as OSK Securities Berhad)	261	35	-	-
Rental, Internal audit services & Disposal of properties				
- Willowglen (Malaysia) Sdn. Bhd.	3,024	-	3,024	-
Construction cost billed				
- OSK Properties Sdn. Bhd.	6,388	17,096	-	-
Project management fees billed				
- OSK Properties (Seremban) Sdn. Bhd.	-	16	-	-
Rental of premises payable				
- Ke-Zan Holdings Berhad	1,144	1,111	10	10
Rental receivable				
- OSK Investment Bank Berhad (formerly known as OSK Securities Berhad)	25	25	-	-
Hotel management fees billed				
- Epic Hotels Pty. Ltd.	1,628	1,254	-	-
Hotel room charges payable				
- Epic Hotels Pty. Ltd.	122	82	-	-
Purchase of property, plant and equipment				
- Cyanix Corporation Sdn. Bhd.	-	15	-	-
Commission payable				
- OSK Investment Bank Berhad (formerly known as OSK Securities Berhad)	11	-	-	-

## 29. RELATED PARTIES (CONTINUED)

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.

Other than those disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiaries are as follows:

Name of related parties	Relationship
Dindings Construction Sdn. Bhd.; DC Services Sdn. Bhd.; Dindings Risk Management Services Sdn. Bhd.; and Willowglen (Malaysia) Sdn. Bhd.;	Companies in which certain Directors of the Company have substantial financial interest
OSK Holdings Berhad; OSK Investment Bank Berhad (formerly known as OSK Securities Berhad); OSK Properties Sdn. Bhd.; OSK Properties (Seremban) Sdn. Bhd.; Ke-Zan Holdings Berhad; and Epic Hotels Pty. Ltd.	Companies in which the brothers of Wong Ah Chiew and Wong Chong Shee and the spouse of Khor Chai Moi, the Directors of the Company, have substantial financial interests
Cyanix Corporation Sdn. Bhd.	A company in which the son of Wong Ah Chiew, the Director of the Company, has substantial financial interest

### Other related party transactions

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

	Company	
	2007 RM'000	2006 RM'000
Facilities charges payable	8	24
Introductory fees receivable	-	644
Management fees receivable	3,300	2,640
Rental receivable	-	9
Rental payable	9	9
Service charge for rental receivable	-	6

Material balances with related parties at balance sheet date are disclosed in Note 12 and Note 19 to the financial statements.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

## notes to the financial statements

### 30. 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	
			2007 %	2006 %
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 subsidiaries	Manufacturing and sales of cables and wires	Malaysia	100	100
Olympic Cable (Singapore) Pte. Ltd.*	Trading of cable products	Singapore	100	100
OVI Cables (Vietnam) Co., Ltd. ***	Manufacturing and sales of cables and wires	Vietnam	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
PJD CI Co., Ltd.**	Investment holding	Thailand	78.5	78.5
PJDC Co., Ltd.**	Construction	Thailand	88.5	88.5
PJD Land Sdn. Bhd.	Property development	Malaysia	100	100



### 30. SUBSIDIARIES (CONTINUED)

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2007 %	2006 %
PJD Management Services Sdn. Bhd.	Provision of property management and facilities services	Malaysia	100	100
PJD Malta Sdn. Bhd. (formerly known as 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 holding and property development	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
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

## notes to the financial statements

## 30. SUBSIDIARIES (CONTINUED)

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2007 %	2006 %
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-MM2H Sdn. Bhd.	Licensed agent to handle applications for Malaysia My Second Home	Malaysia	100	-
PJD Eastern Land Sdn. Bhd.	Property development and investment	Malaysia	100	100
PJD Paragon Development Sdn. Bhd.	Property development	Malaysia	100	100
PJD Properties Management Sdn. Bhd.	Provision of project management services	Malaysia	100	100
PJD Regency Sdn. Bhd.	Property development	Malaysia	100	100
PTC Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
Putri Kulai Recreational Club Berhad	Management and operation of recreational club	Malaysia	100	100
Rose Villa Management Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
Sanubari Sejahtera Sdn. Bhd.	Property development	Malaysia	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.	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.



### 31. ACQUISITION OF A SUBSIDIARY

- (a) On 22 November 2006, the Group through PJD Realty Sdn. Bhd. acquired two (2) ordinary shares of RM1 each in Sanubari Sejahtera Sdn. Bhd. ("SSSB"), representing 100% equity interest in SSSB for a cash consideration of RM2 to undertake the property development business.

The acquisitions had the following effect on the Group's assets and liabilities on acquisition dates:

	Pre-acquisition carrying amounts RM	Fair value adjustments RM	Recognised values on acquisition RM
Cash and cash equivalents	2	-	2
Net identifiable assets and liabilities	2	-	2
Goodwill on acquisition			-
Consideration paid, satisfied in cash			2
Cash acquired			(2)
Net cash outflow			2

### 32. SIGNIFICANT EVENTS DURING THE YEAR

- (a) On 3 July 2006, PJD-MM2H Sdn. Bhd. became a wholly-owned subsidiary of PJD Realty Sdn. Bhd. ("PJDR"), a wholly-owned subsidiary of the Company, with the authorised and paid-up capital of RM100,000 and RM2 respectively.
- (b) The Company has entered into Sale and Purchase Agreements with Willowglen (Malaysia) Sdn. Bhd., a related party, for the disposal of four (4) pieces of land together with 4 units three storey shop offices for a sale consideration of RM2,990,000. The transaction was completed on 30 April 2007.
- (c) On 22 November 2006, PJDR acquired two (2) ordinary shares of RM1 each in Sanubari Sejahtera Sdn. Bhd. ("SSSB"), representing 100% equity interest in SSSB for a cash consideration of RM2.
- (d) Olympic Cable (Singapore) Pte. Ltd. has been granted an Investment License to establish a 100% foreign-owned company known as OVI Cables (Vietnam) Co., Ltd. in the Socialist Republic of Vietnam with a legal capital of USD828,000.
- (e) In May 2007, a subsidiary company of Equity & Property Investment Corporation Limited, an associate of the Company in which the Company holds 27.4% interest, has entered into an option agreement for the disposal of its hotel properties and business for a consideration of AUD135,000,000.

### 33. SUBSEQUENT EVENT

On 2 November 2006, the Company, had announced to acquire 100% equity interest in Pravest Sdn. Bhd. ("PSB") through PJDR, for a consideration of RM17,400,000. The authorised share capital of PSB is RM100,000 comprising 100,000 ordinary shares of RM1 each, of which 100,000 ordinary shares of RM1 each have been issued and fully paid-up. PSB has a joint venture agreement with Perbadanan Setiausaha Kerajaan Pahang for the development of 1,000 acres of land in Penor, Kuantan. The purchase of PSB was completed on 20 July 2007.

## notes to the financial statements

### 34. CHANGES IN ACCOUNTING POLICIES

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 30 June 2007.

The changes in accounting policies arising from the adoption of *FRS 3, Business Combinations, FRS 136, Impairment of Assets, FRS 138, Intangible Asset and FRS 116 Property, Plant and Equipment* are summarised below:

#### *FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS 138, Intangible Assets*

The adoption of FRS 3, FRS 136 and FRS 138 have resulted in a change in the accounting policy for goodwill. The change in accounting policies is made in accordance with their transitional provisions.

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired.

Had there not been a change in accounting policy, the net profit attributable to shareholders for the financial year ended 30 June 2007 would decrease by RM647,000 as follows:

	Group 2007 RM'000
<b>Income statement for the year ended 30 June</b>	
Goodwill amortisation which would be charged to the income statement	647

This change in accounting policy has no material impact on earnings per share.

#### *FRS 116, Property, Plant and Equipment*

Pursuant to the adoption of FRS 116, the Company changed its accounting policy for the freehold hotel properties. With the change, the underlying buildings and integral plant and machinery of hotel properties are now stated at cost less accumulated depreciation and impairment losses. The underlying freehold land on which hotel properties are situated are stated at cost less impairment losses.

Prior to 1 July 2006, the underlying buildings and integral plant and machinery of hotel properties and freehold lands were stated at valuation less accumulated depreciation.

The change in policy has resulted in a decrease in the Company's total equity attributable to shareholders of the Company at 1 July 2005 by RM62,848,000.

	2007 RM	2006 RM
<b>Balance sheet at 1 July</b>		
Decrease in property, plant and equipment/total asset	(66,525,000)	(66,525,000)
Decrease in asset revaluation reserve	(62,848,000)	(62,848,000)
Decrease in retained earnings	(350,000)	(350,000)
Decrease in deferred tax liabilities	(3,327,000)	(3,327,000)
<b>Decrease in total equity and liabilities</b>	(66,525,000)	(66,525,000)

### 35. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 34 and to conform with the presentation requirements of FRS 101.

	As restated RM'000	As previously stated RM'000
<b>Group</b>		
<b>Balance sheet</b>		
<b>Non-current assets</b>		
Property, plant and equipment	382,317	457,455
Investment property	7,060	-
Prepaid lease payments	5,989	-
<b>Current assets</b>		
Inventories	26,284	30,720
<b>Non-current liabilities</b>		
Deferred income	24,867	-
Trade and other payables	-	24,867
Deferred tax liabilities	7,254	10,581
<b>Current liabilities</b>		
Trade and other payables	-	161,196
Deferred income	41,439	-
Payables and accruals	119,757	-
<b>Statements of changes in equity</b>		
Retained earnings at 1 July 2005	142,013	142,363
Retained earnings at 30 June 2006	163,984	164,334
Revaluation reserve at 1 July 2005	-	62,848
Revaluation reserve at 30 June 2006	-	62,848
<b>Company</b>		
<b>Balance sheet</b>		
<b>Non-current assets</b>		
Property, plant and equipment	361	2,339
Investment property	1,978	-
Receivables, deposits and prepayments	250,504	-
Amount due from subsidiaries	-	250,504
<b>Non-current liabilities</b>		
Payables and accruals	44,431	-
Amount due to subsidiaries	-	44,431

Leasehold land of the Group amounted to RM5,989,000 in 2006 was reclassified from property, plant and equipment to prepaid lease payments to comply with the requirements of FRS 117, Leases.

Properties of the Group and of the Company amounted to RM1,978,000 in 2006 that were owned or held under a leasehold interest to earn rental income or for capital appreciation or for both were reclassified from property, plant and equipment to investment properties.