



DIJAYA CORPORATION BERHAD

Building with passion (47908-K)



At Dijaya, we will continue to be driven by our passion for innovation in creating long-term value for all stakeholders.

annual report 2006



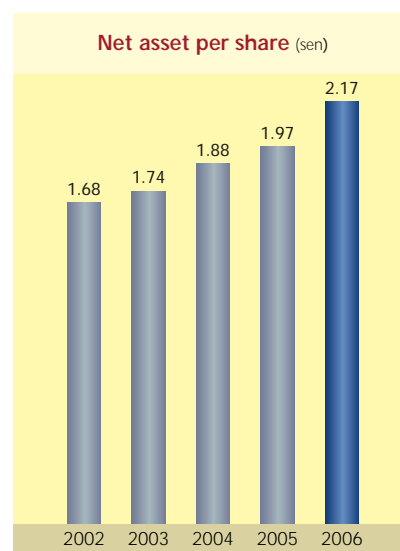
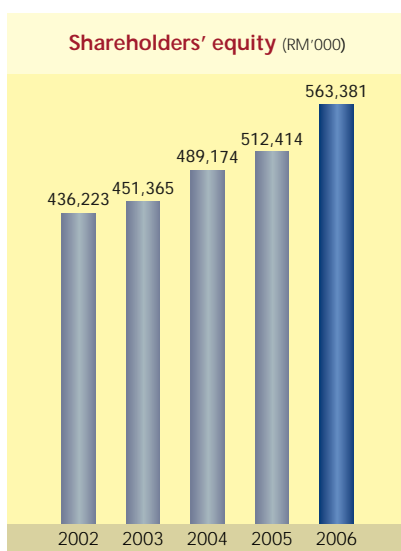
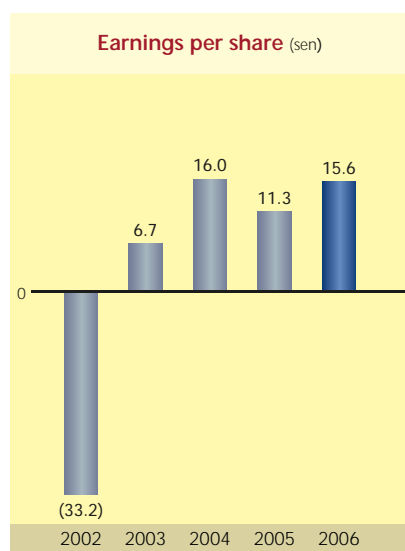
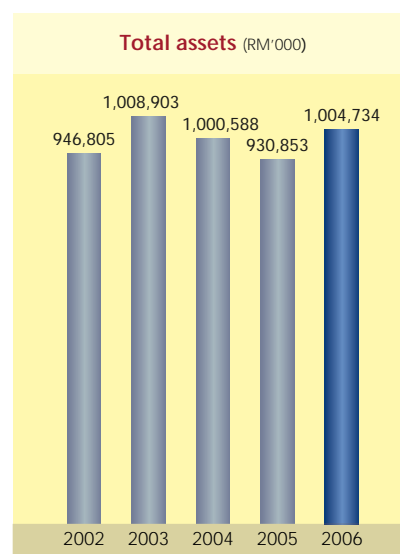
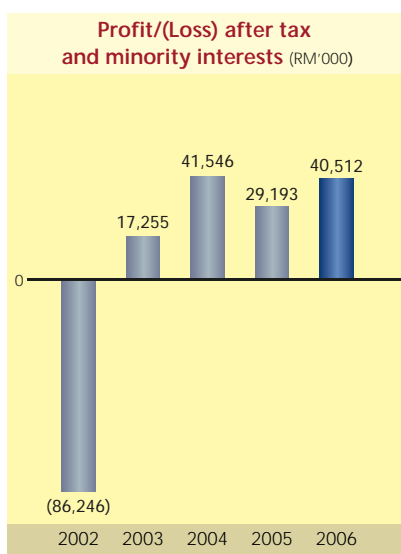
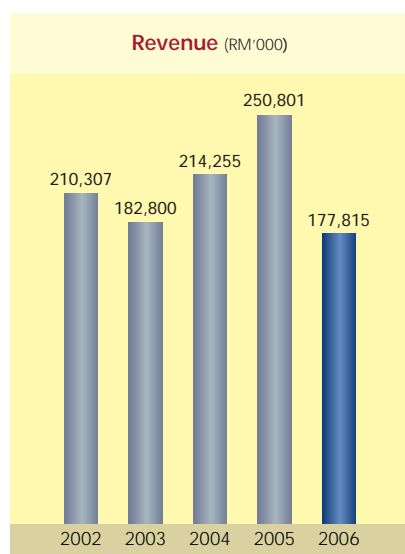
The key facets of our business work as a unified whole to drive us forward. Like a tangram, our commitment to excellent management, operational efficiency, quality and innovation give us the ability to evolve with the times to face new challenges and meet changing customer expectations. Building on our ultimate objective to create value, we will continue to shape our long-term growth.

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Five-Year Group Financial Summary

	2006	2005	2004	2003	2002
Revenue (RM'000)	177,815	250,801	214,255	182,800	210,307
Profit/(Loss) after tax and minority interests (RM'000)	40,512	29,193	41,546	17,255	(86,246)
Total assets (RM'000)	1,004,734	930,853	1,000,588	1,008,903	946,805
Shareholders' equity (RM'000)	563,381	512,414	489,174	451,365	436,223
Earnings per share (sen)	15.6	11.3	16.0	6.7	(33.2)
Net asset per share (sen)	2.17	1.97	1.88	1.74	1.68



Corporate Information

BOARD OF DIRECTORS

Y. Bhg. Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali
(Independent Non-Executive Chairman)

Y. Bhg. Tan Sri Dato' Tan Chee Sing
(Group Chief Executive Officer)

Tong Kien Onn
(Managing Director)

Quek Cham Hong
(Executive Director)

Michael Lim Hee Kiang
(Independent Non-Executive Director)

Roslan Bin Hj Yahya
(Independent Non-Executive Director)

Dato' Ahmad Hassan Bin Osman
(Independent Non-Executive Director)

Loh Chen Peng
(Independent Non-Executive Director)

Rohana Binti Tan Sri Mahmood
(Independent Non-Executive Director)

HEAD OFFICE

Lot 301, 3rd Floor, Wisma Dijaya
No. 1A, Jalan SS 20/1
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 03-77101018
Fax : 03-77101025

REGISTERED OFFICE

Lot 302, 3rd Floor, Wisma Dijaya
No. 1A, Jalan SS 20/1
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 03-77268297
Fax : 03-77268076

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia
Tel : 03-74958000
Fax : 03-20959076

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Tel : 03-27212222
Fax : 03-27212530/31

COMPANY SECRETARY

Low Nyoke Fun (MAICSA No. 7005037)

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
The Bank of Nova Scotia

STOCK EXCHANGE LISTING

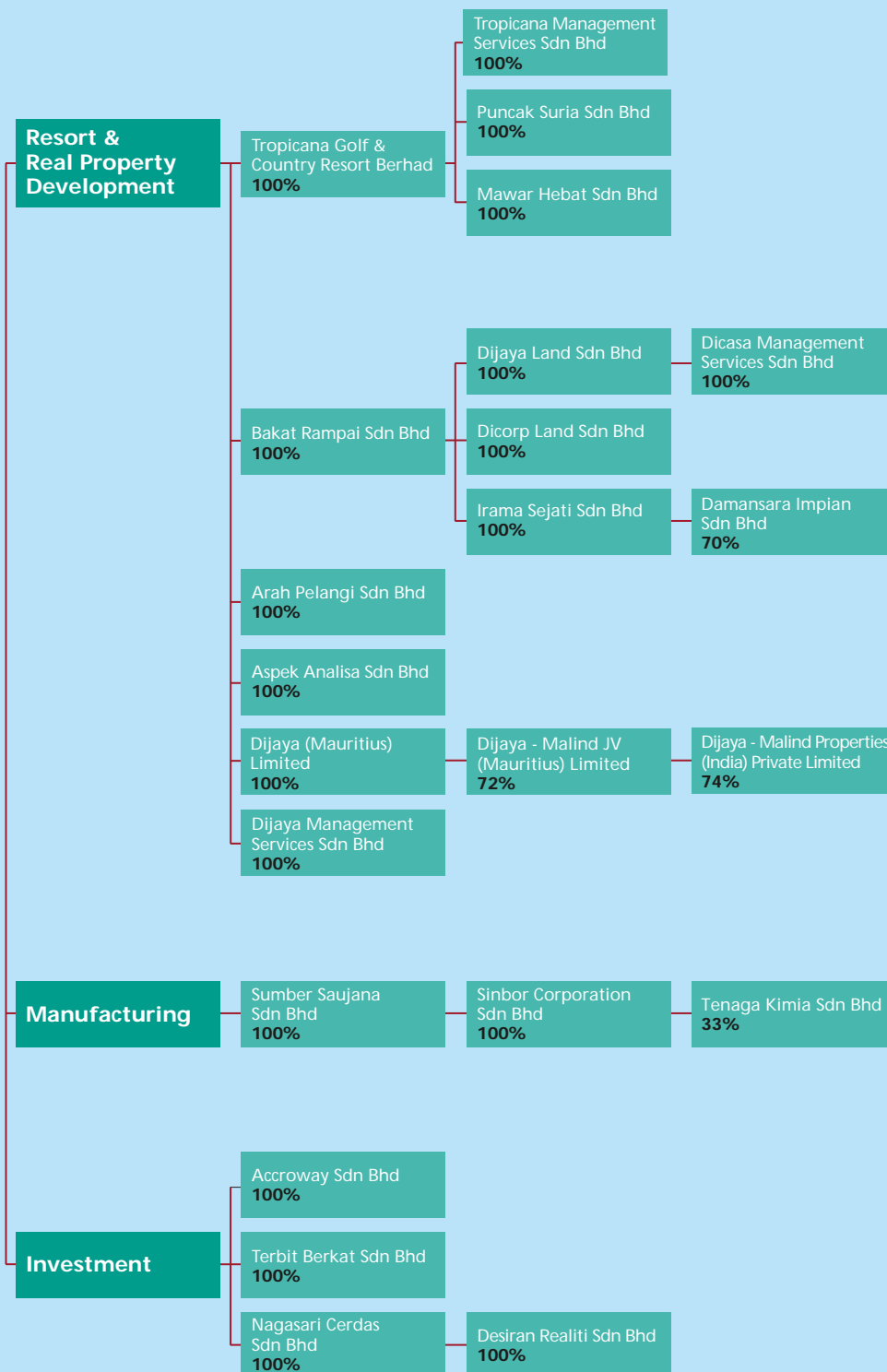
Main Board
Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name : DIJACOR
Stock Code : 5401

WEBSITE

www.DIJAYA.com.my

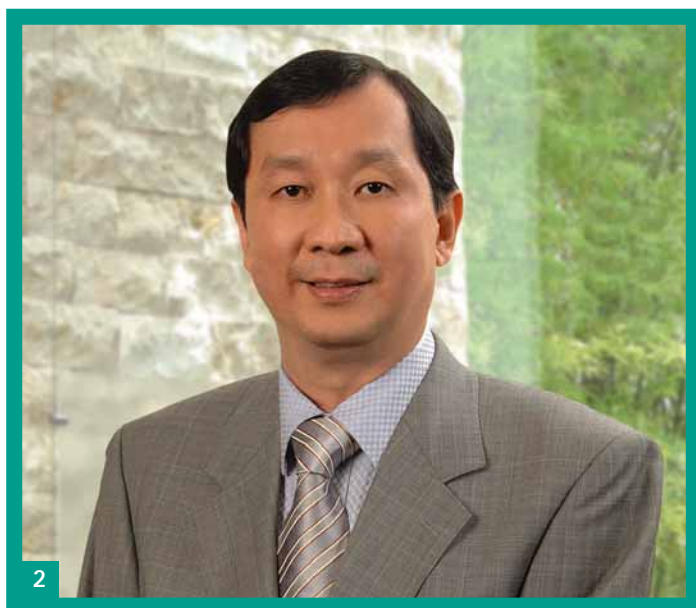
Group Corporate Structure

as at 6 June 2007



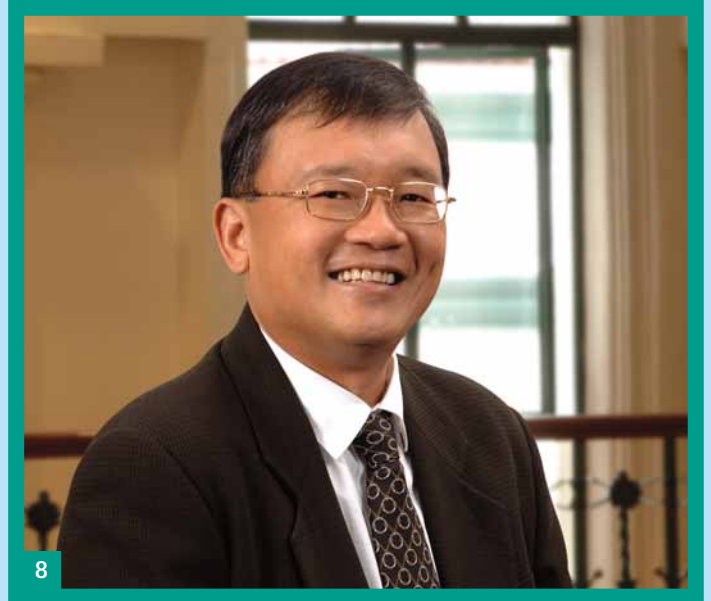
* excluding dormant companies

board of DIRECTORS



- 1 Tan Sri Dato' Seri Mohd Sedek bin Mohd Ali
(Independent Non-Executive Chairman)
- 2 Tan Sri Dato' Tan Chee Sing
(Group Chief Executive Officer)
- 3 Tong Kien Onn
(Managing Director)
- 4 Quek Cham Hong
(Executive Director)





5 Michael Lim Hee Kiang
(Independent Non-Executive Director)

6 Roslan bin Hj Yahya
(Independent Non-Executive Director)

7 Dato' Ahmad Hassan bin Osman
(Independent Non-Executive Director)

8 Loh Chen Peng
(Independent Non-Executive Director)

9 Rohana binti Tan Sri Mahmood
(Independent Non-Executive Director)



Profile of the Board of Directors

TAN SRI DATO' SERI MOHD SEDEK BIN MOHD ALI

(Independent Non-Executive Chairman)

Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali, a Malaysian aged 58, was appointed to the Board of Directors of Dijaya Corporation Berhad ("Dijaya") as an Independent Non-Executive Director on 20 June 2005 and was appointed as Chairman of Dijaya on the same date.

He graduated with a Bachelor of Arts in Economics from the University of Malaya in 1971 and later obtained a Master of Arts in Management from University of Leeds, United Kingdom. He joined the Royal Malaysia Police as an Assistant Superintendent in 1973 and had various postings. He was the Chief Police Officer of Kelantan and Perak. In 2002, with the rank of Commissioner of Police, he was made the Director of Internal Security and Public Order. He was the Operational Chairman for Security and Traffic during the 13th NAM (Non-Aligned Movement) Summit in Kuala Lumpur. He was the Deputy Inspector-General of Police from 2004 to 2005 before retiring in January 2005.

Tan Sri Dato' Seri Mohd Sedek does not have any interest in the securities of the Company or its subsidiaries. He does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offence within the past 10 years, other than traffic offences.

TAN SRI DATO' TAN CHEE SING

(Group Chief Executive Officer)

Tan Sri Dato' Tan Chee Sing, a Malaysian aged 52, was appointed to the Board on 5 July 1995. He is currently the Group Chief Executive Officer of Dijaya. He is also the Chairman of the Share Buy-Back Committee. He is a businessman and entrepreneur having a wide spectrum of businesses through his investments in public and private limited corporations.

He is also the Executive Vice-Chairman of TT Resources Bhd, Chief Executive Officer of Tropicana Golf & Country Resort Berhad, the Deputy Chairman of Berjaya Corporation Berhad and Berjaya Land Berhad and a Director of Cosway Corporation Berhad, Berjaya Capital Berhad, Bukit Kiara Resort Berhad, KDE Recreation Berhad, Tioman Island Resort Berhad, Berjaya Golf Resort Berhad and MTD Capital Bhd.

Tan Sri Dato' Tan does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company except for certain recurrent related party transactions of revenue or trading nature which are necessary for the day-to-day operations of the Group. He has not been convicted for any offence within the past 10 years.

TONG KIEN ONN

(Managing Director)

Mr. Tong Kien Onn, a Malaysian aged 48, was appointed to the Board on 18 January 2002. He was appointed as the Managing Director of Dijaya on 10 May 2007. He is also a member of the Audit Committee, Share Buy-Back Committee and Chairman of the Option Committee.

He is an Accountant by profession and an Associate member of The Chartered Institute of Management Accountants, United Kingdom.

He has more than 20 years of experience in the finance and accounting fields through his employments with a number of Malaysian companies including United Prime Corporation Berhad. He joined Dijaya in 1991 as Senior Finance Manager, responsible for the Dijaya Group's finance, accounting and treasury functions. He was promoted as General Manager of Finance and Administration in 2000 and was promoted as Senior General Manager of Finance and Administration in the same year before he was appointed as an Executive Director of Dijaya in 2002.

Mr. Tong Kien Onn does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offence within the past 10 years, other than traffic offences.

QUEK CHAM HONG

(Executive Director)

Mr. Quek Cham Hong, a Malaysian aged 45, was appointed as an Executive Director of Dijaya on 27 February 2007.

He holds a Bachelor of Science degree in Housing, Building & Planning (Honours) with major in Project Management & Building Economics from the University of Science Malaysia and had received the Institution of Engineers Malaysia (Northern Branch) Gold Medal Award for outstanding academic performance in the university. He is an Incorporated Member of the Chartered Institute of Building (UK).

He has more than 20 years of experience in property development, property management and construction industry. Prior to joining Tropicana Golf & Country Resort Berhad ("Tropicana"), he had worked with a Japanese construction company, Nakano (Malaysia) Sdn Bhd and public-listed property development companies such as Promet Berhad and Uniphoenix Corporation Berhad. He joined Tropicana in 1993 as a Project Manager. During his 13½ years of service with the Dijaya Group, he had been promoted to Senior Project Manager in 1995, Assistant General Manager in 1999, General Manager in 2001 and Senior General Manager in 2002. Currently, he is also the Executive Director of Damansara Impian Sdn Bhd.

Mr. Quek Cham Hong does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offence within the past 10 years, other than traffic offences.

MICHAEL LIM HEE KIANG

(Independent Non-Executive Director)

Mr. Michael Lim Hee Kiang, a Malaysian aged 59, was appointed to the Board of Dijaya on 20 September 1993. He is also a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committees.

He obtained a LLB with Honours and LLM with Distinction from the Victoria University of Wellington, New Zealand in 1972/1973. He was admitted as a Barrister and Solicitor to the Supreme Court of New Zealand in 1973. In 1974, he was admitted to the High Court, Sarawak and Brunei and subsequently to the High Court

PROFILE OF THE BOARD OF DIRECTORS

of Malaya in 1978. He was a lecturer at the Law Faculty, University of Malaya for three years from 1975 to 1977. He is currently an Advocate and Solicitor with Messrs. Shearn Delamore & Co. where he has been a partner with the firm for the last 29 years.

He also sits on the board of DKSH Holdings (Malaysia) Berhad, Selangor Properties Berhad, Paragon Union Berhad, Major Team Holdings Berhad and Wawasan TKH Holdings Berhad.

Mr. Michael Lim Hee Kiang does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offence within the past 10 years.

ROSLAN BIN HJ YAHYA

(Independent Non-Executive Director)

Encik Roslan bin Hj Yahya, a Malaysian aged 57, was appointed to the Board on 21 March 2001. He is also the Chairman of the Audit Committee and a member of the Nomination Committee.

He obtained his Associate Chartered Institute of Bankers from the United Kingdom. He was the Chief Executive Officer of Kewangan Usaha Bersatu Bhd and the Executive Vice Chairman of South Johor Equities Sdn Bhd.

Encik Roslan bin Hj Yahya does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offence within the past 10 years, other than traffic offences.

DATO' AHMAD HASSAN BIN OSMAN

(Independent Non-Executive Director)

Dato' Ahmad Hassan bin Osman, a Malaysian aged 69, was appointed to the Board on 2 August 2003.

He graduated from the University of Malaya, Kuala Lumpur with a Bachelor of Arts Degree in 1962. Later in 1968, he was awarded Certificate In Management Analysis by the Harvard University Advisory Group. He was also awarded the Fellowship of the Economics Institute from the University of Colorado, Boulder, United States of America. In 1978, he obtained a Master of Arts in Economics from the University of Wisconsin, Madison, United States of America.

He has vast experience in the public service, spanning a period of over 30 years. His last post with the Government was as the Secretary-General of the Ministry of Housing and Local Government, Malaysia. Upon retirement, he was appointed as a Director to the Islamic Development Bank based in Jeddah, Saudi Arabia from 1994 to 1997. His current directorship in other public companies includes Kimble Corporation Berhad and Suiwah Corporation Berhad.

Dato' Ahmad Hassan does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offence within the past 10 years, other than traffic offences.

LOH CHEN PENG

(Independent Non-Executive Director)

Mr. Loh Chen Peng, a Malaysian aged 53, was appointed to the Board on 22 March 2004. He is also a member of the Audit, Nomination and Remuneration Committees.

He is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He started his career with an international accounting firm in 1975 and gained membership to MICPA. He then joined a merchant banking group in 1980 and for the next 13 years, held senior management positions in the areas of corporate finance and corporate banking. Thereafter he had a short stint with a stock broking group. In 1994, he helped establish a commercial bank and served on its Executive Committee of Directors until 2001.

He is now involved in some private ventures and is an Independent Non-Executive Director of Major Team Holdings Berhad, Nexnews Berhad and Sunrise Berhad.

Mr. Loh Chen Peng does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offence within the past 10 years.

ROHANA BINTI TAN SRI MAHMOOD

(Independent Non-Executive Director)

Cik Rohana Binti Tan Sri Mahmood, a Malaysian aged 53, was appointed to the Board on 10 November 2004.

She holds a Bachelor of Arts (Hons) in Politics from Essex University and Master in International Relations from the University of Sussex, United Kingdom.

Cik Rohana's working experience encompasses both the private and government sectors. She is the Chairman and Partner of Ethos Capital, a RM200 million private equity fund that invests in Asian companies, and the Deputy President and Founding Member of the Kuala Lumpur Business Club, an exclusive networking and business development organisation. She is also the Treasurer and Board Member of the Pacific Basin Economic Council (PBEC), established in 1967 as a regional business association in the Asia-Pacific region, member of International Council, The Asia Society, New York, Founding Board member of the Malaysian Strategic Research Centre, an independent policy think tank focused on defence and security issues, and is a Trustee of Malaysian Youth Orchestra Foundation. She was also a senior researcher at the Institute of Strategic and International Studies Malaysia and had also served at the Ministry of Foreign Affairs. Cik Rohana is also actively involved in business principally in education, having invested in the education arm of Paramount Corporation Berhad, which includes KDU College Sdn Bhd, a leading Malaysian private college.

Her current directorships in public companies include Paramount Corporation Berhad and TH Group Berhad.

She does not have any family relationship with any Director and/or major shareholder of Dijaya, nor any personal interest in any business arrangement involving the Company. She has not been convicted for any offence within the past 10 years.

Chairman's Statement

Penyata Pengerusi

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the year ended 31st December 2006.

Para Pemegang Saham,

Bagi pihak Lembaga Pengarah, dengan sukacitanya saya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Kumpulan bagi tahun kewangan berakhir 31 Disember 2006.

OVERVIEW AND FINANCIAL PERFORMANCE

The Malaysian economy had performed well in 2006 as it was stronger and more resilient. Real gross domestic product (GDP) expanded by 5.9%, up from 5.2% a year ago. Domestic activity especially in the private sector, continued to be the main driver of growth propelling economic expansion amidst high export demand for primary commodities and electronics.

Notwithstanding the above, challenging conditions continued to prevail during the year. Market sentiments in the property sector remained relatively soft probably owing to concerns associated with higher interest rates and firmer oil prices besides expectations of rising energy and utility costs. The business environment continued to be very competitive with the entry of more players accompanied by a significant increase in the supply of properties especially in the upmarket segment.

Nevertheless, Management remained focus in its endeavour to consolidate the Group's position as a leader in the luxury resort and upmarket property sectors by emphasizing on excellent customer services, innovative product packaging, strong branding and creativity with a high standard of professionalism. Various strategic initiatives were also effected to further improve productivity and proficiency in the face of adversities and uncertainties of the market place.

TINJAUAN DAN PENCAPAIAN KEWANGAN

Ekonomi Malaysia telah menunjukkan prestasi yang baik pada 2006 kerana ia lebih kukuh dan mampan. Keluaran Dalam Negara Kasar (KDNK) bertambah 5.9%, meningkat daripada 5.2% setahun lalu. Aktiviti domestik terutama dalam sektor swasta, terus menjadi pemacu utama bagi pertumbuhan dan perkembangan ekonomi tatkala terdapat permintaan yang tinggi bagi eksport untuk komoditi utama dan elektronik.

Meskipun yang tersebut di atas, keadaan mencabar terus mengatasi pada tahun tinjauan. Sentimen pasaran di dalam sektor hartanah kekal agak lemah kemungkinan disebabkan kebimbangan berhubung dengan kadar faedah tinggi dan kenaikan harga minyak selain jangkaan kos tenaga dan utiliti yang meningkat. Persekitaran perniagaan kekal amat kompetitif dengan kemasukan lebih banyak pemain beserta peningkatan ketara di dalam pembekalan hartanah terutama segmen pasaran tinggi.

Walau bagaimanapun, pihak Pengurusan kekal fokus dalam usaha untuk menyatukan kedudukan Kumpulan sebagai teraju sektor resort mewah dan hartanah pasaran tinggi dengan menekankan kecemerlangan perkhidmatan pelanggan, penyempahan produk yang inovatif, kekukuhan jenama dan kreativiti dengan kepiawaian profesionalisma tinggi. Pelbagai inisiatif strategik juga dilaksanakan bagi mempertingkatkan produktiviti dan kecekapan dalam menghadapi rintangan dan ketidakpastian dalam pasaran.



Green Acres 2, another phase of residential property development in Tropicana Golf & Country Resort which offers beautiful view of natural, verdant surroundings set within 24-hour secured resort environment.

Green Acres 2, satu lagi fasa pembangunan hartanah kediaman di Tropicana Golf & Country Resort yang menawarkan pemandangan semulajadi dan persekitaran yang menarik bertemakan resort dengan pengawasan 24-jam.



At Tropicana, you can design and build your own home nestled amidst the lush greenery.

Di Tropicana, anda boleh mereka dan membina kediaman anda di antara tumbuhan kehijauan.

Indeed, the Group was able to deliver an outstanding performance for the year. Though the Group achieved a lower revenue of RM177.8 million as compared to RM250.8 million in the preceding financial year, which was principally attributable to the completion of several projects in prior years and the deconsolidation of revenue following completion of the disposal of our subsidiary, Iktan Engineering Sdn Bhd during the year, the Group was able to realize a much improved level of profitability.

The Group recorded a significantly higher net profit of RM40.5 million, an increase of 38.7%, as compared to RM29.2 million in the preceding year mainly due to lower administrative and other expenses, tax charges and minority interests' share of profits. At the Company level, a net profit of RM11.1 million was attained as compared to a net profit of about RM10.8 million recorded previously representing marginal improvement of 2.8% owing to lower administrative and other expenses.

Once again, the Group's business model premised on its pioneering and leading efforts in the high-end, low density gated and guarded lifestyle resort development had proven to be effective and resilient in the prevailing property scene. Nevertheless, Management would continue to be vigilant and alert to the volatility of the dynamic market environment especially the changing needs and expectation of our house buyers and specific threats which may be posed by the growing competition, and may further refine the business model to ensure its continuing relevance.

OPERATIONAL REVIEW

Resort and Property

A distinct landmark of the Tropicana Golf & Country Resort ("Tropicana") is its premier 27-hole golf course, a popular destination for golfing enthusiasts, both professionals and amateurs because of its well maintained challenging terrain and lush green serene surroundings. Further, its 350,000 square feet clubhouse with its comprehensive range of sporting, dining and leisure facilities, continued to be the much sought venue for social, recreational and business events for the public, besides being very popular amongst its 4,900 members.

Kumpulan telah berjaya menghasilkan pencapaian cemerlang bagi tahun kajian. Walaupun hasil Kumpulan lebih rendah iaitu sebanyak RM177.8 juta berbanding RM250.8 juta pada tahun kewangan sebelumnya, yang terutamanya disebabkan oleh penyiapan beberapa projek pada tahun terdahulu dan pendapatan yang tidak disatukan berikutan penyempurnaan pelupusan subsidiari, Iktan Engineering Sdn Bhd dalam tahun kajian, Kumpulan telah berjaya memperoleh tahap keuntungan yang lebih baik.

Kumpulan mencatat untung bersih yang lebih tinggi sebanyak RM40.5 juta, peningkatan 38.7%, berbanding RM29.2 juta pada tahun sebelumnya yang terutama disebabkan penurunan pebelanjaan pengurusan dan yang lain, caj cukai dan bahagian keuntungan kepentingan minoriti. Pada peringkat syarikat, keuntungan bersih RM11.1 juta telah diperolehi berbanding keuntungan bersih RM10.8 juta dicatatkan sebelumnya yang mewakili perubahan marginal 2.8% disebabkan penurunan perbelanjaan pengurusan dan yang lain.

Sekali lagi, model perniagaan Kumpulan berdasarkan kepada usaha sebagai perintis serta peneraju dalam pembangunan gaya hidup yang mewah, kepadatan rendah dan ala pusat percutian yang berpagar, telah dibuktikan sebagai amat berkesan dan kukuh dalam keadaan hartanah terkini. Walau bagaimanapun, pihak Pengurusan akan terus mengawasi dan peka terhadap perubahan persekitaran pasaran yang dinamik terutama sekali kehendak serta jangkaan pembeli rumah yang berubah dan ancaman khusus yang timbul daripada persaingan yang semakin meningkat dan akan terus menghalusi model perniagaan bagi memastikan ia kekal relevan.

KAJIAN OPERASI

Resort dan Hartanah

Padang golf premier 27 lubang merupakan petanda nyata Tropicana Golf & Country Resort ("Tropicana"), sebagai destinasi popular untuk peminat golf, samada profesional mahupun amateur kerana penjagaan rapi kawasan tanah yang mencabar dan persekitaran kehijauan yang tenang. Tambahan lagi, rumah kelab berukuran 350,000 kaki persegi dengan kemudahan permainan, makanan dan riadah yang komprehensif, terus menjadi tempat tumpuan bagi acara sosial, riadah dan perniagaan untuk awam, selain menjadi amat popular di kalangan 4,900 ahli.



Upcoming lifestyle commercial centre adjacent to Damansara Indah Resort Homes which will exude a tropical resort feel.

Pusat komersial gaya hidup yang akan dibina berhampiran Damansara Indah Resort Homes mencetuskan pusat peranginan berunsur tropikal.



Fortune Park Serviced Apartment, a unique residence that comes with beautiful lake view and comprehensive facilities.

Pangsapuri Servis Fortune Park, sebuah kediaman unik yang menawarkan pemandangan tasik yang menarik dan kemudahan komprehensif.



New gym extension at Tropicana Clubhouse with the magnificent pool view and practical layout.

Kemudahan gym yang baru di Kelab Tropicana dengan pemandangan kolam renang yang menarik dan susun atur yang praktikal.



Tropicana City - a mixed retail and commercial development with a total built-up area of 1.2 million sq. ft along the Sprint/LDP highways is fast taking its shape

Tropicana City – pembangunan campuran runcit dan komersial dengan keluasan 1.2 juta kaki persegi di sepanjang Lebuhraya Sprint/LDP sedang pesat dibina.

Incidentally, the club had bagged the award of “The Best Clubhouse/ Facilities in Malaysia” for 4 consecutive years based on the Golf Malaysia’s readers’ poll. It was also named top two in the “Best Customer Service Club” and top eight “Golf Course in Malaysia” by the Golf Malaysia’s readers’ poll from 2005 to 2006.

Meanwhile, on the resort development front in Tropicana, following the successful completion of the Green Acres 1 project comprising of upmarket semi-detached units in 2003 ahead of schedule, the Green Acres 2 sequel with a wider residential mix of luxury linked houses, semi-detached houses and prime bungalow lots were also completed ahead of time in 2005.

With respect to strata titled properties, the construction of the Casa Tropicana Condominium project comprising 1,217 units proceeded with the earlier phases having been completed with certificate of fitness. Sales had been encouraging with 76% sold.

As for our maiden commercial project in Tropicana known as Merchant Square comprising two blocks of 5-storey lifestyle shop offices with lifts having a total of 32 shop units and 128 office units, response was very positive with 98% of the units sold. The project also had been successfully completed with certificate of fitness issued.

The Group’s second golf resort project known as the Damansara Indah Resort Homes (“Damansara Indah”) which is located adjacent to Tropicana, continued to command interest in the upmarket property sector. It has graduated into another well-known exclusive gated residential community. Upmarket developments in this resort include the 41 units of Green Haven Resort Villas which were completed in late 2004, and the 38 units of 3-storey semi-detached houses known as Villa Green 2 which were completed in 2005. For both the projects, all the units were sold.

Kelab juga telah meraih anugerah “Rumah Kelab/Kemudahan Terbaik di Malaysia” bagi empat tahun berturut berdasarkan undian pembaca majalah Golf Malaysia. Kelab juga dinamakan antara dua teratas “Kelab Perkhidmatan Pelanggan Terbaik” dan lapan teratas “Padang Golf Malaysia” oleh undian pembaca majalah Golf Malaysia dari 2005 hingga 2006.

Sementara itu, dari segi pembangunan resort di Tropicana, berikutan kejayaan penyiapan projek Green Acres 1 yang meliputi unit rumah berkembar pasaran atas pada 2003 lebih awal dari jadual, lanjutan itu Green Acres 2 dengan percampuran kediaman rumah teres mewah, rumah berkembar dan lot bungalow utama juga telah disiapkan lebih awal dari jadual pada 2005.

Berhubung dengan hartanah di bawah hakmilik strata, pembinaan projek Kondominium Casa Tropicana yang meliputi 1,217 unit telah diteruskan dengan fasa awal telahpun disiapkan beserta sijil kelayakan. Jualan amat menggalakkan dengan 76% telah dijual.

Berhubung projek komersial pertama di Tropicana dikenali sebagai Merchant Square yang mengandungi dua blok kedai pejabat 5 tingkat dengan lif yang terdapat sejumlah 32 unit kedai dan 128 unit pejabat, maklum balas amat positif dengan jualan sebanyak 98%. Projek ini juga telah disiapkan dengan jayanya beserta sijil kelayakan.

Projek resort golf kedua Kumpulan dikenali sebagai Damansara Indah Resort Homes (“Damansara Indah”) yang terletak bersebelahan Tropicana, terus dapat menarik minat daripada sektor hartanah pasaran atas. Ia telah berkembang menjadi komuniti kediaman berpagar eksklusif terkenal. Pembangunan pasaran atas dalam resort ini termasuk 41 unit Green Haven Resort Villas yang telah disiapkan pada akhir 2004, dan 38 unit rumah berkembar 3-tingkat dikenali sebagai Villa Green 2 yang telah disiapkan pada 2005. Bagi kedua-dua projek, kesemua unit telah dijual.

CHAIRMAN'S STATEMENT / PENYATA PENERUSI

Following our success with the Villa Green brand for semi-detached houses, 86 units of 3-storey semi-detached luxury villas with large built-ups (6,200 sq. ft.), attractive designs and superior layouts, known as Super Fairway Villas were launched in March 2006, with encouraging response. These units are located between the Seri Selangor Golf Course and the East Course of the Tropicana Golf Course. Construction had commenced with piling works having been completed to date.

For the Damansara Indah, Casa Indah 1 was its maiden condominium development. Most of the units here have a commanding view of the Seri Selangor Golf Course especially the Scenic Holes 1 and 9. Phase 1A comprising 418 units was launched in 2003 with sales of about 86% achieved. With the success of Phase 1A, the Group proceeded to launch Phase 1B comprising 80 low-rise units known as Condo Villas involving two 4-storey blocks of 40 units each in March 2004. Response was very encouraging with 95% sold. Both phases of this project had been completed and the units were handed over to purchasers in October 2006.

Further to the success of the Casa Indah brand, Casa Indah 2 was introduced to the market in early 2007, with Block A comprising 176 units. The units of Casa Indah 2 also have an unobstructed view of the beautiful golf course and the green tops of the nearby forest reserve. Block A, the high-rise block is already 80% sold. Meanwhile, Block B, another high-rise structure, have just been released for sale with initial encouraging response. Block C and D comprising of low-rise units are expected to be launched in the second half of 2007. Construction of Block A had commenced with piling works completed.

Berikutan kejayaan kami dengan jenama Villa Green bagi rumah berkembar, 86 unit vila mewah berkembar 3-tingkat dengan pembukaan luas (6,200 kaki persegi), rekabentuk menarik dengan keunggulan rekaletak, dinamakan Super Fairway Villas yang dilancarkan pada Mac 2006 telah mendapat maklumbalas menggalakkan. Unit ini terletak di antara Kelab Golf Seri Selangor dan Padang Timur di padang golf Tropicana. Pembinaan telah bermula dan sehingga ke hari ini kerja-kerja penimbunan telah disiapkan.

Bagi Damansara Indah, Casa Indah 1 merupakan pembangunan kondominiumnya yang pertama. Kebanyakan unit di sini mempunyai pemandangan ke arah Kelab Golf Seri Selangor terutama pemandangan Lubang 1 dan 9. Fasa 1A yang mengandungi 418 unit telah dilancarkan pada 2003 dengan pencapaian jualan kira-kira 86%. Dengan kejayaan Fasa 1A, Kumpulan telah meneruskan pelancaran Fasa 1B yang mengandungi 80 unit binaan rendah dinamakan Condo Villas meliputi dua blok 4-tingkat dengan 40 unit di setiap satu pada Mac 2004. Maklumbalas amat menggalakkan dengan 95% telah dijual. Kedua-dua fasa projek ini telah disiapkan dan unit-unit telah diserahkan kepada pembeli pada Oktober 2006.

Lanjutan kejayaan jenama Casa Indah, Casa Indah 2 diperkenalkan kepada pasaran pada awal 2007, dengan Blok A terdiri daripada 176 unit. Unit-unit Casa Indah 2 juga mempunyai pemandangan kecantikan padang golf dan kehijauan puncak pokok rizab hutan berhampiran. Blok A, blok bertingkat tinggi telah 80% dijual. Sementara, Blok B, sebuah lagi struktur bertingkat tinggi, baru-baru ini telah dibuka untuk jualan dengan maklumbalas yang menggalakkan. Blok C dan D terdiri daripada unit bertingkat rendah dan dijangka akan dilancarkan pada separuh kedua 2007. Pembinaan Blok A telah dimulakan dan kerja-kerja penimbunan telahpun siap.



The newly completed Casa Indah 1 Condominiums are best captured by this night scene. With 30% capital appreciation, it is one of the most sought after property in Damansara Indah Resort Homes.

Kondominium Casa Indah 1 yang baru disiapkan punyai pemandangan yang baik sekali pada waktu malam. Ia adalah satu daripada hartanah yang di gemari di Damansara Indah Resort Homes dengan kenaikan nilai modal pelaburan sebanyak 30%.



The Tropics Serviced Apartments @ Tropicana City will appeal to all with its strategic location and its very own Tropicana Mall linked directly via lifts.

Pangsapuri Servis Tropics @ Tropicana City menarik minat semua dengan lokasi yang strategic dan kemudahan lif hubungan terus ke Tropicana Mall.



Merchant Square @ Tropicana, the modern lifestyle shops and offices with lifts offer an ideal place where one can live, play and work in a resort-styled environment.

Merchant Square @ Tropicana mengemukakan kedai dan pejabat dengan lif yang bertemakan unsur moden, sesuai untuk didiami, beriadah dan bekerja dalam persekitaran ala-resort.

In addition to the completed Merchant Square mentioned earlier, the Group intends to develop two more commercial centers. One of these is expected to be a lifestyle centre on a 5.73 acre site comprising of trendy shop offices, located in Tropicana opposite the Casa Tropicana condominiums. The other lifestyle commercial centre would be on a 14-acre site in Damansara Indah. It is expected to have a pedestrian mall lined up with trees to exude a tropical resort feel. Both projects are expected to be launched in 2008.

Further, the Group also plans for a top grade luxury condominium project namely Tropicana Grande on a 7-acre site which is envisaged to comprise 342 units with built-up areas of 2,500 to 4,000 sq. ft. and they would have a spectacular view of the golf course, the lake and the beautiful sunset. These units known as "Villas in the Sky" are expected to be launched in late 2007.

Outside the gated resorts, the Group also has major condominium projects in the heart of Petaling Jaya namely "Casa Damansara". Both Casa Damansara 1 and Casa Damansara 2 comprising 320 units and 152 units respectively had been fully sold and fully completed. In view of the high demand for such properties, plans are being made to launch Casa Damansara 3 probably in 2008. Meanwhile, substructure works had commenced with piling works fully completed.

The other commercial properties of the Group are also located in the same vicinity. The completed Damansara Intan e-business Park which is situated next to the Casa Damansara project is a well known established commercial venue. The success of this project is another clear testimony of the Group's broad-based expertise and experience in the field of property development.

Sebagai tambahan kepada penyiapan Merchant Square yang telah disebutkan awal tadi, Kumpulan berhasrat untuk membangunkan dua lagi pusat komersial. Satu dijangka akan menjadi pusat gayahidup di atas tapak 5.73 ekar mengandungi kedai pejabat trend baru, terletak di Tropicana berhampiran kondominium Casa Tropicana. Sebuah lagi pusat komersial bertentangan akan terletak di atas tapak 14 ekar di Damansara Indah. Ia dijangka akan mempunyai kawasan beli belah pejalan kaki dihiasi dengan pokok-pokok untuk mewujudkan rasa resort tropikal. Kedua-dua projek dijangka akan dilancarkan pada 2008.

Tambahan lagi, Kumpulan juga merancang projek kondominium mewah gred tertinggi dinamakan Tropicana Grande di atas tapak 7 ekar yang dirancang terdiri daripada 342 unit dengan keluasan binaan 2,500 hingga 4,000 kaki persegi dan akan mempunyai pemandangan padang golf, tasik dan matahari terbenam yang mempegunkan. Unit ini dinamakan "Villas in the Sky" dijangka dilancarkan pada penghujung 2007.

Di luar resort berpagar ini, Kumpulan juga mempunyai projek kondominium besar di tengah-tengah Petaling Jaya dinamakan "Casa Damansara". Kedua-dua Casa Damansara 1 dan Casa Damansara 2 yang terdiri daripada masing-masing 320 unit and 152 unit telah habis dijual dan telah siap sepenuhnya. Memandangkan permintaan tinggi untuk hartanah seumpamanya, perancangan sedang dibuat untuk melancarkan Casa Damansara 3 kemungkinan pada 2008. Sementara itu, kerja-kerja sub-struktur telah bermula dan kerja-kerja penimbunan telah siap sepenuhnya.

Hartanah komersial lain Kumpulan juga terletak dalam kawasan yang sama. Damansara Intan e-business Park yang telah siap terletak bersebelahan projek Casa Damansara merupakan kawasan komersial yang lama terkenal. Kejayaan projek ini adalah testimoni nyata kepakaran dan pengalaman luas Kumpulan dalam bidang pembangunan hartanah.

The next phase of this project involved the development of trendy serviced apartments known as Casa Suites @ Damansara Intan including a 22-storey block with 210 units which was launched late 2005. Those units incorporating the innovative and trendy designer lofts were in great demand and hence they were all sold out, while the balance of the other units also attracted keen interest. As for the construction, substructure and piling works had been completed with building works close to be 50% done.

In the same neighbourhood and on the adjacent 9-acre commercial site, the Group had launched a major mixed retail and commercial development known as the Tropicana City with a total built-up area of 1.2 million sq. ft. It comprises a 4-level recreational, shopping and entertaining complex with a 390,000 sq. ft. of nett lettable area known as the Tropicana Mall, 601 units of designer suites namely the Tropics and a signature office block with a nett lettable area of 105,000 sq. ft. which is for enbloc sale.

The Tropicana Mall is envisaged to introduce an exciting and vibrant "shoppertainment" lifestyle to this affluent suburban enclave of Damansara. It is planned for the Mall to be a strategic niche player in the local retail scene and would complement the larger regional malls nearby. It will consist of 4 levels namely festival market place, fashion and events, family, fun and entertainment, with about 180 retail outlets. All the units in the Mall are to be retained for rental. The anchor tenant shall be the popular French hypermarket Carrefour which has leased a space for 125,000 sq. ft. in the Mall.

As for the Tropics, the project was launched in September 2006 with very satisfactory results. As expected, all the 70 units with the loft design were fully sold. Overall, sales were good with about 55% achieved.

Fasa seterusnya projek ini melibatkan pembangunan baru pangsapuri khidmat yang bergaya dinamakan Casa Suites @ Damansara Intan yang termasuk blok 22-tingkat dengan 210 unit yang dilancarkan pada penghujung 2005. Unit-unit loft yang menggabungkan kediaman inovatif dan rekabentuk bergaya mendapat permintaan tinggi maka penjualannya telah habis, sementara baki unit lain juga menarik minat mendalam. Berhubung dengan kerja-kerja pembinaan, sub-struktur dan penimbunan telah disiapkan dengan kerja pembinaan hampir 50% siap.

Dalam kejiranan yang sama bersebelahan tapak komersial 9 ekar, Kumpulan telah melancarkan pembangunan Komersial bercampur yang dikenali sebagai Tropicana City dengan keluasan binaan 1.2 juta kaki persegi. Ia mengandungi sebuah kompleks 4-tingkat untuk riadah, membeli belah dan hiburan dengan keluasan bersih 390,000 kps untuk penyewaan yang dinamakan Tropicana Mall, 601 unit suite designer iaitu Tropics dan blok pejabat khas dengan keluasan penyewaan 105,000 kaki persegi untuk penjualan secara blok.

Tropicana Mall dibayangkan akan memperkenalkan gayahidup "shoppertainment" yang menyeronokkan dan meriah kepada gayahidup mewah pinggir bandar di kawasan Damansara. Mall ini dirancang akan menjadi pemain strategik niche dalam senario peruncitan tempatan dan akan menyokong kompleks besar berhampiran. Ia akan terdiri daripada 4 peringkat iaitu tempat membeli belah yang meriah, fesyen dan majlis, keluarga, keseronokan dan hiburan, yang mengandungi 180 kedai. Semua unit di dalam Mall akan dikhusus untuk penyewaan. Penyewa utama adalah pasar-hiper Perancis Carrefour yang telah menyewa kawasan seluas 125,000 kaki persegi di dalam Mall.



The Palms Dining Centre @ Tropicana – the new destination to wine and dine in a secured and friendly resort environment.

Pusat Makan The Palms @ Tropicana – destinasi baru untuk berjamu selera di dalam suasana yang aman dan sentosa.



Villa Green 3A @ Damansara Indah Resort Homes - Located in the lavish enclave of Damansara Indah, next to Tropicana, these super 3-storey fairway villas are designed with capacious living room that gives many decor options.

Villa Green 3A @ Damansara Indah Resort Homes - Terletak di tempat perumahan yang mewah, berdekatan Tropicana, super semi-dee 3 tingkat ini direka dengan bilik duduk yang besar dan boleh mempelbagai corak dekor.



Casa Tropicana Condominiums @ Tropicana - The ideal home that's strategically located, and backed by comprehensive facilities for young and old alike.

Kondominium Casa Tropicana @ Tropicana - Tempat kediaman yang unggul dengan lokasi strategik bersertakan kemudahan-kemudahan yang menyeluruh untuk yang tua mahupun muda.

CHAIRMAN'S STATEMENT / PENYATA PENGERUSI

Completion of the whole Tropicana City project is expected in late 2009. The Tropicana Mall is slated for completion in the third quarter of 2008. Construction had commenced with piling works having been completed. The main superstructure work had started and is in progress.

The Group also has a major residential and commercial development outside the Petaling Jaya area involving 1,000 apartments and shops on the 20.5 acre land located in the prime Southern Kuala Lumpur Growth Corridor opposite the Mines Resort lake and golf course. In March 2005, Phase 1A with 190 units of serviced apartments in a 22-storey block was launched with sales exceeding 66% achieved. In view of the encouraging results, Phase 1B comprising another 190 units of serviced apartments was subsequently put on the market in late 2006. Building works for both phases are in progress and expected to be completed by third quarter 2007.

In addition to the above in-house projects, the Company was also appointed as project manager for the development of a condominium project involving 223 units sited on a 3.19 acre plot of land in the Mont Kiara area, known as Casa Kiara 1. The project had been completed with certificate of fitness. More than 90% of the units were sold to date. Following this success, Casa Kiara 2 comprising of 206 units was launched in November 2006. This phase is also managed by the Company. Construction work for Casa Kiara 2 had commenced with piling works in progress.

Berhubung dengan Tropics, projek yang dilancarkan pada September 2006 telah mendapat keputusan amat memuaskan. Seperti yang dijangkakan, kesemua 70 unit rekabentuk loft telah habis dijual. Secara keseluruhannya, jualan adalah memuaskan dengan anggaran pencapaian sejumlah 55%.

Seluruh projek Tropicana City dijangka disiapkan pada penghujung 2009. Tropicana Mall dijangka akan siap pada suku ketiga 2008. Pembinaan telah bermula dan kerja-kerja penimbunan telah siap. Kerja penstrukturan utama telah bermula dan sedang dijalankan.

Kumpulan juga mempunyai pembangunan perumahan dan komersial yang besar di luar Petaling Jaya yang terdiri daripada 1,000 pangsapuri dan kedai di atas tanah seluas 20.5 ekar terletak di Koridor Pembangunan Selatan Kuala Lumpur berhadapan kawasan tasik dan padang golf Mines Resort. Pada Mac 2005, Fasa 1A dengan 190 unit pangsapuri khidmat di dalam blok 22-tingkat dilancarkan dengan pencapaian jualan melebihi 66%. Memandangkan maklumbalas yang menggalakkan ini, Fasa 1B terdiri daripada tambahan 190 unit pangsapuri khidmat telah diletakkan di pasaran pada penghujung 2006. Kerja pembinaan untuk kedua-dua fasa sedang dijalankan dan dijangka akan siap pada suku ketiga 2007.

Sebagai tambahan kepada projek-projek Kumpulan di atas, Syarikat juga telah dilantik sebagai pengurus projek untuk pembangunan projek kondominium melibatkan 223 unit bertapak di atas sebuah lot tanah seluas 3.19 acre di kawasan Mont Kiara, dikenali Casa Kiara 1. Projek tersebut telah siap beserta dengan sijil kelayakan. Lebih daripada 90% unit telah dijual setakat ini. Berikutan kejayaan ini, Casa Kiara 2 terdiri daripada 206 unit telah dilancarkan pada November 2006. Fasa ini juga ditadbir oleh Syarikat. Kerja pembinaan untuk Casa Kiara 2 telah bermula dan kerja penimbunan sedang dijalankan.



Casa Suites Serviced Apartment, with its strategic location and excellent accessibility, it is set to be another profitable investment to look out for.

Pangsapuri Servis Casa Suites, dengan lokasi yang strategik dan laluan akses yang baik, pastinya satu lagi pelaburan yang menguntungkan.



With large built-up of 6,200 sq. ft., Villa Green 3A Super Fairway Villas have captured many big hearts with large family members in mind.

Dengan keluasan 6,200 kaki persegi, Villa Green 3A Super Fairway Villas telah menarik minat mereka yang berkeluarga besar.

CHAIRMAN'S STATEMENT / PENYATA PENERUS

Leveraging on its extensive in-depth experience and expertise in project management, track record and reputation in the upmarket residential development besides its established brand name, the Group continued to seek out similar collaborations including joint-ventures with other landowners in good locations both in Malaysia and overseas, notwithstanding that the Group would continue to pursue quality development lands for outright purchase to replenish its land bank.

Indeed, in November 2006 the Company through its indirect subsidiary Dijaya-Malind JV (Mauritius) Limited, ("DMJML") had entered into a Development Agreement with Telangana Spinning & Weaving Mills Limited ("Telangana") to undertake a residential and commercial development on about 25.4 acres of Telangana's land in Hyderabad, Andhra Pradesh, India. ("Proposed Development") Subsequently, in April 2007, both DMJML and Telangana had entered into an agreement to facilitate the appointment of Dijaya-Malind Properties (India) Pte Ltd, a newly formed subsidiary of DMJML to undertake the Proposed Development.

The above provides a significant opportunity for the Group to enter the high growth Indian real estate market which has excellent potential, considering India's economic awakening and the growing wealth of its people.

The Group seeks to replicate its well known lifestyle home concept in a gated community in Hyderabad. The project is expected to serve as a launching pad for future property projects by the Group in India, and the Management would seek out opportunities in other major urban centres in India such as Mumbai, Chennai and Bangalore. Besides India, the Group would also explore property business opportunities in other emerging economies such as Vietnam, Cambodia and possibly the Middle East.

Manufacturing

Tenaga Kimia Sdn Bhd, our 33%-owned associate company continued to performed well in 2006, recording a significantly higher consolidated after tax profit of RM5.44 million as compared to the RM3.98 million registered in the preceding financial year. The improved profit was mainly attributable to higher sales achieved during the year.

DIVIDEND

The Board had recommended, subject to shareholders' approval, a first and final dividend of 4% less 27% Malaysian Income Tax amounting to RM7,578,147 (2.92 sen net per share) in respect of the year ended 31 December 2006.

PROSPECTS

Global growth of 4.5% is anticipated for 2007, with further easing of inflationary pressures while some moderation is expected in the growth of world trade. Nevertheless, growth in the Asian region is envisaged to remain favourable supported increasingly by domestic demand particularly in China and India.

With the sustained global growth and resilient domestic demand, the Malaysian economy is projected to expand by 6% in 2007. The growth pattern during the year would be influenced by both external and domestic factors. Inflation is expected to moderate to average between 2% to 2.5% for the year as a whole.

Bersandarkan pengalaman dan kepakaran amat mendalam di dalam pengurusan projek, rekod cemerlang dan reputasi di dalam pembangunan perumahan pasaran mewah selain penjenamaan yang kukuh, Kumpulan akan terus mencari peluang penggabungan seumpamanya termasuk usahasama dengan tuan tanah lain yang memiliki lokasi baik di dalam Malaysia dan luar negara, meskipun begitu Kumpulan juga akan membeli tanah pembangunan berkualiti bagi mengisi tabung banknya.

Pada November 2006, Syarikat melalui subsidiari tidak langsung Dijaya-Malind JV (Mauritius) Limited ("DMJML"), telah memasuki Perjanjian Pembangunan dengan Telangana Spinning & Weaving Mills Limited ("Telangana") untuk melaksanakan pembangunan perumahan dan komersial seluas 25.4 ekar di atas tanah Telangana di Hyderabad, Andhra Pradesh, India. ("Cadangan Pembangunan"). Berikutan itu, pada April 2007, kedua-dua DMJML dan Telangana telah memasuki perjanjian untuk menerima pelantikan Dijaya-Malind Properties (India) Pte Ltd, subsidiari baru DMJML untuk melaksanakan Cadangan Pembangunan.

Projek di atas telah membuka peluang luas untuk Kumpulan memasuki pasaran hartanah di India yang pesat berkembang dan mempunyai potensi tinggi, memandangkan ekonomi India yang sedang membangun dan pertumbuhan kemewahan penduduknya.

Kumpulan akan mereplikakan konsep kediaman cara hidup yang terkenal dalam komuniti berpagar di Hyderabad. Projek ini akan menjadi tempat pelancaran bagi projek hartanah masa hadapan bagi Kumpulan di India. Pihak Pengurusan akan mencari peluang di bandar utama lain di India seperti di Mumbai, Chennai and Bangalore. Selain daripada di India, Kumpulan akan meneroka peluang perniagaan hartanah di ekonomi membangun yang lain seperti Vietnam, Kambodia dan kemungkinan Timur Tengah.

Pengilangan

Tenaga Kimia Sdn Bhd, syarikat bersekutu dimiliki 33%, terus mencapai prestasi yang baik dalam tahun 2006, dengan mencatatkan keuntungan bergabung selepas cukai yang lebih tinggi sebanyak RM5.44 juta berbanding RM3.98 juta yang dicatatkan pada tahun kewangan sebelumnya. Pertambahan pada keuntungan disebabkan oleh jualan yang lebih tinggi pada tahun semasa.

DIVIDEN

Lembaga telah mengesyorkan, tertakluk kepada kelulusan pemegang saham, dividen pertama dan akhir sebanyak 4% tolak 27% cukai pendapatan Malaysia sejumlah RM7,578,147 (2.92 sen sesaham bersih) bagi tahun berakhir pada 31 Disember 2006.

PROSPEK

Pertumbuhan global bagi tahun 2007 dijangka pada kadar 4.5% dengan kelonggaran pada tekanan inflasi dan pertumbuhan perdagangan dunia dijangka mengalami pertumbuhan yang moderasi. Walaubagaimanapun, pertumbuhan di rantau Asia dijangka tetap memuaskan dan disokong oleh permintaan domestik khususnya dari negara Cina dan India.

Ekonomi Malaysia diunjur berkembang sebanyak 6% dalam tahun 2007 dengan pertumbuhan global yang mapan serta permintaan tempatan yang kukuh. Corak pertumbuhan pada tahun semasa adalah dipengaruhi oleh factor luaran dan domestik. Inflasi dijangka serdanara ke tahap purata antara 2% hingga 2.5% bagi setahun penuh.

CHAIRMAN'S STATEMENT / PENYATA Pengerusi

Meanwhile, consumer sentiments especially in the real estate sector are envisaged to improve, against the backdrop of positive developments such as the strong performance of the equity markets, more rapid implementation of the 9MP projects, liberalisation of ownership for foreigners in the upmarket properties and waiver of the real property gain tax.

Notwithstanding the above, the industry continues to face many challenges particularly the escalating costs of raw materials such as steel and copper, continuing high oil prices and energy costs and the increasing number of participants and projects in this business sector leading to overcrowding in many segments.

Nevertheless, the Management and staff of the Group are prepared to meet the challenges and uncertainties ahead and would continue to be conscientious, analytical and proactive to deal with any opportunities or threats, which may arise, and to stay ahead of competition. On the whole, the Group's fundamentals are strong with a healthy balance sheet and unbilled sales of about RM217.4 million as at end April 2007.

The Group would selectively proceed with its planned project launches this year, considering the favourable responses to its recent launches.

Barring any unforeseen circumstances, the Group is envisaged to perform relatively well in 2007, underpinned by the prevailing positive market sentiments.

APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to Mr. Poh Pai Kong who has resigned and retired as Director and Managing Director of the Company, for his invaluable services to the Group during his tenure of office. I would also like to take this opportunity to congratulate Mr. Tong Kien Onn on his appointment as the new Managing Director and also to extend my warmest welcome to our new Executive Director, Mr. Quek Cham Hong to the Board.

On behalf of the Board, I would also like to extend my thanks to the relevant government authorities for their kind cooperation and understanding and our valued customers, bankers, contractors, consultants, suppliers and business associates for their continued support and contribution. I wish to place on record my gratitude to our valued shareholders for their patience and loyalty.

In closing, I would also like to congratulate my fellow directors, management and staff of the Group for their outstanding performance in 2006, and I trust that we will continue with our hard work and diligence to ensure continuing success for the Group in the coming years.

Sementara itu, sentimen pengguna terutama sekali di dalam sektor hartanah diunjur akan meningkat disebalik perkembangan yang positif seperti prestasi pasaran ekuiti yang kukuh, pelaksanaan yang lebih pantas bagi projek di bawah RMK9, liberisasi pemilikan hartanah bernilai tinggi bagi orang asing dan pengecualian cukai keuntungan hartanah.

Tidak bergantung kepada keadaan diatas, industri terus menghadapi pelbagai cabaran terutamanya daripada kenaikan harga dalam kos bahan mentah seperti besi dan tembaga, harga minyak mentah dan tenaga yang meningkat berterusan dan pertambahan dalam bilangan peserta dan projek dalam sector perniagaan ini yang membawa kepada kesesakan di dalam berbagai segmen.

Walaupun bagaimanapun, pihak Pengurusan serta kakitangan Kumpulan bersedia menghadapi cabaran dan ketidakpastian masa hadapan dan akan terus gigih, analitikal, dan proaktif untuk menangani sebarang peluang atau ancaman yang mungkin timbul, dan mendahului dalam persaingan. Secara keseluruhannya, asas Kumpulan adalah kukuh dengan kunci kira-kira yang sihat dan jualan yang belum diinvoice dalam anggaran RM217.4 juta pada April 2007.

Memandangkan respons terhadap pelancaran projek terkini yang memberangsangkan, Kumpulan akan meneruskan pelancaran projek tertentu yang telah dirancang, pada tahun ini.

Tanpa sebarang kejadian di luar dugaan, serta dorongan sentimen pasaran semasa yang positif, prestasi Kumpulan dijangka akan lebih baik pada tahun 2007.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan saya kepada En Poh Pai Kong yang telah meletak jawatan dan bersara sebagai Pengarah dan Pengarah Urusan Syarikat, di atas khidmat beliau kepada Kumpulan yang tidak ternilai sewaktu memegang jawatan. Saya juga ingin mengambil peluang untuk mengucapkan tahniah kepada En Tong Kien Onn di atas perlantikan beliau sebagai Pengarah Urusan yang baru dan juga menyampaikan ucapan selamat datang kepada Pengarah Eksekutif baru di dalam Lembaga iaitu En Quek Cham Hong.

Bagi pihak Lembaga, saya ingin menyampaikan ucapan terima kasih kepada pihak berkuasa Kerajaan yang berkenaan di atas kerja sama serta persefahaman mereka, dan kepada pelanggan, pihak bank, kontraktor, perunding, pembekal serta rakan niaga yang dihormati di atas sokongan dan sumbangan mereka yang berterusan. Saya ingin merakamkan penghargaan saya kepada pemegang saham yang dihormati di atas kesabaran serta kesetiaan mereka.

Akhirkata, saya ingin mengucapkan tahniah kepada para pengarah, pihak pengurusan dan kakitangan Kumpulan di atas prestasi yang cemerlang pada tahun 2006 dan saya percaya kita akan meneruskan usaha gigih serta ketekunan bagi memastikan kejayaan yang berterusan untuk Kumpulan pada tahun-tahun akan datang.

Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali
Chairman / Pengerusi

6 June / Jun 2007

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Statement on Corporate Governance

The Board of Directors ("Board") of Dijaya Corporation Berhad ("Dijaya" or "Company") remains committed to achieving and maintaining high standards of corporate governance and effective application of the principles and best practices set out in the Malaysian Code on Corporate Governance ("Code") throughout the Company and its group of companies ("Group") to protect and enhance shareholders' value as well as to support the Group's continued growth and success.

This statement sets out the manner in which the Group has applied the principles of good governance and the extent of compliance by the Group with the best practices recommended by the Code throughout the year ended 31 December 2006.

A. DIRECTORS

1. Composition and Size of Board

During the financial year, the Board has nine members, comprising six independent non-executive directors and three non-independent executive directors. The Board composition complied with the requirement of the Listing Requirements of Bursa Securities whereby at least one-third of the Board must be of independent directors. On 23 March 2007, Mr. Poh Pai Kong resigned as a Director and Managing Director while Mr. Quek Cham Hong was appointed as an Executive Director on 27 February 2007. On 10 May 2007, Mr. Tong Kien Onn, an Executive Director, was appointed as the Managing Director of the Company. The Board remains with nine members, of whom six are independent.

2. Board Balance and Board Effectiveness

The Board of Dijaya comprises members from diverse professional backgrounds with a wide range of expertise and experience in business, legal, financial, banking, technical knowledge and public administration for the successful performance of the Board. The profile of the directors are set out on pages 6 and 7 of this Annual Report.

The Board is responsible for the review and adoption of the Group's long term strategic plan and direction, overseeing the conduct of the Group's business to evaluate whether the business is properly managed, monitoring the achievement of business objective and financial performance, reviewing the adequacy and the integrity of internal controls and identifying principal risks and ensuring the implementation of appropriate risk management systems.

There is a clear division of responsibility in the Company. The Chairman represents the Board to shareholders and is responsible for the effective running of the Board. The Group Chief Executive Officer, assisted by the Managing Director and the Executive Director, are fully responsible for the effective running of the Group's operations and business activities and implementation of the Board's policies and decisions. The presence of experienced independent non-executive directors who comprise a majority of the Board, ensures that there is a proper check and balance in the Board, and to provide unbiased and independent views, advice and judgement, besides playing key supporting roles. It is mandatory for all members of the Board to declare their interests in any transactions undertaken by the Group. In such instance, the interested director(s) shall abstain from the decision-making process.

Mr. Michael Lim Hee Kiang is the senior independent non-executive director to whom any concerns of the shareholders, management and others may be conveyed.

3. Board Meetings

The Directors meet on a scheduled basis once every quarter, ie, at least four times a year. Additional meetings will be convened as and when required with formal agenda for the Board to deliberate on urgent issues that require immediate decision-making.

The quarterly Board meetings are scheduled in advance prior to the start of the financial year. All Board Meetings are formally structured with pre-set agenda, and Board Papers containing information relevant to the matters to be deliberated upon at the meetings are circulated to the Directors prior to the meetings. The Board's deliberations include the financial performance and results of the Group, its strategic and corporate direction and other matters reserved specially for the Board's decision. Senior Management of the Group and external auditors are also invited to attend Board meetings on specific items on the agenda which require clarification.

STATEMENT ON CORPORATE GOVERNANCE

For the year 2006, a total of four Board meetings were held. Details of the Board members' attendance are as follows:-

Directors	Attendance
Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali	4/4
Tan Sri Dato' Tan Chee Sing	3/4
Tong Kien Onn	4/4
Michael Lim Hee Kiang	3/4
Roslan Bin Hj Yahya	4/4
Dato' Ahmad Hassan Bin Osman	4/4
Loh Chen Peng	4/4
Rohana Binti Tan Sri Mahmood	4/4
Quek Cham Hong (appointed w.e.f. 27 February 2007)	N/A
Poh Pai Kong (resigned w.e.f. 23 March 2007)	4/4

In the intervals between Board meetings, for any matters requiring Board's decisions, Board approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then ratified in the next Board meeting.

4. Supply of Information and Access to Advice

Prior to Board meetings, all directors are provided with an agenda and a set of Board papers pertaining to agenda items to allow the directors to obtain further explanations and clarifications, where necessary, in order to be properly briefed before the meeting. The Board papers include, among others, the following:-

- a) Quarterly financial statements;
- b) Corporate matters;
- c) Business development;
- d) Minutes of previous Board Meeting and Audit Committee Meeting; and
- e) Directors' Circular Resolutions

The Management is responsible to provide the Board with all information that will assist the Board in discharging its responsibilities and to facilitate informed decision-making. Further, the Board also expects timely information and advice to be furnished on all material matter.

In addition, the Board has full access to all information within the Company in the furtherance of their duties. They are also entitled to obtain full disclosure from the management and advice or services from the Company Secretary and Senior Management staff. If necessary, the directors are also entitled to seek independent professional advice relating to the affairs of the Group from external consultants at the Company's expense in the discharge of their duties and responsibilities.

5. Re-election of Directors/Appointments to the Board

In accordance with the Company's Articles of Association ("Articles"), all directors who are appointed by the Board either to fill a casual vacancy or as an addition to the existing directors are subject to re-election by shareholders at the Annual General Meeting ("AGM") following their appointment. The Articles also provide that at least one-third of the remaining directors be subject to re-election by rotation at each AGM including the Group Chief Executive Officer, the Group Managing Director and the Executive Director provided always that all the directors shall retire from their office at least once every three years. All retiring directors are eligible to offer themselves for re-election at the AGM.

The Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

Any proposed candidate for the appointment as director of the Board will be nominated by the Nomination Committee to the Board for full deliberation.

STATEMENT ON CORPORATE GOVERNANCE

6. Directors' Continuing Professional Development

All the directors, with the exception of Mr. Quek Cham Hong who was appointed as Executive Director on 27 February 2007, had attended and successfully completed the Mandatory Accreditation Programme and the Continuing Education Programme ("CEP") pursuant to the requirements of Bursa Securities.

The Directors are encouraged to attend continuing education programmes and seminars to keep abreast with current development in the market place and with new statutory and regulatory requirements.

Other than the workshop on "Financial Reporting Standards Update" conducted by the Company's external auditors Messrs Ernst & Young which was attended by all the Directors of the Company during the year ended 31 December 2006, the Directors of the Company also attended the following:-

Name of Director	Title of Seminar/Workshops/ Courses
Tan Sri Dato' Tan Chee Sing	- Continuing Education Programme
Michael Lim Hee Kiang	- Deferred Taxation & Cashflow Statement
Dato' Ahmad Hassan Bin Osman	- Detection and Prevention of Fraud
Rohana Binti Tan Sri Mahmood	- 3rd ASEAN Leadership Forum - 20th Asia Pacific Roundtable - 3rd Malaysia-Indonesia Bilateral Colloquium - Asia Inc ASEAN 100 Leadership Forum - 39th ASEAN Ministerial Meeting - Blue Ocean Strategy - APEC CEO SUMMIT 2006
Poh Pai Kong (resigned w.e.f. 23 March 2007)	- Continuing Education Programme

All directors newly appointed to the Board will be furnished with relevant information of the Group, including familiarisation tours, if necessary.

B. BOARD COMMITTEES

The Board has delegated specific responsibilities to several committees, namely the Audit, Option, Nomination, Remuneration and Share-Buy-Back Committees. These Committees operate within their respective defined terms of reference approved and specific authority delegated by the Board. The Chairman of the respective committees will report to the Board the outcome of the committee meeting and are incorporated in the minutes of the Board Meeting. The Board, however, retains full responsibility for the final decision on all matters.

1. Audit Committee

The Audit Committee consists of four directors, three of whom, including the Chairman, are independent non-executive directors, while two of the members are qualified Accountants with more than 20 years of experience in the finance and accounting fields.

The Audit Committee assists and supports the Board in fulfilling its fiduciary responsibilities relating to the Group's financial reporting practices, accounting policies, internal controls, business ethics policies and the independence of the Group's external and internal auditors. The Audit Committee Report is set out in pages 29 and 30 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

2. Nomination Committee

The Nomination Committee has been given the responsibility to recommend new appointments to the Board of Dijaya. The Nomination Committee also reviews the effectiveness of the existing Board, the committees of the Board and the contribution of each Director. The Nomination Committee comprises three (3) members, all being independent non-executive directors:-

- a) Michael Lim Hee Kiang (Chairman)
- b) Roslan Bin Hj Yahya
- c) Loh Chen Peng

The recommendations of the Nomination Committee are subject to the approval of the Board.

3. Remuneration Committee

The members of the Remuneration Committee, comprising entirely of independent non-executive directors, are as follows:-

- a) Michael Lim Hee Kiang (Chairman)
- b) Loh Chen Peng

Among other duties, the Remuneration Committee is to assist the Board in its responsibilities of assessing the remuneration packages of the directors.

The policy practised on directors' remuneration by the Remuneration Committee is that the level of remuneration should be sufficient to attract, motivate and retain directors of the quality required to effectively manage the businesses of the Group. As for non-executive directors, the fees should reflect the experience and level of responsibilities undertaken by the non-executive directors concerned. All directors had abstained from discussion and decision on their own remunerations.

4. Option Committee

The Option Committee, established to administer the Dijaya Employee Share Option Scheme ("ESOS Scheme"), comprises the following members:-

- a) Tong Kien Onn (Chairman)
- b) Quek Cham Hong
- c) Lee Nyit Kong
- d) Yip Chong Kuan
- e) Dickson Tan Yong Loong

The primary responsibility of the Option Committee is to administer the ESOS Scheme in accordance with the objective and regulation thereof as set out in the ESOS Bye-Laws and in such manner as it shall deem fit and with such powers and duties as are conferred upon it by the Board. During the year ended 31 December 2006, no option was granted pursuant to the ESOS Scheme.

5. Share Buy-Back Committee

The Share Buy-Back Committee comprises the following members:-

- a) Tan Sri Dato' Tan Chee Sing (Chairman)
- b) Tong Kien Onn

The Share Buy-Back Committee is empowered to administer the purchase of the Company's own shares and to ensure the share-buy back complies with the mandate given by the Board. During the year ended 31 December 2006, the Company did not purchase any of its own shares. The Board has on 15 May 2007 resolved not to seek shareholders' approval for renewal of the authority to purchase its own shares. Accordingly, the authority shall lapse on conclusion of the forthcoming Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE

C. DIRECTORS' REMUNERATION

The Directors' fees recommended by the Board for the year ended 31 December 2006 are subject to shareholders' approval at the Company's forthcoming AGM.

Meeting allowances are paid to non-executive directors for each meeting that the non-executive directors attend. The executive directors' remunerations comprise salaries, bonuses and benefits-in-kind.

The aggregate and range of remuneration of the directors for the year ended 31 December 2006, by category and in bands of RM50,000 are shown below:-

Range of Remuneration	No. of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	–	4
RM50,001 – RM100,000	–	2
RM100,001 – RM150,000	1	–
RM150,001 – RM200,000	1	–
RM200,001 – RM250,000	1	–

Category	Fees	Salaries allowances and other emoluments	Bonus	Benefits-in-kind	Total
Executive Directors	–	3,555,108	711,019	35,200	4,301,327
Non-Executive Directors	145,000	114,200	–	–	259,200
Total	145,000	3,669,308	711,019	35,200	4,560,527

D. SHAREHOLDERS

1. Communications with Shareholders and Relationship with Investors

The Group recognises and practices transparency and accountability to its shareholders and investors. As such, the Group ensures timely dissemination of information, through appropriate channels of communications, to shareholders and investors to ensure that they are properly informed of major developments of the Group. Such information is also communicated to them through the Annual Report and the various disclosures and announcements made to Bursa Securities from time to time, including the Quarterly and Annual Results.

The Group's website at www.DIJAYA.com.my also provides an avenue for shareholders and members of the public to access information pertaining to the Group. The website is updated regularly.

2. General Meeting

The Company's AGM is the principal forum for dialogue and interaction with its shareholders at which the shareholders are informed and updated on current developments of the Group. Notice of AGM and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Besides the usual agenda for AGM, the Board presents the progress and performance of the business as contained in the Annual Report and encourages shareholders to participate in the question and answer sessions. The directors and senior management are available to respond to shareholders' questions during the Meeting. The external auditors and financial advisers are also present to provide their professional and independent clarification on issues and concern raised by the shareholders.

STATEMENT ON CORPORATE GOVERNANCE

For re-election of directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are retiring and who are willing to serve if re-elected.

Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

The outcome of all resolutions proposed at the general meeting is announced to Bursa Securities at the end of the meeting day.

E. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board is responsible for ensuring that all financial statements of the Company and the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965. The Board is committed to providing a clear, balanced and comprehensive meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements and quarterly announcement of results to shareholders as well as the Chairman's Statement and review of operations in the annual reports.

The Directors' Responsibility Statement in respect of the audited financial statements is set out on page 25 of the Annual Report.

2. Internal Control

The Board has overall responsibility for maintaining a sound system of internal controls which includes financial controls, operational and compliance controls and risk management to safeguard shareholders' interest and the Company's assets. While acknowledging its responsibility for the system of internal controls the Board is aware that such a system cannot totally eliminate risks and thus can never be an absolute assurance against the Group failing to achieve its objectives. The Group's Statement on Internal Control for the year ended 31 December 2006 is set out on page 26 to 28 of the Annual Report.

3. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Report on the Audit Committee set out on pages 29 and 30. The Board, through the Audit Committee, has always maintained a formal and transparent relationship with the external auditors. The Audit Committee meets up with the external auditors to discuss the annual audited financial statements and their audit findings.

The report by the Audit Committee for the financial year ended 31 December 2006 is set out on pages 29 and 30 of this Annual Report.

F. COMPLIANCE WITH THE CODE

The Board considers that it has complied with the best practices set in accordance with the Code during the year under review.

This Statement is made in accordance with a resolution of the Board of Directors dated 14 May 2007.

STATEMENT ON CORPORATE GOVERNANCE

ADDITIONAL COMPLIANCE INFORMATION AS AT 31 DECEMBER 2006

1. Share Buybacks

During the financial year, the Company did not enter into any share buyback transactions.

2. Options, Warrants or Convertible Securities

During the year under review, there was no granting of options pursuant to the new ESOS Scheme. The Company has not issued or exercised any warrants or convertible securities during the year.

3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the year.

4. Imposition of Sanctions and Penalties

No sanctions or penalties were imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the year.

5. Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the year by the external auditors Messrs Ernst & Young and Messrs. Monteiro & Heng for the year was nil.

6. Profit Estimate, Forecast or Projection

There was no material variation between the Group's unaudited results announced earlier and the audited results for the year ended 31 December 2006.

7. Profit Guarantee

The Company did not provide any profit guarantee during the financial year.

8. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries that involved directors' or major shareholders' interest for the year ended 31 December 2006.

9. Revaluation Policy

The Company and the Group do not revalue its land and buildings, save for recognition of impairment losses as required by the relevant accounting standards.

10. Utilisation of Proceeds

There was no proceeds raised from any corporate exercise during the financial year.

STATEMENT ON CORPORATE GOVERNANCE

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are required by the Companies Act, 1965 to ensure that the financial statements are prepared in accordance with the approved accounting standards and provide a true and fair view of the state of affairs, results and cash flows of the Company and the Group at the financial year end.

In preparing the financial statements, the directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable approved accounting standards have been applied; and
- Prepared financial statements on a going concern basis, and the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue operations for the foreseeable future.

The directors acknowledge the responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Audit Committee assists the Board in overseeing the financial reporting process and reviews the quarterly results and annual accounts before it is approved by the Board and released to Bursa Securities.

In addition, the directors are also responsible for taking reasonable steps to safeguard the assets of the Group and to detect and prevent any fraud as well as any other irregularities.

Statement on Internal Control

INTRODUCTION

Dijaya Corporation Berhad and its subsidiaries' ("the Group") system of internal controls is designed to improve the Group's operations and risk management functions.

The Board of Directors ("the Board") is committed to maintaining a sound system of internal control and risks management practices to safeguard the Group's assets and shareholders' interests. The Board is pleased to provide the following Statement of Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Securities.

RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound system of internal control that covers all aspects of the Group's business including strategic, commercial, operational and financial areas. In recognition of that responsibility, the Board sets policies and seeks regular assurance that the system of internal control is operating effectively. While acknowledging their responsibility for the system of internal control, the directors are aware that a sound system of internal control and risk management can only help to mitigate and manage rather than totally eliminate the risk of failure to achieve business objectives. Accordingly, such a system can only provide reasonable assurance against material misstatements, losses, fraud or breaches of law or regulations. However, the extent of responsibility for internal control does not extend to include that of the Group's associated companies for the purpose of this review.

PRINCIPAL FEATURES AND KEY PROCESSES OF THE GROUP'S SYSTEM OF INTERNAL CONTROL

The principal features of the Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures**

The Group has a clearly-defined authorisation procedure and a clear line of accountability, with strict authorisation, approval and control procedures which provide a sound framework of authority and accountability within the organisation and which facilitate proper corporate decision-making at the appropriate level in the organisation's hierarchy. Responsibility levels are communicated throughout the Group which set out, amongst others, authorisation levels, segregation of duties and other control procedures.

- **Authority Levels**

The Group has designated authority levels for major project tenders, capital expenditures, assets and other significant transactions. Such limits are subject to periodic reviews as to their implementation and continuing suitability.

- **Staffing Policies**

Guiding policies and procedures on hiring and retention of staff have been established at Group level with individual business units having the flexibility to adapt these policies for their specific needs. High recruitment standards which identify talented individuals who possess qualities that fit the Group's culture of excellence ensure the integrity and competence of staff. Successful recruits are guided on where and how they can contribute productively.

Employees' knowledge, skills and abilities are being continually enhanced to enable them to operate and monitor the systems of internal control effectively.

- **Financial Performance**

Quarterly, interim and full year results and analyses of the Group's state of affairs are disclosed to the shareholders after review and approval by the Board.

A computerised financial reporting system captures all financial transactions that are then collated into regular management financial statements. The Group's management team communicates regularly to monitor the financial performance of business units.

STATEMENT ON INTERNAL CONTROL

- **Internal Compliance**

The Group monitors compliance with its internal controls through management reviews and internal audit reports that are reviewed by key personnel. Regular updates of internal policies and procedures are undertaken to reflect changing risks or resolve operating deficiencies. Internal audit visits are systematically arranged over specific periods to monitor and scrutinize compliance with procedures and assess the integrity of financial information provided.

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:-

- **Internal Audit Function**

The Group's internal audit function undertakes reviews of internal control in all key activities of the Group. The internal auditors will monitor and report on the financial and operational controls implemented by the management and report to the Audit Committee, which in turn will review the effectiveness of the system of internal controls in operation and report their conclusions to the Board. The internal auditors advise management on areas for improvement and subsequently review the extent to which its recommendations have been implemented.

During the year under review, the internal auditors conducted various audit assignments covering operational and compliance controls. The system of internal control will continue to be reviewed, enhanced or updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors. The Board is of the opinion that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's interests.

- **Senior Management Meetings**

The Group conducts regular meetings of senior management which comprises the Group Chief Executive Officer, the Managing Director, Executive Director and all divisional heads. The purpose of these meetings is to share information, monitor the progress of various business units, and to deliberate and decide upon operational matters. The meetings help to remove barriers of bureaucracy and assist in ensuring more direct and effective implementation of all major and important decisions.

- **Reality Assessments**

The Managing Director and Executive Director carry out reality assessments by visiting the operating units and communicating with various levels of staff to gauge the effectiveness of strategies implemented.

STATEMENT ON INTERNAL CONTROL

RISK MANAGEMENT

The process of identifying and managing the key risks within the Group are an integral part of the internal control environment. The processes within the Group are continuously reviewed and improved upon.

In dealing with its stewardship responsibilities, the Board recognises that effective risk management is an integral part of good business management practice. The Board acknowledges that all areas of the Group's business activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which allows the management to manage the risks within defined parameters and standards.

Identifying, evaluating and managing the significant risks faced by the Group is an ongoing process which is undertaken at each level of operation. This process is monitored by the Board to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, policies and procedures.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

Management reports regularly on their review and management of risks to the Audit Committee, whose main role is to assess, on behalf of the Board, the key risks inherent in the business and the system of controls necessary to manage such risks and to present their findings to the Board. Internal audit independently reviews the risk identification procedures and control processes implemented by management and reports to the Audit Committee on a quarterly basis.

The Managing Director also reports to the Board on significant changes in the business and the external environment which may result in significant risks. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by the business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed.

CONCLUSION

The Board is satisfied that, during the year under review, the system of internal control being instituted throughout the Group is sound and effective. Notwithstanding this, reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard the Group's assets and shareholders' investments.

Report of Audit Committee

for the financial year ended 31 December 2006

A. COMPOSITION

The members of the Audit Committee during the year comprised the following directors: -

Name	Status of directorship	Independent	Attendance of meeting
Roslan Bin Hj Yahya (Chairman)	Non-executive director	Yes	4/4
Tong Kien Onn	Executive director <i>(A member of the Chartered Institute of Management Accountants, United Kingdom)</i>	No	4/4
Michael Lim Hee Kiang	Non-executive director	Yes	3/4
Loh Chen Peng	Non-executive director <i>(A Certified Public Accountant of the Malaysian Institute of Certified Public Accountants)</i>	Yes	4/4

B. TERMS OF REFERENCE

(i) Function of the Audit Committee

The functions of the Committee shall be amongst others as follows:-

1. To review the following and report the same to the Board of Directors:-
 - (a) with the external auditors, the audit plan;
 - (b) with the external auditors, the evaluation of the system of internal controls;
 - (c) with the external auditors, the audit reports;
 - (d) the assistance given by the Company's employees to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transactions and conflict of interest situation that may arise within the Company or Group;
 - (i) any letter of resignation from the external auditors; and
 - (j) whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
2. To recommend the nomination of a person or persons as external auditors.

(ii) Authority of the Audit Committee

1. The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
2. The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
3. The Committee shall have unrestricted access to both the internal and external auditors and is able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

REPORT OF AUDIT COMMITTEE

for the financial year ended 31 December 2006

C. MEETINGS

The Committee had four meetings during the year. The Managing Director and members of Senior Management attended these meetings upon invitation by the Chairman of the Committee. The Group's internal auditors attended all the Audit Committee meetings during the year.

D. SUMMARY OF ACTIVITIES DURING THE YEAR

During the year, the Audit Committee carried out its duties in accordance with its terms of reference.

In performing its functions, the Audit Committee reviewed the overall scope of internal audits. It met with the Group's internal auditors to review their audit reports and to discuss their findings and the management's responses thereto. It also reviewed the internal auditors' evaluation of the system of internal control of the Company and its subsidiary companies.

In addition, the Audit Committee discussed with the external auditors the audit plan which states the nature and scope of audits and the audit findings arising from their review. The Audit Committee also reviewed the unaudited quarterly financial statements of the Company and the audited consolidated annual financial statements together with the relevant financial announcements to Bursa Securities prior to the approval by the Board.

Other main issues discussed by the Audit Committee were as follows:-

- (a) related party transactions entered into by the Group;
- (b) updated disclosure requirements of Bursa Securities; and
- (c) new Accounting Standards issued by the Malaysian Accounting Standards Board and their applicability to the consolidated financial statements of the Group for the year ended 31 December 2006.

E. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an independent and adequately resourced Internal Audit Department in the discharge of its duties and responsibilities.

During the year, the internal audit activities have been carried out according to the internal audit plan which had been approved by the Audit Committee. The scope of the internal audit covered the audits of all units and operations, including subsidiaries to provide the Audit Committee with assurance that the system of internal control of the Group achieved the following:-

- a) The business was planned and conducted in an orderly, prudent and cost effective manner;
- b) Transactions and commitments were entered into in accordance with Management's authority;
- c) The Management was able to safeguard the assets and control the liabilities of the Group, i.e., there were measures to minimise and detect any loss from irregularities, frauds and errors; and
- d) The accounting and other records of the business provided complete, accurate and timely information.

Nine audit reports were issued during the year 2006 incorporating findings and recommendations with regard to system and control, weaknesses noted in the course of audit, the management's responses and the remedial actions on the implementation of all findings and recommendations in its review process.

In the course of auditing, the Internal Auditors have identified some internal control weaknesses during the year, which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

F. GRANTING OF OPTIONS PURSUANT TO EMPLOYEES' SHARE OPTION SCHEME

There were no granting of options during the year.

Analysis of Shareholdings

as at 9 May 2007

SHARE CAPITAL

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid	:	RM259,525,583
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per Ordinary Share held

Size of Holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 – 99	73	0.69	1,344	0.00
100 – 1,000	4,351	41.13	4,287,339	1.65
1,001 – 10,000	5,507	52.05	20,944,034	8.07
10,001 – 100,000	591	5.59	16,011,935	6.17
100,001 – 12,976,278 *	53	0.50	98,131,274	37.81
12,976,279 and above **	4	0.04	120,149,657	46.30
Total	10,579	100.00	259,525,583	100.00

Note:

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 69L of the Companies Act, 1965, the substantial shareholders of the Company are as follows:-

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Tan Sri Dato' Tan Chee Sing	79,650,374	30.69	84,001,606#	32.37
Impeccable Ace Sdn Bhd	36,097,030	13.91	–	–
Golden Diversity Sdn Bhd	47,904,576	18.46	–	–

Note:

Deemed interested by virtue of his shareholdings in Impeccable Ace Sdn Bhd and Golden Diversity Sdn Bhd

THIRTY LARGEST REGISTERED SHAREHOLDERS

(As per Register of Members and Records of Depositors)

Name of Shareholders	No. of Shares	% of Shares
1. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Dato' Tan Chee Sing)	47,300,000	18.23
2. Golden Diversity Sdn Bhd	33,100,000	12.75
3. Impeccable Ace Sdn Bhd	21,097,030	8.13
4. HSBC Nominees (Asing) Sdn Bhd (Exempt an for Credit Suisse – SG BR-TST-Asing)	18,652,627	7.19
5. Tan Sri Dato' Tan Chee Sing	12,839,630	4.95
6. Permodalan Nasional Berhad	10,389,557	4.00
7. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Impeccable Ace Sdn Bhd)	9,000,000	3.47
8. EB Nominees (Tempatan) Sendirian Berhad (Pledged Securities Account for Golden Diversity Sdn Bhd)	8,500,000	3.28
9. Scotia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Dato' Tan Chee Sing)	8,220,000	3.17
10. CIMB Group Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Golden Diversity Sdn Bhd)	6,300,000	2.43

ANALYSIS OF SHAREHOLDINGS

as at 9 May 2007

THIRTY LARGEST REGISTERED SHAREHOLDERS (cont'd)

(As per Register of Members and Records of Depositors)

Name of Shareholders	No. of Shares	% of Shares
11. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Impeccable Ace Sdn Bhd)	6,000,000	2.31
12. Warisan Istimewa Sdn Bhd	5,388,560	2.08
13. Aneka Angkasa Sdn Bhd	4,858,600	1.87
14. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Isharidah, Ho, Chong & Menon for Tan Sri Dato' Tan Chee Sing)	4,677,744	1.80
15. Amsec Nominees (Tempatan) Sdn Bhd (Ambank (M) Berhad for Tan Sri Dato' Tan Chee Sing)	4,000,000	1.54
16. ABB Nominee (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Dato' Tan Chee Sing)	2,300,000	0.88
17. Yap Leong Po	2,000,000	0.77
18. Tengku Adnan Bin Tengku Mansor	1,531,461	0.59
19. HLG Nominee (Tempatan) Sdn Bhd (Pledged Securities Account for Song Kee Ling)	1,175,000	0.45
20. CL & Yew Construction Sdn Bhd	1,000,000	0.39
21. HSBC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Dato' Seri Tan Chee Yioun)	800,200	0.31
22. Aneka Angkasa Sdn Bhd	615,000	0.24
23. Citicorp Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Fund)	612,100	0.24
24. Yayasan Islam Negeri Kedah	570,075	0.22
25. Berjaya Sampo Insurance Berhad	481,000	0.18
26. HDM Nominees (Asing) Sdn Bhd (UOB Kay Hian Pte Ltd for Tok Kim Cheng)	450,000	0.17
27. Wie Hock Beng	420,000	0.16
28. CIMB Trustee Berhad (Amanah Saham Darul Iman)	400,000	0.15
29. Mayban Securities Nominees (Asing) Sdn Bhd (UOB Kay Hian Private Limited for Li Yong Lin)	330,000	0.13
30. Mercsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Maszura Binti Kamaruddin)	318,000	0.12
Total	213,326,584	82.20

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Deemed Interest	
	No. of shares	% of Shares	No. of shares	% of shares
1. Tan Sri Dato' Tan Chee Sing	79,650,374	30.69	84,001,606 ⁽ⁱ⁾	32.37
2. Tong Kien Onn	20,000	0.01	51,000 ⁽ⁱⁱ⁾	0.02
3. Loh Chen Peng	120,000	0.05	–	–
4. Quek Cham Hong	2,000	0.00	–	–

Note:

⁽ⁱ⁾ Deemed interested by virtue of his shareholdings in Impeccable Ace Sdn Bhd and Golden Diversity Sdn Bhd.

⁽ⁱⁱ⁾ Deemed interested by virtue of the shareholding of his spouse.

List of Properties

as at 31 December 2006

Location	Tenure	Approx. Age of Building	Net Book Value RM'000	Description	Area	Year of Acquisition
TROPICANA GOLF & COUNTRY RESORT BERHAD						
Tropicana Golf & Country Resort 47410 Petaling Jaya	Leasehold (99 years) – expiring on 25.10.2090	12 years	119,144	Golf course and mixed development	259.56 acres	1990
MAWAR HEBAT SDN BHD						
1002-3, 1005, 1009-10, 1031 1065, 1072, 2416 Mukim Ulu Behrang East Daerah Batang Padang	Freehold	N/A	11,364	Agriculture land	517 acres	1995
ASPEK ANALISA SDN BHD						
H.S(D) 101536, Lot PT 35938 9½ Miles Jalan Sungai Besi Serdang, Selangor	Leasehold (99 years) – expiring on 21.01.2095	N/A	2,510	Development land	24.5 acres	1996
ARAH PELANGI SDN BHD						
Lot Nos. 405, 413, 415 & 417 Section 4 Town of Bukit Mertajam District of Seberang Perai Tengah Pulau Pinang	Freehold	N/A	6,003	Development land	10.9 acres	1997
DICORP LAND SDN BHD						
Grant 54976 Lot 10 Pekan Sungai Penchala District of Petaling Selangor	Freehold	N/A	8,311	Development land	0.8 acres	1995
DIJAYA LAND SDN BHD						
H.S. (D) 136188 Lot PT8 Bandar Petaling Jaya, Tambahan 1 District of Petaling Selangor	Freehold	N/A	3,692	Development land	1.1 acres	1995
H.S. (D) 136187 Lot PT 7 Bandar Petaling Jaya, Tambahan 1 District of Petaling State of Selangor	Freehold	N/A	65,967	Development land	9.1 acres	1995
DAMANSARA IMPIAN SDN BHD						
Section 1 Kota Damansara Daerah Petaling Selangor	Leasehold (99 years) – expiring on 19.05.2098	N/A	22,452	Development land	50.78 acres	1994
NADI JELITA SDN BHD						
Parcel No. 6, Storey No. PH, Block A, Meranti Park, Phase 1 Bukit Tinggi Resort Pahang Darul Makmur	Leasehold (99 years) – expiring on 04.05.2094	7 years	366	Residential Apartment	1,300 sq ft	1997

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FINANCIAL



statements

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and property management.

The principal activities of the subsidiaries are described in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	43,327	11,132
Attributable to:		
Equity holders of the Company	40,512	11,132
Minority interests	2,815	–
	43,327	11,132

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of the new and revised Financial Reporting Standards ("FRSs") which has resulted in a decrease in the Group's profit for the year by RM1,215,000 as disclosed in Note 2.3(c) to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2005 were as follows:

	RM'000
In respect of the financial year ended 31 December 2005 as reported in the directors' report of that year:	
First and final dividend of 4% less 28% taxation on 259,525,583 ordinary shares, declared on 27 February 2006 and paid on 22 July 2006	7,474

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2006, of 4% less 27% taxation on 259,525,583 ordinary shares amounting to a dividend payable of RM7,578,147 (2.92 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity in the financial year ending 31 December 2007.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali

Tan Sri Dato' Tan Chee Sing

Tong Kien Onn

Quek Cham Hong (appointed on 27 February 2007)

Michael Lim Hee Kiang

Roslan Bin Hj. Yahya

Dato' Ahmad Hassan Bin Osman

Loh Chen Peng

Rohana Binti Tan Sri Mahmood

Poh Pai Kong (resigned on 23 March 2007)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Scheme ("ESOS") of the Company.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 28 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares of RM1 Each →			
	1 January 2006	Bought	Sold	
The Company				
Direct Interest				
Tan Sri Dato' Tan Chee Sing	75,150,374	–	–	75,150,374
Tong Kien Onn	20,000	–	–	20,000
Loh Chen Peng	67,000	–	–	67,000
Indirect Interest				
Tan Sri Dato' Tan Chee Sing	72,948,604	–	–	72,948,604
Tong Kien Onn	51,000	–	–	51,000
Dato' Ahmad Hassan Bin Osman	4,022,544	–	–	4,022,544
Roslan Bin Hj. Yahya	11,530,458	–	–	11,530,458

Tan Sri Dato' Tan Chee Sing, by virtue of his interest in shares of the Company, is also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS was implemented on 21 September 2005 and is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 24 June 2005. The ESOS is in force for a period of 10 years from the date of implementation. No option has been granted to date.

The salient features and other terms of the ESOS are disclosed in Note 20 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 6(a), Note 6(b) and Note 38.

SUBSEQUENT EVENTS

Details of the subsequent events are disclosed in Note 39.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali

Tan Sri Dato' Tan Chee Sing

Petaling Jaya, Malaysia
19 April 2007

Statement by Directors

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

We, Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali and Tan Sri Dato' Tan Chee Sing, being two of the directors of Dijaya Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 42 to 92 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Tan Sri Dato' Seri Mohd Sedek Bin Mohd Ali

Tan Sri Dato' Tan Chee Sing

Petaling Jaya, Malaysia
19 April 2007

Statutory Declaration

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

I, Tong Kien Onn, being the director primarily responsible for the financial management of Dijaya Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 92 are in my opinion 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)
abovenamed Tong Kien Onn at Petaling Jaya) **Tong Kien Onn**
in Selangor Darul Ehsan on 19 April 2007)

Before me,

S. Selvarajah

B.144

Commissioner for Oaths

Report of the Auditors

to the Members of Dijaya Corporation Berhad

We have audited the financial statements set out on pages 42 to 92. These financial statements are 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 applicable 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Wong Kang Hwee
No. 1116/01/08(J)
Partner

Kuala Lumpur, Malaysia
19 April 2007

Consolidated Balance Sheet

as at 31 December 2006

	Note	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	272,167	276,855
Land held for property development	5	44,556	39,878
Investment in associates	7	50,977	46,159
Other investments	8	24,237	24,244
Security retainers accumulation fund	9	2,503	2,332
Intangible assets	10	3,343	(14,015)
		397,783	375,453
CURRENT ASSETS			
Property development costs	5	327,459	301,034
Inventories	11	31,047	28,561
Trade receivables	12	47,361	37,323
Other receivables	13	5,530	5,154
Marketable securities	14	21,473	19,450
Tax recoverable		4,080	2,133
Cash and bank balances	15	170,001	161,745
		606,951	555,400
CURRENT LIABILITIES			
Provision for liabilities	16	445	445
Short term borrowings	17	27,420	24,082
Trade payables	18	92,129	66,982
Other payables	19	60,332	56,576
Tax payable		7,822	11,353
		188,148	159,438
NET CURRENT ASSETS		418,803	395,962
		816,586	771,415
FINANCED BY:			
Share capital	20	259,526	259,526
Reserves		303,855	252,888
		563,381	512,414
Minority interests		67,963	68,706
Total equity		631,344	581,120
Provision for liabilities	16	5,400	5,700
Deferred taxation	21	80,870	86,768
Sinking fund reserve	22	4,554	3,524
Security retainers	23	27,370	27,370
Deferred license fees		67,048	66,933
Non-current liabilities		185,242	190,295
		816,586	771,415

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

Consolidated Income Statements

for the year ended 31 December 2006

	Note	2006 RM'000	2005 RM'000
Revenue	24	177,815	250,801
Cost of sales	25	(85,351)	(138,448)
Gross profit		92,464	112,353
Other income		21,264	30,760
Administrative expenses		(36,926)	(32,321)
Other expenses		(14,530)	(53,039)
Profit from operations	26	62,272	57,753
Finance costs	29	(1,536)	(1,521)
Share of results of associates		1,173	693
Profit before taxation		61,909	56,925
Income tax expense	30	(18,582)	(18,966)
Profit for the year		43,327	37,959
Attributable to:			
Equity holders of the Company		40,512	29,193
Minority interests		2,815	8,766
		43,327	37,959
Earnings per share (sen)			
Basic	31	15.61	11.25
Net dividends per ordinary share in respect of the year (sen)	32	2.88	2.16

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2006

	Note	← Attributable to equity holders of the Company →						Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserve (Note 33) RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interest RM'000	
At 1 January 2005		259,526	402,654	365	(173,371)	489,174	61,363	550,537
Dividend paid	32	–	–	–	(5,606)	(5,606)	(432)	(6,038)
Adjustment for overamortisation of revaluation surplus		–	–	–	–	–	(991)	(991)
Net profit for the year		–	–	–	29,193	29,193	8,766	37,959
Foreign exchange translation		–	–	(347)	–	(347)	–	(347)
At 31 December 2005		259,526	402,654	18	(149,784)	512,414	68,706	581,120
At 1 January 2006		259,526	402,654	18	(149,784)	512,414	68,706	581,120
Effects of adopting FRS 3		–	–	–	17,928	17,928	–	17,928
Dividend paid	32	–	–	–	(7,474)	(7,474)	(2,916)	(10,390)
Disposal of shares in a subsidiary		–	–	–	–	–	(642)	(642)
Net profit for the year		–	–	–	40,512	40,512	2,815	43,327
Foreign exchange translation		–	–	1	–	1	–	1
At 31 December 2006		259,526	402,654	19	(98,818)	563,381	67,963	631,344

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

Consolidated Cash Flow Statements

for the year ended 31 December 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	61,909	56,925
Adjustment for:		
Depreciation	5,830	6,331
Loss/(gain) on disposal of property, plant and equipment	15	(147)
Share of results in associates	(1,173)	(693)
(Gain)/loss on disposal of marketable securities	(164)	17
Loss on disposal of investment in a subsidiary	291	–
Provision for liabilities	3,400	5,700
Reversal of provision for liabilities	(3,700)	–
Provision for diminution in value of other investments	–	26,798
Provision for diminution in value of marketable securities	–	4,886
Reversal of provision for diminution in value of marketable securities	(5,417)	–
Provision for doubtful debts	–	876
Reversal of provision for doubtful debts	(5,857)	–
Bad debt recovered	(133)	–
Bad debts written off	60	12
Property, plant and equipment written off	–	9
Provision for diminution in value of corporate golf memberships	–	275
Amortisation of endowment fund premium	11	11
Unrealised returns on endowment policy	(182)	(177)
Net accretion of negative goodwill	–	(1,215)
Gross dividend income from quoted investments	(478)	(466)
Interest income	(3,198)	(3,235)
Interest expense	1,536	1,521
Operating profit before working capital changes	52,750	97,428
(Increase)/decrease in receivables	(14,042)	13,164
(Increase)/decrease in inventories	(5,362)	7,598
(Increase)/decrease in land held for property development/property development costs	(31,103)	33,035
Increase/(decrease) in payables	35,754	(83,546)
Cash generated from operations	37,997	67,679
Taxes paid, net of refunds	(30,204)	(26,047)
Net cash generated from operating activities	7,793	41,632

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

CONSOLIDATED CASH FLOW STATEMENTS

for the year ended 31 December 2006

	2006	2005
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,587)	(3,954)
Proceeds from disposal of property, plant and equipment	31	177
Proceeds from disposal of investment in a subsidiary	3,995	–
Proceeds from disposal of shares in associates	5,216	–
Consideration paid for the acquisition of equity interest in associates	(6,071)	–
Proceeds from disposal of marketable securities	640	838
Capital repayment received from marketable securities	2,918	–
Interest received	3,198	3,235
Dividend income received	478	336
Net cash generated from investing activities	3,818	632
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	12,898	–
Repayment of short term borrowings	(4,824)	(5,236)
Repayment of long term borrowings	–	(1,578)
Increase in sinking fund reserve	1,030	–
Increase in deferred license fee	115	–
Interest paid	(1,536)	(1,521)
Dividend paid	(10,390)	(5,606)
Net cash used in financing activities	(2,707)	(13,941)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,904	28,323
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	160,186	131,863
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	169,090	160,186

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

Balance Sheet

as at 31 December 2006

	Note	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	841	975
Investment in subsidiaries	6	239,151	242,391
Other investments	8	312	312
		240,304	243,678
CURRENT ASSETS			
Other receivables	13	381,897	380,457
Tax recoverable		898	604
Cash and bank balances	15	1,042	1,138
		383,837	382,199
CURRENT LIABILITIES			
Short term borrowings	17	19,052	20,000
Other payables	19	15,609	20,055
		34,661	40,055
NET CURRENT ASSETS		349,176	342,144
		589,480	585,822
FINANCED BY:			
Share capital	20	259,526	259,526
Reserves		329,954	326,296
Shareholders' equity		589,480	585,822

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

Income Statement

for the year ended 31 December 2006

	Note	2006 RM'000	2005 RM'000
Revenue	24	18,000	23,214
Cost of sales	25	–	–
Gross profit		18,000	23,214
Other income		764	–
Administrative expenses		(1,342)	(1,772)
Other expenses		(474)	(4,336)
Profit from operations	26	16,948	17,106
Finance costs	29	(1,070)	(1,258)
Profit before taxation		15,878	15,848
Taxation	30	(4,746)	(5,016)
Net profit for the year		11,132	10,832

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

Statement of Changes in Equity

for the year ended 31 December 2006

	Note	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2005		259,526	402,654	(81,584)	580,596
Net profit for the year		–	–	10,832	10,832
Dividend paid	32	–	–	(5,606)	(5,606)
At 31 December 2005		259,526	402,654	(76,358)	585,822
Net profit for the year		–	–	11,132	11,132
Dividend paid	32	–	–	(7,474)	(7,474)
At 31 December 2006		259,526	402,654	(72,700)	589,480

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

Cash Flow Statement

for the year ended 31 December 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,878	15,848
Adjustment for:		
Depreciation	323	342
Interest expense	1,070	1,258
Provision for diminution in value of corporate golf membership	–	275
Provision for doubtful debts	–	4,061
Bad debt written off	46	–
Gain on disposal of investment in a subsidiary	(761)	–
Dividend income	(18,000)	(23,000)
Operating loss before working capital changes	(1,444)	(1,216)
Increase in receivables	(1,485)	(4,842)
(Decrease)/increase in payables	(4,446)	508
Net cash used in operations	(7,375)	(5,550)
Taxes refunded	–	1,107
Net cash used in operating activities	(7,375)	(4,443)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(189)	(42)
Proceeds from disposal of investment in a subsidiary	4,000	–
Dividend received	12,960	16,560
Net cash generated from investing activities	16,771	16,518
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,474)	(5,606)
Interest paid	(1,070)	(1,258)
Proceeds from short term borrowings	4,531	–
Repayment of short term borrowings	(5,479)	(5,000)
Net cash used in financing activities	(9,492)	(11,864)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(96)	211
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,138	927
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	1,042	1,138

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

Notes to the Financial Statements

31 December 2006

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 301, 3rd Floor, Wisma Dijaya, No. 1A, Jalan SS20/1, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and property management. The principal activities of the subsidiaries are described in Note 6. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any 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 represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of Significant Accounting Policies (Cont'd)****(b) Associates (Cont'd)**

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Property, Plant and Equipment, and Depreciation

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

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(o).

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Leasehold land and golf course expenditure are depreciated over the period of the lease of 99 years which will expire on 25 October 2090. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold buildings	2% – 5%
Plant and machinery	5% – 15%
Office furniture, fittings and equipment	10% – 25%
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(d) Property, Plant and Equipment, and Depreciation (Cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(e) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(o).

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 normal operating cycle.

(ii) Property Development Costs

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of Significant Accounting Policies (Cont'd)****(f) Engineering Contracts**

Where the outcome of an engineering contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of an engineering contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on engineering contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

(g) Inventories

Inventories represent completed residential and commercial properties, consumables and finished goods.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

The cost of consumables is determined using the first in, first out method. The cost of raw materials comprises costs of purchase.

The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing 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 the estimated costs necessary to make the sale.

(h) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expected expenditure to be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) Sinking Fund Reserve

Sinking fund reserve of the Group is established for the purpose of covering costs of periodic major repairs or capital replacements in the golf and country resort of the Group. A fraction of 10% of monthly subscription fees received from members during the year are credited to this reserve.

The amount credited into the reserve during the year is subsequently paid to a fund in the third month following the year. This fund is kept in a separate trust account and administered by a Trustee.

Monies in the sinking fund are invested by the Trustee. Any income arising out of the investment is accrued to the fund.

(k) Deferred License Fees

License fees are received upon admission of new members of the golf and country resort of the Group after January 1993, and are recognised to the income statement over the remaining terms of the membership licenses, which would expire on 9 October 2051.

(l) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of Significant Accounting Policies (Cont'd)****(m) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of Properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(e)(ii). All anticipated losses are fully provided for.

Revenue from the sale of land and completed properties are recognised as and when billings are raised.

(ii) Recreation and Resort Operations

Entrance fees are recognised upon signing of membership agreements. Deferred license fees are recognised over the period of the membership. Income from monthly subscription fees is recognised on an accrual basis.

(iii) Engineering Contracts

Revenue from engineering contracts is recognised based on the percentage of completion method as described in Note 2(f).

(iv) Sale of Goods

Revenue relating to sale of goods is recognised net of discounts and returns upon the transfer of risks and rewards.

(v) Investment Income

Dividend income is recognised when the shareholder's right to receive payment is established. Interest and rental income are recognised on accrual basis except where there exists doubt as to its recoverability.

(n) Foreign Currencies**(i) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies (Ringgit Malaysia) using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Foreign Currencies (Cont'd)

(iii) Foreign Operations

The results and financial position of foreign subsidiaries that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM at the closing rate prevailing at the balance sheet date with respect to assets and liabilities. Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. All resulting exchange differences are taken to the foreign currency translation reserve within equity.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2006 RM'000	2005 RM'000
United States Dollar	3.53	3.78
100 Hong Kong Dollars	45.43	49.74

(o) Impairment of Non-financial Assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of Significant Accounting Policies (Cont'd)****(o) Impairment of Non-financial Assets (Cont'd)**

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(v) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(p) Financial Instruments (Cont'd)

(vi) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they were declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group and Company have not early adopted the following which are mandatory for financial periods beginning 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)**

The Group and Company have also not early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement and the following FRSs and amendment that are mandatory for financial periods beginning on or after 1 January 2007:

- (i) FRS 6: Exploration for and Evaluation of Mineral Resources
FRS 6 is not relevant to the Company's operations.
- (ii) Amendment to FRS 119₂₀₀₄: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures.
FRS 119₂₀₀₄ is not relevant to the Company's operations.

The adoption of revised FRS 2, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 138 and 140 does not result in significant changes in accounting policies of the Group and Company. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 3: Business Combinations and FRS 136: Impairment of Assets**(i) Goodwill**

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of years and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM10,375,000 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 January 2006 of RM3,913,000 ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 January 2006, negative goodwill was amortised over the weighted average useful life of the non-monetary assets acquired, except to the extent it relates to identified expected future losses as at the date of acquisition. In such cases, it was recognised in profit or loss as those expected losses were incurred. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM17,928,000 was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(b) FRS 101: Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity.

The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associates and jointly controlled entities accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates and jointly controlled entities accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively.

(c) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year.

(i) Effects on balance sheets as at 31 December 2006

Description of Change	← Increase/(Decrease) →			Total RM'000
	FRS 3 Note 2.3(a)(i) RM'000	FRS 3 Note 2.3(a)(ii) RM'000	FRS 101 Note 2.3(b) RM'000	
Group				
Negative goodwill, net	446	(17,928)	–	(17,482)
Retained earnings	(446)	17,928	–	17,482
Total equity	–	–	67,963	67,963

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)****(c) Summary of effects of adopting new and revised FRSs on the current year's financial statements (Cont'd)****(ii) Effects on income statements as at 31 December 2006**

Description of Change	← Increase/(Decrease) →			Total RM'000
	FRS 3 Note 2.3(a)(i) RM'000	FRS 3 Note 2.3(a)(ii) RM'000	FRS 101 Note 2.3(b) RM'000	
Group				
Other operating income	–	1,661	–	1,661
Other operating expenses	446	–	–	446
Profits from operations	(446)	1,661	–	1,215
Share of results of associates	–	–	391	391
Profit before tax	(446)	1,661	391	1,606
Income tax expense	–	–	391	391
Profit for the year	(446)	1,661	–	1,215

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The key assumption concerning the future and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill and brands are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2006 was RM3,343,000 (2005: RM3,913,000). Further details are disclosed in Note 10.

(b) Property development

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land and buildings RM'000	Building in-progress RM'000	Golf course RM'000	Plant and machinery RM'000	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2006								
Cost								
At 1 January 2006	–	270,293	–	46,701	21,307	12,995	3,333	354,629
Additions	–	175	3,134	–	990	1,380	908	6,587
Disposals	–	–	–	–	(439)	(88)	–	(527)
Disposal of subsidiary	–	(5,283)	–	–	(3,135)	(875)	(236)	(9,529)
Reclassification	–	(308)	308	–	–	–	–	–
At 31 December 2006	–	264,877	3,442	46,701	18,723	13,412	4,005	351,160
Accumulated Depreciation and Impairment Losses								
At 1 January 2006	–	40,366	–	9,321	17,270	9,125	1,692	77,774
Charge for the year	–	2,545	–	817	888	949	631	5,830
Disposal	–	–	–	–	(396)	(54)	–	(450)
Disposal of subsidiary	–	(529)	–	–	(2,724)	(672)	(236)	(4,161)
At 31 December 2006	–	42,382	–	10,138	15,038	9,348	2,087	78,993
Net Carrying Amount								
	–	222,495	3,442	36,563	3,685	4,064	1,918	272,167

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

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

Group	Freehold land RM'000	Long term leasehold land and buildings RM'000	Building in-progress RM'000	Golf course RM'000	Plant and machinery RM'000	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2005								
Cost								
At 1 January 2005	7,374	269,701	–	46,701	20,627	12,382	3,030	359,815
Additions	–	592	–	–	1,907	859	596	3,954
Disposals	–	–	–	–	(1,227)	(205)	(293)	(1,725)
Write-off	–	–	–	–	–	(41)	–	(41)
Transfer to land held for property development (Note 5)	(7,374)	–	–	–	–	–	–	(7,374)
At 31 December 2005	–	270,293	–	46,701	21,307	12,995	3,333	354,629
Accumulated Depreciation and Impairment Losses								
At 1 January 2005	–	37,136	–	8,504	17,648	8,403	1,479	73,170
Charge for the year	–	3,230	–	817	839	939	506	6,331
Disposals	–	–	–	–	(1,217)	(185)	(293)	(1,695)
Write off	–	–	–	–	–	(32)	–	(32)
At 31 December 2005	–	40,366	–	9,321	17,270	9,125	1,692	77,774
Net Carrying Amount	–	229,927	–	37,380	4,037	3,870	1,641	276,855

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

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

	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Company			
At 31 December 2006			
Cost			
At 1 January 2006	2,772	1,001	3,773
Additions	189	-	189
At 31 December 2006	2,961	1,001	3,962
Accumulated Depreciation and Impairment Losses			
At 1 January 2006	2,302	496	2,798
Charge for the year	130	193	323
At 31 December 2006	2,432	689	3,121
Net Carrying Amount	529	312	841
At 31 December 2005			
Cost			
At 1 January 2005	2,730	1,001	3,731
Additions	42	-	42
At 31 December 2005	2,772	1,001	3,773
Accumulated Depreciation and Impairment Losses			
At 1 January 2005	2,156	300	2,456
Charge for the year	146	196	342
At 31 December 2005	2,302	496	2,798
Net Carrying Amount	470	505	975

The net book values of property, plant and equipment pledged to financial institutions for short term borrowings as referred to in Note 17 are as follows:

	Group	
	2006 RM'000	2005 RM'000
Long term leasehold land and buildings	79,336	85,545
Golf course	36,562	37,380
	115,898	122,925

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

5. LAND HELD FOR DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Group	
	2006 RM'000	2005 RM'000
Cost		
At 1 January:		
Freehold land	29,739	28,738
Leasehold land	16,551	20,074
Additions	4,678	2,194
Transfer from property, plant and equipment (Note 4)	–	7,374
Transfer to property development costs	–	(12,090)
At 31 December	50,968	46,290
Accumulated Impairment Losses		
At 1 January	6,412	17,040
Transfer to property development costs	–	(10,628)
At 31 December	6,412	6,412
Carrying Amount at 31 December	44,556	39,878

(b) Property Development Costs

	Group	
	2006 RM'000	2005 RM'000
Property development costs at 1 January:		
Freehold land	176,715	168,404
Leasehold land	295,372	296,444
Development costs	174,086	110,808
	646,173	575,656
Costs incurred during the year:		
Development costs	108,659	100,076
	108,659	100,076
Costs recognised in income statement:		
At 1 January	(343,505)	(356,010)
Completed projects	37,367	106,417
At 1 January	(306,138)	(249,593)
Recognised during the year	(70,608)	(93,912)
At 31 December	(376,746)	(343,505)
Transfers:		
From land held for property development	–	1,462
To inventories	(13,260)	(2,139)
Completed projects	(37,367)	(30,516)
	(50,627)	(31,193)
Property development costs as at 31 December	327,459	301,034

The freehold and leasehold land of the Group amounting to RM12,975,000 (2005: RM4,663,000) have been pledged as security for bank borrowings as referred to in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2006 RM'000	2005 RM'000
Unquoted shares at cost	244,888	249,219
Less: Accumulated impairment losses	(5,737)	(6,828)
	239,151	242,391

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2006	2005	
Accroway Sdn. Bhd.	Malaysia	100	100	Investment holding
Arah Pelangi Sdn. Bhd.	Malaysia	100	100	Investment and property holding
* Aspek Analisa Sdn. Bhd.	Malaysia	100	100	Property development
* Dijaya Management Services Sdn. Bhd.	Malaysia	100	100	Property management and maintenance services
JMI Manufacturing Sdn. Bhd.	Malaysia	100	100	Dormant
Terbit Berkas Sdn. Bhd.	Malaysia	100	100	Investment holding
Tropicana MM2H Sdn. Bhd. (Formerly known as Jasa Megah Marketing Sdn. Bhd.)	Malaysia	100	100	Dormant
* Dijaya Development Sdn. Bhd.	Malaysia	100	100	Investment holding
* Dijaya Credit & Leasing Sdn. Bhd.	Malaysia	100	100	Credit and leasing
* Bright Phase Sdn. Bhd.	Malaysia	100	100	Investment holding
Ikatan Engineering Sdn. Bhd.	Malaysia	–	80.1	Contractor for mechanical and structural fabrication works
* Malaysian PR Services Sdn. Bhd.	Malaysia	100	100	Dormant
* Banjaran Mutiara Sdn. Bhd.	Malaysia	100	100	Investment holding
* Nagasari Cerdas Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
* Desiran Realiti Sdn. Bhd.	Malaysia	100	100	Investment holding
* Seleksi Kembara Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
* Dijaya Wangsa Sdn. Bhd.	Malaysia	60	60	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2006	2005	
Sumber Saujana Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
Sinbor Corporation Sdn. Bhd.	Malaysia	100	100	Investment holding
Tropicana Golf & Country Resort Berhad and its subsidiaries:	Malaysia	100	100	Real property and resort development
* Tropicana Management Services Sdn. Bhd.	Malaysia	100	100	Property management and maintenance services
Nadi Jelita Sdn. Bhd.	Malaysia	100	100	Property holding
Puncak Suria Sdn. Bhd.	Malaysia	100	100	Property development
Mawar Hebat Sdn. Bhd.	Malaysia	100	100	Property development
* Desiran Idaman Sdn. Bhd.	Malaysia	100	100	Dormant
* Dijaya Digital Sdn. Bhd. and its subsidiaries:	Malaysia	100	100	Investment holding
* Dijaya dotCom.Ventures Limited #	Hong Kong	100	100	Investment holding
* Atlantic Marketing Sdn. Bhd.	Malaysia	100	100	Ceased operations
Bakat Rampai Sdn. Bhd. and its subsidiaries:	Malaysia	100	100	Investment holding
Dijaya Land Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Property development
* DiCasa Management Services Sdn. Bhd.	Malaysia	100	100	Property management and maintenance services
Dicorp Land Sdn. Bhd.	Malaysia	100	100	Property development
Maxi Legacy Sdn. Bhd. #	Malaysia	100	100	Dormant
Irama Sejati Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
* Damansara Impian Sdn. Bhd.	Malaysia	70	70	Property development
Dijaya (Mauritius) Limited and its subsidiary:	Mauritius	100	–	Investment holding
Dijaya-Malind JV (Mauritius) Limited	Mauritius	72	–	Investment holding

* Audited by firms of auditors other than Ernst & Young

In member's voluntary winding up

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

6. INVESTMENT IN SUBSIDIARIES (CONT'D)**(a) Acquisition of subsidiaries**

On 18 October 2006 the Company acquired 2 ordinary shares of USD1.00 each in Dijaya (Mauritius) Limited ("DML"), a private limited company incorporated in the Republic of Mauritius. The present paid-up capital of DML is USD2.00 comprising 2 ordinary shares of USD1.00 each making it a wholly-owned subsidiary of the Company.

On 18 October 2006, DML subsequently acquired 2 ordinary shares of USD1.00 each in Dijaya-Malind JV (Mauritius) Limited ("DMJML"), a private limited company incorporated in the Republic of Mauritius, and on even date further subscribed for 70 new ordinary shares of USD1.00 each in DMJML. Consequently, the Company has an indirect 72% equity interest in DMJML, which presently has a paid-up capital of USD100.00 comprising 100 shares of USD1.00 each.

(b) Disposal of subsidiary

The Company had on 12 October 2006 completed the disposal of its 80.1% equity interest in Ikatan Engineering Sdn. Bhd. comprising 4,004,165 ordinary shares of RM1.00 each for a total consideration of RM4,000,000 in cash. The subsidiary was previously reported as part of the engineering and trading segment.

The disposal had the following effects on the financial position as at the end of the year:

	RM '000
Property, plant and equipments	5,368
Investment in associated companies	18
Other investment	8
Deferred tax assets	246
Inventories	2,876
Trade receivables	6,207
Other receivables	580
Cash and bank balances	5
Trade payables	(5,968)
Other payables	(883)
Borrowings	(4,736)
Net assets disposed	3,721
Attributable unamortised goodwill	570
	4,291
Total disposal proceeds	4,000
Loss on disposal to the Group	(291)
Disposal proceeds settled by:	
Cash	4,000
Cash inflow arising from disposal:	
Cash consideration, representing cash inflow to the Company	4,000
Cash and cash equivalents of subsidiary disposed	(5)
Net cash inflow to the Group	3,995

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

6. INVESTMENT IN SUBSIDIARIES (CONT'D)**(b) Disposal of subsidiary (Cont'd)**

The disposal of the subsidiary had the following impact on the Company:

	RM'000
Total disposal proceeds	4,000
Less: Cost of investment in the subsidiary	4,331
	(331)
Reversal of provision for diminution in value	1,092
Gain on disposal	761

7. INVESTMENT IN ASSOCIATES

	Group	
	2006	2005
	RM'000	RM'000
In Malaysia:		
Unquoted shares at cost	30,489	26,546
Share of post-acquisition reserve	20,488	22,250
	50,977	48,796
Less: Accumulated impairment losses	–	(290)
Accumulated amortisation of goodwill	–	(2,347)
	50,977	46,159
Represented by:		
Share of net assets	50,977	46,159
Goodwill on acquisition	–	2,347
Less: Accumulated amortisation of goodwill	–	(2,347)
	50,977	46,159

Details of the associates are as follows:

Name of Company	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2006	2005	
Tenaga Kimia Sdn. Bhd.*	Malaysia	33	30	Manufacture and trading of explosives, chemicals and blasting accessories
Ikatan Hulee Engineering (J.V) Sdn. Bhd.	Malaysia	–	50	Ceased operation
Ikatan Technology Sdn. Bhd.	Malaysia	–	33	Ceased operation
South Johor Equities Sdn. Bhd.	Malaysia	31	31	Ceased operation

* During the financial year, the Group increased its equity interest in Tenaga Kimia Sdn. Bhd. by 3% to 33%.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

7. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows:

	2006 RM'000	2005 RM'000
Assets and Liabilities		
Current assets	35,062	35,994
Non-current assets	14,730	10,563
Total assets	49,792	46,557
Current liabilities	9,694	3,209
Non-current liabilities	–	–
Total liabilities	9,694	3,209
Results		
Revenue	56,615	57,865
Profit for the year	3,550	3,506

8. OTHER INVESTMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Quoted shares in Malaysia	87,399	87,406	–	–
Less: Provision for diminution in value	(63,474)	(63,474)	–	–
	23,925	23,932	–	–
Transferable club memberships	587	587	587	587
Less: Provision for diminution in value	(275)	(275)	(275)	(275)
	312	312	312	312
	24,237	24,244	312	312
Market value*:				
Quoted shares in Malaysia	34,927	23,932	–	–
Corporate golf club membership	312	312	312	312

* The market value of the quoted shares is based on the respective closing prices as at 31 December.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

9. SECURITY RETAINERS ACCUMULATION FUND

	Group	
	2006 RM'000	2005 RM'000
At 1 January	2,332	2,280
Unrealised returns	182	177
	2,514	2,457
Less: Accumulated amortisation	(11)	(125)
At 31 December	2,503	2,332

The security retainers accumulation fund of the golf and country resort of the Group relates to the unamortised portion of the single premium paid for the purchase of a 'Group Endowment with Profits' policy from a local insurer in 1994 and the unrealised returns which accrues to this policy on a cumulative basis, annually.

The total accumulated returns together with the insured sum will only be received upon maturity of the said policy on 2 October 2051. The purpose of this scheme is to provide the Group with funds to repay the security retainers received from members of the golf and country resort of the Group, who registered prior to January 1993, at the end of their membership license term on 9 October 2051.

10. INTANGIBLE ASSETS

	Goodwill RM'000	Negative Goodwill RM'000	Total RM'000
Group			
At 31 December 2006			
Cost			
At 1 January 2006	18,357	(33,211)	(14,854)
Effects of adopting FRS 3	(10,375)	33,211	22,836
Derecognised on disposal of subsidiary	(570)	-	(570)
	7,412	-	7,412
Accumulated amortisation and impairment			
Accumulated (amortisation)/accretion:			
At 1 January 2006	(10,375)	15,283	4,908
Effects of adopting FRS 3	10,375	(15,283)	(4,908)
	-	-	-
Accumulated impairment	(4,069)	-	(4,069)
	4,069	-	(4,069)
Intangible assets at 31 December 2006	3,343	-	3,343

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

10. INTANGIBLE ASSETS (CONT'D)

	Goodwill RM'000	Negative Goodwill RM'000	Total RM'000
Group			
At 31 December 2006			
Cost			
At 1 January 2005/31 December 2005	18,357	(33,211)	(14,854)
Accumulated amortisation and impairment			
Accumulated (amortisation)/accretion:			
At 1 January 2005	(9,929)	13,622	3,693
Amortisation	(446)	–	(446)
Accretion	–	1,661	1,661
	(10,375)	15,283	4,908
Accumulated impairment	(4,069)	–	(4,069)
	(14,444)	15,283	839
Intangible assets at 31 December 2005	3,913	(17,928)	(14,015)

11. INVENTORIES

	Group	
	2006 RM'000	2005 RM'000
At cost:		
Completed properties	30,349	24,666
Consumable stores and spares	698	608
Finished goods	–	3,287
	31,047	28,561

The cost of inventories recognised as an expense during the year in the Group amounted to RM5,126,000 (2005: RM8,542,000).

12. TRADE RECEIVABLES

	Group	
	2006 RM'000	2005 RM'000
Trade receivables	47,439	30,103
Accrued billings in respect of property development costs	1,945	10,344
Due from customers on engineering contracts	–	2,517
Retention sums from engineering contracts	–	181
Less: Provision for doubtful debts	(2,023)	(5,822)
	47,361	37,323

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

12. TRADE RECEIVABLES (CONT'D)

The retention sums and amounts due from customers on engineering contracts are represented as follows:

	2006 RM'000	2005 RM'000
Engineering contract costs incurred to date	–	23,488
Attributable profits	–	2,269
Foreseeable losses	–	(8)
	–	25,749
Less: Progress billings	–	(27,075)
	–	(1,326)
Due from customers on engineering contracts, included under trade receivables	–	2,517
Due to customers on engineering contracts, included under trade payables (Note 18)	–	(3,843)
	–	(1,326)
Retention sums on engineering contracts, included under trade receivables	–	181
Advances received on contracts, included under trade payables (Note 18)	–	(1,388)
Contract cost recognised as an expense	–	20,695

The Group's normal trade credit term ranges from 14 to 120 days (2005: 14 to 120 days). Other credit terms are assessed and approved on a case-to-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

13. OTHER RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Due from subsidiaries	–	–	495,472	494,413
Less: Provision for doubtful debts	–	–	(114,141)	(114,141)
	–	–	381,331	380,272
Deposits	2,642	2,521	152	157
Sundry receivables	3,352	3,293	416	125
Less: Provision for doubtful debts	(464)	(660)	(2)	(97)
	2,888	2,633	414	28
	5,530	5,154	381,897	380,457

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The Group has no significant concentration of credit risk included under sundry receivables that may arise from exposures to a single debtor or to groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS

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14. MARKETABLE SECURITIES

	Group	
	2006 RM'000	2005 RM'000
At cost:		
Quoted shares, in Malaysia	25,224	28,908
Less: Provision for diminution in value	(3,760)	(9,466)
	21,464	19,442
Quoted loan stocks, in Malaysia	78	77
Less: Provision for diminution in value	(69)	(69)
	9	8
	21,473	19,450
Market values:		
Quoted shares in Malaysia	21,467	19,442
Quoted loan stocks in Malaysia	7	8

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with licensed banks	54,876	62,042	800	800
Cash on hand and at banks	115,125	99,703	242	338
Cash and bank balances	170,001	161,745	1,042	1,138
Cash and bank balances	170,001	161,745	1,042	1,138
Less: Bank overdrafts (Note 17)	-	(1,239)	-	-
Cash and cash equivalents	170,001	160,506	1,042	1,138
Less: Cash and cash equivalents not available for use	(911)	(320)	-	-
	169,090	160,186	1,042	1,138

Included in cash at banks of the Group are amounts of RM102,424,000 (2005: RM90,412,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in deposits with licensed banks of the Group are:

- (a) Deposits held in trust by a trustee of RM911,000 (2005: RM320,000), representing cash and cash equivalents not available for use.
- (b) Deposits amounting to RM120,000 (2005: RM222,000) which were pledged as security for bank guarantees granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

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16. PROVISION FOR LIABILITIES

	Liquidated ascertained damages RM'000	Infra- structure costs RM'000	Total RM'000
Group			
At 1 January 2006	445	5,700	6,145
Additional provision during the year	–	3,400	3,400
Reversal of provision during the year	–	(3,700)	(3,700)
At 31 December 2006	445	5,400	5,845
<hr/>			
At 31 December 2006			
Current	445	–	445
<hr/>			
Non-current:			
Later than 1 year but not later than 2 years	–	5,400	5,400
<hr/>			
At 31 December 2005			
Current	445	–	445
<hr/>			
Non-current:			
Later than 1 year but not later than 2 years	–	5,700	5,700

(a) Liquidated Ascertained Damages

Provision for liquidated ascertained damages is in respect of projects undertaken by a subsidiary in the Group. The provision is recognised for expected liquidated ascertained damages claims based on the terms of the applicable sale and purchase agreements, which are expected to be settled within one year.

(b) Infrastructure Costs

The infrastructure costs are in respect of the North Klang Valley Expressway tunnel expansion project and upgrading of Persiaran Tropicana into a dual carriage way.

17. BORROWINGS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts (Note 15)	–	1,239	–	–
Revolving credits	24,419	20,000	19,052	20,000
Bankers' acceptance	–	2,843	–	–
Term loan	3,001	–	–	–
	27,420	24,082	19,052	20,000

NOTES TO THE FINANCIAL STATEMENTS

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17. BORROWINGS (CONT'D)

The secured bank overdrafts, revolving credits and bankers' acceptance of the Group are secured by certain assets of the Group and of the Company as follows:

- (i) Fixed charge over certain property, plant and equipment as disclosed in Note 4;
- (ii) Fixed charge over certain land held for property development and property development cost as disclosed in Note 5;
- (iii) Fixed and floating charge over the assets of certain subsidiaries.

18. TRADE PAYABLES

	Group	
	2006 RM'000	2005 RM'000
Trade payables	54,897	51,225
Progress billings in respect of property development costs	37,232	10,526
Due to customers on engineering contracts (Note 12)	–	3,843
Advances received from engineering contracts (Note 12)	–	1,388
	92,129	66,982

The normal trade credit term granted to the Group ranges from 30 to 90 days (2005: 30 to 90 days).

19. OTHER PAYABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Due to subsidiaries	–	–	14,675	19,192
Due to an associate	33,752	33,739	–	–
Due to a director of the Company	276	–	–	–
Due to shareholders of subsidiaries	791	751	–	–
Due to directors of subsidiaries	57	334	–	–
Advances from third parties	213	213	–	–
Deposits	7,412	6,296	–	–
Sundry payables	17,831	15,243	934	863
	60,332	56,576	15,609	20,055

The amounts due to subsidiaries, associate, shareholders of the subsidiaries, a director of the Company, directors of subsidiaries and advances from third parties are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

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20. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2006 '000	2005 '000	2006 RM'000	2005 RM'000
Authorised:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January/31 December	259,526	259,526	259,526	259,526

The new ESOS was implemented on 21 September 2005 and is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 24 June 2005. No option has been granted to date.

The salient terms of the new ESOS are as follows:

- (i) The Option Committee has the full discretion in determining the eligibility of Executive Directors and employees of the Group to participate in the ESOS provided that they are at the date of offer at least eighteen years of age and are employed by the Group and have served at least one (1) continuous year with the Group and have been confirmed their positions in writing.
- (ii) The ESOS shall be in force for a period of 10 years from 21 September 2005 to 20 September 2015.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to eligible executive directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible executive director or employee who, either singly or collectively through his/her association, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) No options shall be granted for less than 1,000 shares or more than the maximum allowable allotment of shares.
- (v) The options granted may be exercised at any time, whilst the option holder is in the employment of the Group from the Date of Offer to the Date of Expiry or such shorter period prescribed in the offer.
- (vi) The option price for each share shall be the weighted average of the share market price as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days preceding the date on which the option is offered, with a discount that does not exceed 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the period of ESOS or at the par value of the shares of RM1 each, whichever is higher.
- (vii) An offer made by the Option Committee shall be valid for a period of forty-five (45) days from the date of offer and may be accepted within this prescribed period by the eligible employees to whom the offer is made by written notice to the Option Committee of such acceptance accompanied by a payment to the Company of a nominal non-refundable sum of RM1.00 as consideration for the grant of the option. If the offer is not accepted in the manner aforesaid, such offer shall upon the expiry of the said forty-five (45) days automatically lapse and be null and void and of no further force and effect.
- (viii) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank parri passu in all respects with the then existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise date.

NOTES TO THE FINANCIAL STATEMENTS

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21. DEFERRED TAXATION

	Group	
	2006 RM'000	2005 RM'000
At 1 January	86,768	98,775
Recognised in the income statement (Note 30)	(6,144)	(12,495)
Arising from acquisition of additional interest in a subsidiary	–	488
Derecognition from disposal of subsidiary	246	–
At 31 December	80,870	86,768
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	83,709	90,824
Deferred tax assets	(2,839)	(4,056)
	80,870	86,768

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group

	Accelerated Capital Allowances RM'000	Fair Value Adjustment on Business Combination RM'000	Others RM'000	Total RM'000
At 1 January 2006	11,985	73,525	5,314	90,824
Recognised in the income statement	(444)	(3,861)	(2,338)	(6,643)
Derecognition from disposal of subsidiary	(472)	–	–	(472)
At 31 December 2006	11,069	69,664	2,976	83,709
At 1 January 2005	11,529	80,523	8,914	100,966
Recognised in the income statement	456	(7,486)	(3,600)	(10,630)
Acquisition of subsidiary	–	488	–	488
At 31 December 2005	11,985	73,525	5,314	90,824

Deferred Tax Assets of the Group

	Provision for Liabilities RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2006	(1,640)	(1,179)	(1,237)	(4,056)
Recognised in the income statement	680	–	(181)	499
Derecognition from disposal of subsidiary	–	692	26	718
At 31 December 2006	(960)	(487)	(1,392)	(2,839)
At 1 January 2005	(44)	(1,350)	(797)	(2,191)
Recognised in the income statement	(1,596)	171	(440)	(1,865)
At 31 December 2005	(1,640)	(1,179)	(1,237)	(4,056)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

21. DEFERRED TAXATION (CONT'D)

Deferred tax asset has not been recognised in respect of the following items:

	2006 RM'000	2005 RM'000
Unused tax losses	69,238	70,857
Unabsorbed capital allowances	1,022	3,596

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries in which those items arose are subject to no substantial changes in shareholdings of the said subsidiaries under Section 44(5A) & (5B) of Income Tax Act, 1967.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

22. SINKING FUND RESERVE

	Group	
	2006 RM'000	2005 RM'000
At 1 January	3,524	2,810
Additions	1,249	1,575
Claims made during the financial year	(219)	(861)
At 31 December	4,554	3,524

23. SECURITY RETAINERS

Security retainers are collected from members of the golf and country resort of the Group who joined prior to January 1993. These security retainers are refundable to the members on cessation of membership, upon the expiry of the term of the membership license on 9 October 2051 or upon revocation or termination of the membership at its discretion at any time before the expiry date.

24. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue and progress billings net of				
discount from sale of development properties	129,936	200,084	-	-
Revenue from recreation and resort operations	20,640	19,715	-	-
Revenue from certified value of contracts and				
sales of trading goods	21,406	24,944	-	-
Property management and maintenance fee income	5,355	5,575	-	214
Interest income from investment holding,				
credit and leasing activities	-	17	-	-
Gross dividend income from:				
– Subsidiary	-	-	18,000	23,000
– Other quoted instruments	478	466	-	-
	177,815	250,801	18,000	23,214

NOTES TO THE FINANCIAL STATEMENTS

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25. COST OF SALES

Cost of sales of the Group represents cost of property development costs, costs of inventories sold, contract costs incurred and cost of consumables.

26. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Staff costs (Note 27)	21,077	26,889	45	64
Non-executive directors' remuneration (Note 28)	353	313	210	170
Auditors' remuneration:				
Statutory audits	213	192	55	43
Other services	–	3	–	3
Depreciation	5,830	6,331	323	342
Rental of office premises	591	552	180	161
Rental of office equipment	53	69	34	30
Amortisation of endowment fund premium	11	11	–	–
Bad debts written off	60	12	46	–
Property, plant and equipment written off	–	9	–	–
(Reversal of provision)/provision for doubtful debts:				
– Trade receivables	(5,853)	876	–	–
– Other receivables	(4)	–	(4)	–
– Amount due from subsidiaries	–	–	–	4,061
Provision for liabilities	3,400	5,700	–	–
Reversal of provision for liabilities	(3,700)	–	–	–
(Reversal of provision)/provision for diminution in value of:				
– other investments	–	26,798	–	–
– marketable securities	(5,417)	4,886	–	–
– corporate golf membership	–	275	–	275
(Gain)/loss on disposal of marketable securities	(164)	17	–	–
Bad debts recovered	(133)	–	–	–
Loss/(gain) on disposal of subsidiary	291	–	(761)	–
Loss/(gain) on disposal of property, plant and equipment	15	(147)	–	–
Unrealised returns on endowment policy	(182)	(177)	–	–
Rental income	(5,641)	(6,970)	–	–
Interest income	(3,198)	(3,235)	–	–
Net accretion of negative goodwill arising from acquisition of subsidiaries and an associate	–	(1,215)	–	–
Interest expense	1,536	1,521	1,070	1,258

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27. STAFF COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Salary and bonuses	17,342	23,374	23	30
Social security costs	152	172	–	–
Pension costs – defined contribution plan	1,778	2,368	3	3
Other staff related expenses	1,805	975	19	31
	21,077	26,889	45	64

Included in staff costs of the Group is executive directors' remuneration amounting to RM5,255,000 (2005: RM5,085,000) as further disclosed in Note 28.

28. DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	3,116	3,051	–	–
Pension costs – defined contribution plan	439	473	–	–
Bonus	711	890	–	–
Benefits-in-kind	35	36	–	–
	4,301	4,450	–	–
Non-executive:				
Fees	158	146	145	133
Other emoluments	101	73	65	37
	259	219	210	170
Other Directors				
Executive:				
Salaries and other emoluments	639	494	–	–
Pension costs – defined contribution plan	104	63	–	–
Bonus	246	114	–	–
	989	671	–	–
Non-executive:				
Fees	70	70	–	–
Other emoluments	24	24	–	–
	94	94	–	–
Total	5,643	5,434	210	170
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	5,255	5,085	–	–
Total non-executive directors' remuneration	353	313	210	170
Total directors' remuneration	5,608	5,398	210	170

NOTES TO THE FINANCIAL STATEMENTS

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28. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive directors:		
RM400,001 – RM450,000	–	1
RM500,000 – RM550,000	1	–
RM1,050,000 – RM1,100,000	–	1
RM1,100,001 – RM1,150,000	1	–
RM2,600,000 – RM2,650,000	1	–
RM2,950,000 – RM3,000,000	–	1
Non-executive directors		
Below RM50,000	4	5
RM50,001 – RM100,000	2	1

29. FINANCE COSTS

Finance costs represents interest expense incurred on borrowings.

30. TAXATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tax expense for the year:				
Malaysian income tax	25,893	31,787	5,040	6,440
Overprovided in prior years	(1,167)	(326)	(294)	(1,424)
	24,726	31,461	4,746	5,016
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	(4,694)	(7,576)	–	–
Relating to reduction in income tax rates	(794)	–	–	–
Overprovided in prior years	(656)	(4,919)	–	–
	(6,144)	(12,495)	–	–
Total income tax expense	18,582	18,966	4,746	5,016

NOTES TO THE FINANCIAL STATEMENTS

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30. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2006		2005	
	RM'000		RM'000	
Group				
Profit before taxation	61,909		56,925	
Taxation at Malaysian statutory tax rate of 28 % (2005: 28%)	17,334		16,066	
Effects of different tax rates for subsidiaries with paid-up capital of RM2.5 million and below	(186)		(93)	
Income not subject to tax	(5,421)		(3,065)	
Expenses not deductible for tax purposes	7,140		11,385	
Effect of changes in tax rates on opening balance of deferred tax	(794)		–	
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(206)		(288)	
Deferred tax assets not recognised during the year	2,538		206	
Overprovision of deferred tax in prior years	(656)		(4,919)	
Overprovision of income tax expense in prior years	(1,167)		(326)	
Tax expense for the year	18,582		18,966	
Company				
Profit before taxation	15,878		15,848	
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	4,446		4,437	
Expenses not deductible for tax purposes	594		2,003	
Overprovision of income tax expense in prior years	(294)		(1,424)	
Tax expense for the year	4,746		5,016	
	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Tax savings during the year arising from previously unrecognised tax losses and unabsorbed capital allowances	206	289	–	–

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31. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2006	2005
Net profit for the year (RM'000)	40,512	29,193
Weighted average number of ordinary shares in issue	259,526	259,526
Basic earnings per share (sen)	15.61	11.25

32. DIVIDENDS

	Group and Company	
	2006	2005
	RM'000	RM'000
In respect of Financial Year 2005:		
First and final dividend of 4% less 28% taxation on 259,525,583 ordinary shares	7,474	–
In respect of Financial Year 2004:		
First and final dividend of 3% less 28% taxation on 259,525,583 ordinary shares	–	5,606
Net dividend per ordinary share	2.88	2.16

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2006, of 4% less 27% taxation on 259,525,583 ordinary shares amounting to a dividend payable of RM7,578,147 (2.92 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity in the financial year ending 31 December 2007.

33. FOREIGN EXCHANGE RESERVE

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

34. CONTINGENT LIABILITY

	Company	
	2006	2005
	RM'000	RM'000
Unsecured corporate guarantees given to banks for credit facilities granted to certain subsidiaries	120,000	–

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35. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Insurance charges payable to Berjaya General Insurance Berhad, a subsidiary of Berjaya Capital Berhad, of which Tan Sri Dato' Tan Chee Sing is a director	169	314	22	6
Rental expenses payable to Elite Meridian Sdn. Bhd., a company owned substantially by a director, Tan Sri Dato' Tan Chee Sing	555	535	538	535
Management fees receivable from Aliran Firasat Sdn. Bhd., a company owned substantially by a director, Tan Sri Dato' Tan Chee Sing	45	214	–	214
Rental income receivable from Inland Sports and Recreation Club Sdn. Bhd., a company owned substantially by a director, Tan Sri Dato' Tan Chee Sing	465	465	–	–
Rental income receivable from TT Resources Berhad's subsidiaries, a group in which a director, Tan Sri Dato' Tan Chee Sing has substantial interest	377	686	–	–

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

36. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

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36. FINANCIAL INSTRUMENTS (CONT'D)**(b) Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at the balance sheet date, the Group's interest rate exposure is mainly derived from floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000
At 31 December 2006			
Group			
Floating rate			
Cash and bank balances	15	3.65	170,001
Revolving credits	17	5.65	(24,419)
Term loans	17	8.00	(3,001)
Company			
Floating rate			
Cash and bank balances	15	3.65	1,042
Revolving credits	17	5.65	(19,052)
At 31 December 2005			
Group			
Floating rate			
Cash and bank balances	15	2.73	161,745
Bank overdraft	17	7.50	(1,239)
Revolving credits	17	5.00	(20,000)
Bankers' acceptances	17	2.88-3.55	(2,843)
Company			
Floating rate			
Cash and bank balances	15	2.73	1,138
Revolving credits	17	5.00	(20,000)

NOTES TO THE FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS (CONT'D)**(c) Liquidity Risk**

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(d) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(e) Fair Values

The aggregate net fair values of financial assets and liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are as follows:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
As 31 December 2006				
Security retainers accumulation fund (Note 9)	2,503	#	–	–
Amounts due from subsidiaries (Note 13)	–	–	370,277	*
<hr/>				
As 31 December 2005				
Security retainers accumulation fund (Note 9)	2,332	#	–	–
Amounts due from subsidiaries (Note 13)	–	–	380,272	*
<hr/>				
Financial Liabilities				
As 31 December 2006				
Amounts due to subsidiaries (Note 19)	–	–	16,581	*
Amounts due to an associate (Note 19)	33,752	*	–	–
Amounts due to other related parties (Note 19)	848	*	–	–

NOTES TO THE FINANCIAL STATEMENTS

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36. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Values (Cont'd)

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Liabilities				
As 31 December 2005				
Amounts due to subsidiaries (Note 19)	–	–	19,192	*
Amounts due to an associate (Note 19)	33,739	*	–	–
Amounts due to other related parties (Note 19)	1,085	*	–	–

It is not practical to estimate the fair value because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the carrying amount represents the approximate recoverable values.

* It is not practical to estimate the fair value of amounts due from/to subsidiaries, associates and other related parties due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Other Investments and Marketable Securities

The fair value of quoted shares and loan stocks is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date. The fair value of corporate golf club memberships is determined by reference to market value of the membership.

(iii) Provision for Liabilities

The carrying amount of provisions approximate their fair values.

(iv) Long Term Borrowings

The carrying amounts of these floating rate loans are estimated to approximate fair value as the effective interest rates are not forecasted to differ from current market rates.

37. SEGMENTAL INFORMATION

(a) Business Segments

The Group operates principally in Malaysia organised into three major business segments as follows:

- (i) Real property and resort development – development of residential and commercial properties and provision of golfing and other sporting and recreational facilities
- (ii) Engineering and trading – mechanical and structural fabrication
- (iii) Investment holding – Investment income

Inter-segment transactions have generally been entered into in the normal course of business and established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Geographical Segments

The Group's major business segments are in Malaysia and the areas of operation are principally property development and investment holding.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

37. SEGMENTAL INFORMATION (CONT'D)
Segmental Information by Business Segments:

	Real property and resort development		Engineering and trading		Investment holding		Others		Consolidated	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue and Expenses										
Revenue										
External sales	155,931	225,374	21,406	24,944	478	483	-	-	177,815	250,801
Results										
Profit from operations	54,985	40,468	(7)	625	7,326	16,345	(32)	315	62,272	57,753
Finance costs	(466)	(141)	-	(123)	(1,070)	(1,257)	-	-	(1,536)	(1,521)
Share of results of associates	-	-	-	-	1,173	693	-	-	1,173	693
Taxation	-	-	-	-	-	-	-	-	(18,582)	(18,966)
Net profit for the year									43,327	37,959
Assets										
Segment assets	937,713	870,888	8	16,042	15,869	11,586	167	193	953,757	898,709
Investment in equity method of associates	-	-	-	-	50,977	46,159	-	-	50,977	46,159
Consolidated total assets									1,004,734	944,868
Segment liabilities	319,307	296,804	2	12,247	54,062	54,682	19	15	373,390	363,748
Other information										
Capital expenditure	6,098	3,598	-	313	489	43	-	-	6,587	3,954
Depreciation	5,504	5,752	-	234	324	343	2	2	5,830	6,331
Provision for diminution in value of other investments, marketable securities and corporate golf membership	-	24,265	-	-	-	7,694	-	-	-	31,959
Non-cash expense other than depreciation and impairment losses	3,400	6,157	-	431	-	-	-	-	3,400	6,588

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

38. SIGNIFICANT EVENTS

- (a) The Call and Put Option Agreement dated 1 August 2005 entered into between Sinbor Corporation Sdn. Bhd. ("SCSB"), an indirect wholly-owned subsidiary of the Company and Dyno Nobel ASA in respect of 3,360,000 shares in Tenaga Kimia Sdn. Bhd. ("TKSB") held by SCSB at a price of RM1.50 per share was formally terminated pursuant to TKS's withdrawal from its proposed listing exercise on the Second Board of Bursa Malaysia Securities Berhad.
- (b) Dijaya (Mauritius) Limited ("DML"), a wholly-owned subsidiary of the Company on 10 November 2006 entered into a Shareholder's Agreement with S.N.R.L. Investments Limited for the purpose of regulating their roles and relationship as shareholders of Dijaya-Malind JV (Mauritius) Limited with the aim of carrying out a joint property development project in India with a landowner.

Dijaya-Malind JV (Mauritius) Limited ("DMJML"), an indirect 72% owned subsidiary of the Company on 22 November 2006 entered into a Development Agreement with Telangana Spinning & Weaving Mills Limited ("Telangana") to develop about 25.4 acres of Telangana's land at Balanagar in Hyderabad, Andhra Pradesh, India ("Land").

DMJML or its subsidiary company (see Note 39 (b) below) in India shall be given exclusive rights to develop the Land into an integrated residential and commercial development of approximately 3.8 million sq. ft. comprising, inter-alia, a clubhouse, residential apartments and mixed commercial units together with car park facilities at its own costs.

39. SUBSEQUENT EVENTS

- (a) Dijaya dotCom. Ventures Limited, a dormant wholly-owned subsidiary of Dijaya Digital Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, on 2 March 2007 applied to the Companies Registry, Hong Kong for deregistration pursuant to Section 291AA of the Companies Ordinance, Chapter 32, Laws of Hong Kong.
- (b) Dijaya-Malind Properties (India) Private Limited ("DMPI") was incorporated in Hyderabad, Andhra Pradesh, India on 27 February 2007 and its principal activity is property development. The present paid-up capital of DMPI is Rs100,000 (about RM8,500) comprising 10,000 shares of Rs10 each of which 1 share is held by DML and the balance 9,999 shares are held by DMJML.

DMJML on 9 April 2007 entered into a Shareholder's Agreement with Starlite Spintech Limited for the purpose of regulating their roles and relationship as shareholders in DMPI, which has been appointed to undertake the development of about 25.4 acres of land in Hyderabad, Andhra Pradesh, India.

DMJML and DMPI on 9 April 2007 entered into a Deed of Novation Cum Joint Development Agreement with Telangana to facilitate the appointment of DMPI to undertake the development of Telangana's Land by novating their respective rights titles and interest contained in the Development Agreement dated 22 November 2006 and varying the terms and conditions where appropriate.

- (c) On 10 April 2007, Maxi Legacy Sdn. Bhd., a wholly-owned dormant subsidiary of Bakat Rampai Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, was put into member's voluntary liquidation.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty Eighth (28th) Annual General Meeting of Dijaya Corporation Berhad ("DIC" or "Company") will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28 June 2007 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2006 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of a first and final dividend of 4% per share less 27% Malaysian Income Tax for the year ended 31 December 2006 as recommended by the Directors. **Resolution 2**
3. (i) To re-elect Mr. Quek Cham Hong who is retiring pursuant to Article 103 of the Company's Articles of Association. **Resolution 3**
 (ii) To re-elect the following Directors retiring pursuant to Article 97 of the Company's Articles of Association:-
 (a) Mr. Tong Kien Onn **Resolution 4**
 (b) Mr. Loh Chen Peng **Resolution 5**
 (c) Cik Rohana Binti Tan Sri Mahmood **Resolution 6**
4. To approve the payment of Directors' fees amounting to RM145,000.00 for the year ended 31 December 2006 (2005: RM133,000.00). **Resolution 7**
5. To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **Resolution 8**
6. **As Special Businesses:-**
 To consider and, if thought fit, pass the following resolutions, with or without modifications:-
Ordinary Resolution 1
Authority under Section 132D of the Companies Act, 1965 for the Directors to issue Shares **Resolution 9**
 "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
Ordinary Resolution 2
Proposed Grant of Options to Quek Cham Hong **Resolution 10**
 "THAT, the Board of Directors of the Company be and is hereby authorised at any time, and from time to time, to offer and to grant to Quek Cham Hong, being the Executive Director of the Company, options to subscribe for such number of new DIC Shares to be allocated to him under the Company's Employee Share Option Scheme ("ESOS") provided always that:-
 (a) there should be equitable allocation to the various grades of eligible employees, such that not more than fifty percent (50%) of the total shares available under the ESOS should be allocated, in aggregate to the eligible Executive Directors and senior management of the DIC Group; and
 (b) in addition, not more than ten percent (10%) of the total shares available under the ESOS should be allocated to any individual eligible Executive Director or employee who, either singly or collectively through persons connected with the Executive Director or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company,

and such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the Bye-Laws governing the ESOS."

NOTICE OF ANNUAL GENERAL MEETING

Special Resolution

Proposed Amendments to the Articles of Association

"THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 attached to the 2006 Annual Report be and are hereby approved and adopted.

THAT the Directors and Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments as set out in Appendix 1.

AND THAT the Directors of the Company be and are hereby authorised to assent to any condition, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad."

7. To transact any other business of which due notice shall have been received.

Resolution 11

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATES

Subject to the approval of the shareholders, the first and final dividend of 4% per share less 27% Malaysian Income Tax for the year ended 31 December 2006 will be paid on 26 July 2007 to depositors whose names appear in the record of depositors at the close of business on 9 July 2007.

Further notice is hereby given that a depositor shall qualify for entitlement only in respect of:-

- a) Shares deposited into the depositor's securities accounts before 12.30 p.m. on 5 July 2007 (in respect of shares which are exempted from mandatory deposit).
- b) Shares transferred into the depositor's securities accounts before 4.00 p.m. on 9 July 2007 in respect of transfer.
- c) Shares bought on Bursa Malaysia Securities Bhd ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

DIJAYA CORPORATION BERHAD

LOW NYOKE FUN (MAICSA No. 7005037)

Secretary

Petaling Jaya

6 June 2007

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (subject always to a maximum of two (2) proxies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (ii) To be valid, the instrument appointing a proxy or proxies, under the hand of the appointer or his attorney duly authorised in writing, must be completed and deposited at the Company's Registered Office at Lot 302, 3rd Floor, Wisma Dijaya, No. 1A, Jalan SS20/1, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
- (iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- (iv) If the appointer is a corporation, the instrument appointing a proxy must be executed under its seal or under the hand of its attorney.

Explanatory Note on Special Businesses**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

The Resolution No. 9, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company up to an amount not exceeding in total 10% of the issued share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting.

Proposed Grant of Options to Quek Cham Hong

The Proposed Grant of Options is necessary to enable the Company to offer and grant options to Mr. Quek Cham Hong pursuant to the Employee Share Option Scheme and as a reward and to provide an incentive to Mr. Quek Cham Hong, who was appointed as an Executive Director of the Company on 27 February 2007, whose service is vital for the operations and continued growth of the Company.

Proposed Amendments to the Articles of Association

The Proposed Amendments to the Articles of Association is to enable the Company to adopt the recent amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad, where applicable, and to promote administrative efficiency. Please refer to Appendix 1 for further details.

Statement Accompanying the Notice of Annual General Meeting

pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Securities

Details of the Directors seeking re-election are set out in the Profile of Directors appearing from pages 6 and 7 and the details of their interests in the securities of the Company and its subsidiaries are on page 32 of the Annual Report.

proxy FORM

DIJAYA CORPORATION BERHAD

(47908-K)

Incorporated in Malaysia

I/We _____

of _____

being a member/members of **DIJAYA CORPORATION BERHAD** hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty Eighth (28th) Annual General Meeting of the Company to be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28 June 2007 at 10.30 a.m. or any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2006 and the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of a first and final dividend of 4% per share less 27% Malaysian Income Tax for the year ended 31 December 2006.		
3.	To re-elect Mr. Quek Cham Hong as Director.		
4.	To re-elect Mr. Tong Kien Onn as Director.		
5.	To re-elect Mr. Loh Chen Peng as Director.		
6.	To re-elect Cik Rohana Binti Tan Sri Mahmood as Director.		
7.	To approve the payment of Directors' fees amounting to RM145,000.00 for the year ended 31 December 2006 (2005 : RM133,000.00).		
8.	To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
9.	Special Business – Ordinary Resolution 1: - To authorise Directors to issue shares up to 10% of the issued capital for the time being.		
10.	Special Business – Ordinary Resolution 2: - Proposed Grant of Options to Quek Cham Hong.		
11.	Special Business – Special Resolution: - Proposed Amendments to the Articles of Association.		

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.

No. of shares held

Signature/Seal of Shareholder(s)

Signed this _____ day of _____ 2007

Notes:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (subject always to a maximum of two (2) proxies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (ii) To be valid, the instrument appointing a proxy or proxies, under the hand of the appointer or his attorney duly authorised in writing, must be completed and deposited at the Company's Registered Office at Lot 302, 3rd Floor, Wisma Dijaya, No. 1A, Jalan SS20/1, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
- (iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- (iv) If the appointer is a corporation, the instrument appointing a proxy must be executed under its seal or under the hand of its attorney.

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Affix
Stamp

Dijaya Corporation Berhad

Lot 302, 3rd Floor, Wisma Dijaya
No. 1A, Jalan SS 20/1
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

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