

Contents

| | |
|---|----|
| Notice of Annual General Meeting | 2 |
| Chairman's Statement | 4 |
| President & CEO's Review | 6 |
| Corporate Information | 8 |
| Financial Summary | 9 |
| Board of Directors' Profiles | 10 |
| Core Businesses | 12 |
| Corporate Governance Statement | 20 |
| Statement on Internal Control | 22 |
| Audit Committee Report | 24 |
| Other Compliance Statements | 26 |
| Directors' Responsibility Statement | 28 |
| | |
| Financial Statements | 29 |
| Group Properties | 90 |
| Shareholders' Information | 91 |
| Warrantholders' Information | 94 |
| Directors' Shareholdings & Warrantholdings | 98 |
| | |
| Proxy Form | |

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Ninth Annual General Meeting of Karambunai Corp Bhd will be held at the Sigunting, Nexus Resort Karambunai, off Jalan Sepangar, No. 1, Nexus Drive West, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Wednesday, 28 September 2005 at 10.00 a.m. for the following purposes:

Agenda

1. To receive and adopt the Reports of the Directors and Auditors, and the Audited Financial Statements for the year ended 31 March 2005. Resolution 1

2. To approve the payment of Directors' fees of RM289,700.00 for the year ended 31 March 2005. Resolution 2

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:

Under Article 107

Tengku Datuk Zainal Adlin bin Tengku Mahamood Resolution 3

Tuan Haji Harun bin Haji Faudzar Resolution 4

Under Article 108

Dr Heng Aik Cheng Resolution 5

Datuk Abdul Ghani bin Abdul Rashid, JP Resolution 6

4. To re-appoint Messrs Moore Stephens as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 7

- Special Business:**
To consider and, if thought fit, pass with or without modifications the following Resolution:

5. ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.

"THAT the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time subject to Section 132D(3) and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being."

Resolution 8

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

By Order of the Board

CHANG YUET MEI, MAICSA 0781552
 YEOW NYUK KWEI, MACS 01247
 Company Secretaries

Kota Kinabalu
 6 September 2005

Notes:

Proxy

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.

All forms of proxy should be deposited at the Company's Registered Office, No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

Explanation notes on Special Business:

Resolution pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution No. 8 proposed under Agenda 5 above if passed will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

2005 Annual Report

The 2005 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders upon request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr Goh Chin Khoon at Tel: +603-7968 1222 or Ms Joanne Yew at Tel: +6088-411 111 or e-mail to amcomsec@karambunaicorp.com

Statement Accompanying Notice of Annual General Meeting

DETAILS OF DIRECTORS FOR RE-ELECTION AT THE THIRTY-NINTH ANNUAL GENERAL MEETING OF THE COMPANY

1. The Directors who are standing for re-election at the Thirty-Ninth Annual General Meeting of the Company to be held at the Sigunting, Nexus Resort Karambunai, off Jalan Sepangar, No. 1, Nexus Drive West, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Wednesday, 28 September 2005 at 10.00 a.m. are as follows:
 - i. Directors standing for re-election pursuant to Article 107 of the Company's Articles of Association:

| | |
|---|--------------|
| Tengku Datuk Zainal Adlin bin Tengku Mahamood | Resolution 3 |
| Tuan Haji Harun bin Haji Faudzar | Resolution 4 |
 - ii. Directors standing for re-election pursuant to Article 108 of the Company's Articles of Association:

| | |
|--|--------------|
| Dr Heng Aik Cheng | Resolution 5 |
| Datuk Abdul Ghani bin Abdul Rashid, JP | Resolution 6 |
2. The details of the four Directors seeking re-election are set out in their respective profiles which appear on pages 10 to 11 of this Annual Report.

Further details of their attendance at the Board meeting of the Company held during the financial year ended 31 March 2005 are set out on page 26 of this Annual Report.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of Karambunai Corp Bhd (KCB) for the financial year ended 31 March 2005.

Economic Review

In calendar year 2004, the Malaysian economy rebounded further as evidenced by sterling GDP growth of 7.1% from 5.2% previously. The Government's dynamic macroeconomic policies and measures have kept growth at an even keel despite being buffeted by global uncertainties arising from volatile oil prices, interest rate hikes, conflicts and natural disasters. Steady growth was driven by surging commodity prices and robust manufacturing and services sectors. Due to focus on the lucrative international clientele in our core leisure and tourism division, the Group is necessarily exposed to global instabilities.

Financial Review

Gathering momentum from the previous year, annual turnover rose from RM97.6M to top RM145.9M, as the Group capitalize on the window of opportunity, particularly in the leisure and tourism and property development divisions. However, Group pre-tax loss incurred at RM67.8M, is still higher by 16% compared to preceding year's RM58.2M pre-tax loss, due mainly to higher finance costs and write-offs from reclassifications and asset rationalizations.

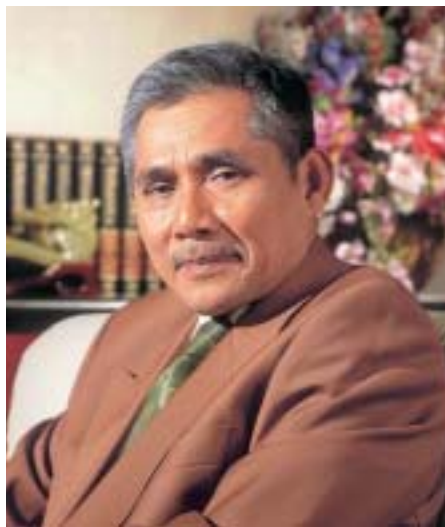
Dividend

The Board of Directors does not recommend any dividend declaration for the financial year under review.

Strategic Focus

Following the Extraordinary General Meeting on 28 September 2004, wherein shareholders set their seal of approval on our name change, the Group is forging ahead in its vision of being a leading East Malaysian PLC with regional presence in leisure and tourism.

In our ongoing rationalization programme, small pockets of landbanks at Ampang Promenade & Kinrara were divested as they are non-strategic to the Group's business focus. Moreover, the proceeds can be applied against Group borrowings and hence, reduce interest expenses. Concurrently, the Group is also exploring divestment or joint venture opportunities in our MSC - located Bukit Unggul property to unlock the underlying value of the asset and to generate cashflows.



The Group remains committed and is indeed sharpening its focus in developing Karambunai into a world class destination resort. Amongst the priority components are the resort residential villas and the Tourism Infrastructure Projects (TIP).

Due to persistent efforts by the authorities and private sector over the years, Sabah is now emerging in the world tourism map. In particular, our award-winning Nexus Resort Karambunai (NRK) has been a prime beneficiary of this influx of foreign tourists, thereby providing the impetus for further organic growth. On the supply side, we are grateful to the authorities for the allocation of RM0.75B for airport infrastructure to accommodate even more direct flights into Sabah from such vibrant embarkation points as Europe, Australia and Northeast Asia.

Corporate Development

On 1 October 2004 Sri Hartamas Berhad (Special Administrators Appointed) (SHB) had informed us of its decision to terminate the Reconstruction Agreement between SHB, Hartamas Group Berhad (HGB) and the Group. Nevertheless, the Group has explored various other better means of unlocking the value of its assets which should result in better outcomes.



Hence, on 31 March 2005, the Group entered simultaneously into a Memorandum of Acceptance (MOA) between KCB, HGB, Karambunai Resorts Sdn Bhd and Affin Merchant Bank Berhad in a proposed asset backed securitisation programme and a Heads of Agreement (HOA) with Abrar Discounts Berhad in relation to the extension and restructuring of the existing RM420.0M nominal value of zero-coupon redeemable secured bonds (2001/2005) (the Bonds). The maturity date of the Bonds has been extended from 11 April 2005 to 30 November 2005.

Future Outlook

After growing 7.1% in 2004, the Malaysian GDP is expected to soften to 5.1%, weighed down by stubbornly high petroleum prices afflicting the world economy at large. In line with the anticipated global economic slowdown, exports would moderate and growth would be sustained mainly by domestic investment and consumption.

Against this backdrop, our key leisure and tourism business is expected to ride on the 6% projected rise in inbound tourists to our shores. Nevertheless, growth would be tempered, in the wake of intermittent regional natural disasters and continued global instabilities. Amidst our focus on costs and

structural rationalizations, the Group is cautiously optimistic of achieving satisfactory operating results arising from further progress in the leisure and tourism and property development divisions.

Acknowledgement

On behalf, of the Board of Directors, I wish to express our appreciation to our retired directors, Dato' Nik Kamaruddin bin Ismail and Encik Ainuddin bin Tun Abdul Hamid for their invaluable contributions during their tenure of service. At the same time, we welcome the appointments of Datuk Abdul Ghani bin Abdul Rashid, JP and Dr Heng Aik Cheng, who are expected to complement the Board with their skills and experience.

We would like to record our profound gratitude to our shareholders, business associates, bankers and Government authorities for their confidence, trust and support of the Group. We are also thankful to our valued employees for their unwavering dedication and loyalty, in another challenging year.

Tengku Datuk Zainal Adlin bin Tengku Mahamood

Chairman

29 July 2005, Kota Kinabalu

President & CEO's Review

Dear Shareholders,

It is my pleasure to report on the Group's performance and operations for the financial year ended 31 March 2005.

Business Management

Despite the Asian Tsunami, our core leisure and tourism business emerged relatively unscathed. As a testament to the industry's resilience, Sabah tourism receipts increased by more than 40% to breach RM2B.

In light of the above, and the continued performance of our property development division, overall revenue surged by 49% to top RM145.9M. However, net loss before tax widened to RM67.8M from RM58.2M due mainly to higher finance and operating costs incurred. The Group thus, has its work cut out in formulating long term corporate strategies to continue rationalizing our balance sheet to enhance cashflows and unlock values, besides divestment of non-core assets.

Operations Overview

Firmly established as a 5-star international resort, our award-winning Nexus Resort Karambunai (NRK) is just beginning to realise its potential as evidenced by the 35% surge in revenue to RM57.1M. Turnover is underpinned by a 29.0% increase in occupancy and a 4.5% improvement in Average Transient Rate, arising from selective marketing strategies to a more discerning and wider international clientele.

Among the market segments, large groups have emerged from Europe, particularly UK, Italy and Russia, Northeast Asia, especially Japan and Korea, as well as Australia. Concurrently, wholesale individual market share rose up to 50%-63% from about 30%-38% in the preceding year, whereas the lucrative MICE segment continue to show promising growth.

Complementing NRK is Karambunai Resort Golf Club (KRGC), featuring a 18-hole championship golf course. Embraced by stunning primeval forest-clad hills and fronting a secluded pristine beach, KRGC has matured creditably, hosting major tournaments including Karambunai Amateur Open, KKHS Charity Golf, MGAS Championship, with steadily increasing golf memberships and flights.



Building upon the success of NRK and KRGC as well as the outstanding natural attributes of the Karambunai peninsula, Karambunai Resorts is poised to add another component, Nexus Resorts Residence in pursuing its objective of being a premier integrated destination resort.

The booming tourism industry in Sabah and our market intelligence, points towards a direction that the market is in demand for upmarket beachfront properties. Hence, we are strategizing to launch new products featuring up-market residential beachfront properties in Karambunai, targeted mainly at foreign buyers and investors.

The Group is also mapping out the development of various Tourism Infrastructure Projects (TIP) comprising the Karambunai Cable Car, Living Museum of Borneo and Sabah Cultural Village as they are integral to Karambunai Resorts' vision of an iconic world famous tourist attraction offering a uniquely Borneo experience, immersed in fun, adventure, edutainment, culture and nature. Much insightful feedback has been received from various experts, consultants, suppliers and engineers during the project planning stage. TIP's primary goal is to attract and retain longer staying visitors, thereby complementing and enhancing developments on the Karambunai peninsula.



Dapan Holding's Bandar Sierra, mixed development project along the educational manufacturing and administrative corridor of Kota Kinabalu is progressing satisfactorily and more phases are coming on stream. Amidst a low-interest rate regime coupled with intensive marketing initiatives, sales has been encouraging and generating sustainable cashflows. Approximately 73% of the residential units launched with Gross Development Value of RM103 million has been sold, to date.

Conclusion

We remain strategically focused in our mainstay leisure and tourism business whilst the property development activities continues to generate earnings. The prognosis for Sabah tourism is bright, with forecasted growth in arrivals to breach 2 million tourists in 2005. It is thus incumbent upon us to roll out more world class tourism products from our sprawling Karambunai as its immense potential has barely being tapped.

Amidst cautious optimism over the Group's business direction and focus, we remain mindful of financial discipline in managing the Group's gearing. Rationalisation and streamlining initiatives are being constantly pursued to reinforce our financial constitution and in the process, reduce overheads and borrowing costs.

In our long term quest for good quality and excellence for our Resort Development, we are grateful to our shareholders, customers, business associates, bankers and relevant authorities who have kept faith with us and offered invaluable support and understanding. I also wish to convey my appreciation to our management and staff for their firm commitment and stoic perseverance to the formidable tasks at hand.

Tan Sri Dr Chen Lip Keong

President & CEO

29 July 2005, Kota Kinabalu

Corporate Information

Board of Directors

Tengku Datuk Zainal Adlin bin Tengku Mahamood
Chairman

Tan Sri Dr Chen Lip Keong
President and Chief Executive Officer

Datuk Wan Kassim bin Ahmed

Lee Wai Tuck, Philip

Loh Hoon Loi

Tuan Haji Harun bin Haji Faudzar

Tuan Haji Zainal Abidin bin Ali

Dr Heng Aik Cheng

Datuk Abdul Ghani bin Abdul Rashid, JP

Company Secretaries

Chang Yuet Mei
MAICSA 0781552

Yew Nyuk Kwei
MACS 01247

Audit Committee

Datuk Wan Kassim bin Ahmed
Chairman
Independent Non-Executive Director

Tuan Haji Harun bin Haji Faudzar
Independent Non-Executive Director

Lee Wai Tuck, Philip
Non-Independent Executive Director

Remuneration Committee

Datuk Wan Kassim bin Ahmed
Chairman
Independent Non-Executive Director

Tuan Haji Harun bin Haji Faudzar
Independent Non-Executive Director

Lee Wai Tuck, Philip
Non-Independent Executive Director

Nomination Committee

Datuk Wan Kassim bin Ahmed
Chairman
Independent Non-Executive Director

Tuan Haji Harun bin Haji Faudzar
Independent Non-Executive Director

Auditors

Moore Stephens

Solicitors

Zaid Ibrahim & Co
Megat Najmuddin Leong & Co

Principal Bankers

Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad

Stock Exchange Listing

Main Board of Bursa Malaysia
Securities Berhad

Registrars

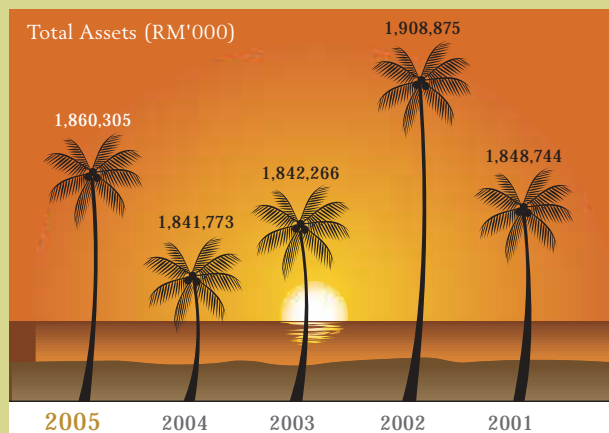
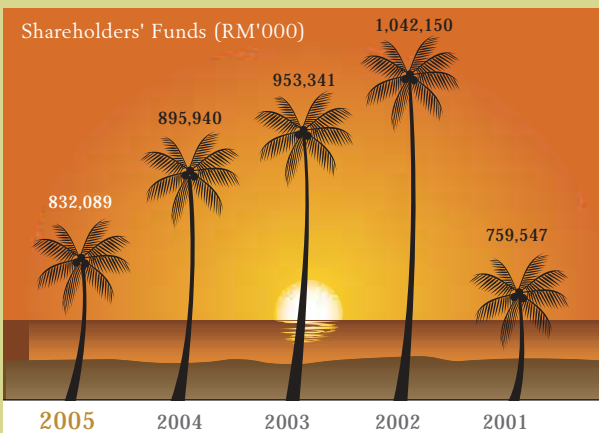
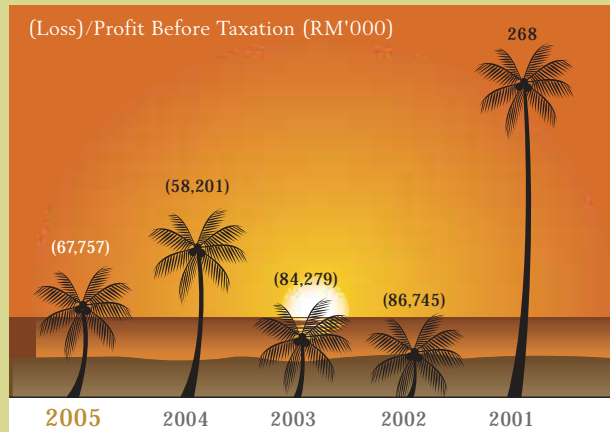
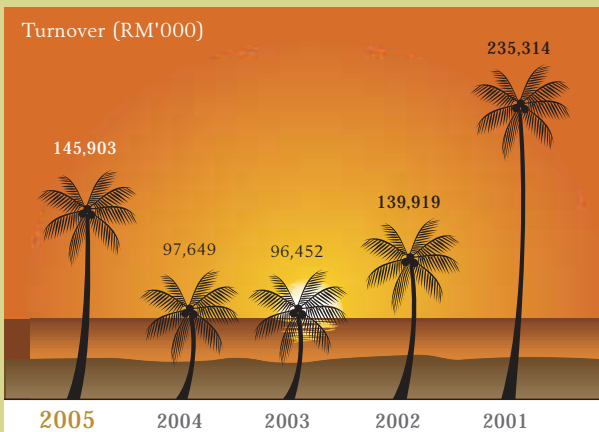
Semangat Corporate Resources Sdn Bhd
(formerly known as Lipkland
Management and Consultancy Sdn Bhd)
2nd Floor, 118 Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
T : +603-7968 1001
F : +603-7958 8013

Registered Office

1 Nexus Drive East
Karambunai, Menggatal
88450 Kota Kinabalu
Sabah, Malaysia
T : +6088-411 111
F : +6088-412 111
E : amcomsec@karambunaicorp.com

Financial Summary

| RM'000 | 2005 | 2004 | 2003 | 2002 | 2001 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| Turnover | 145,903 | 97,649 | 96,452 | 139,919 | 235,314 |
| (Loss)/Profit Before Taxation | (67,757) | (58,201) | (84,279) | (86,745) | 268 |
| Shareholders' Funds | 832,089 | 895,940 | 953,341 | 1,042,150 | 759,547 |
| Total Assets | 1,860,305 | 1,841,773 | 1,842,266 | 1,908,875 | 1,848,744 |
| Sen | | | | | |
| Net Tangible Asset Per Share | 40 | 43 | 45 | 53 | 77 |
| (Loss)/Earnings Per Share | (3.1) | (2.8) | (4.1) | (6.8) | (2.7) |



Board of Directors' Profiles

Tengku Datuk Zainal Adlin bin Tengku Mahamood

**Chairman, Non-Independent Non-Executive Director,
Malaysian, aged 65**

Tengku Datuk Zainal Adlin bin Tengku Mahamood was appointed to the Board as Chairman on 2 July 2001. A professional pilot by training, Tengku Adlin had a short flying stint before embarking on a career in the civil service. Over a span of 34 years Tengku Adlin served in various capacities such as Assistant District Officer and Assistant State Secretary in Kelantan (1962-1967), Chief Executive Officer of the Sabah State Housing Commission (1968-1973) and Deputy Director and Corporate Advisor of the Sabah Foundation (1974-1996). On retirement, Tengku Adlin went into business and became the Executive Chairman of Lintasan Mayang Sdn Bhd and Triomac Engineering Sdn Bhd. The Sabah State Government appointed him as Chairman of Sabah Tourism Board on 1 May 2000. Tengku Adlin is also the Chairman of Karambunai Resorts Sdn Bhd. Tengku Adlin is very active in voluntary work and is currently the Chairman of the World Wide Fund for Nature (WWF) Malaysia, a trustee of WWF International and Chairman of Outward Bound Sabah, amongst others. Tengku Adlin was conferred Honorary Doctor of Philosophy by Universiti Kebangsaan Malaysia and received the Langkawi Award (1999) by the Yang Dipertuan Agong and the WWF Duke of Edinburgh Conservation (Gold) Medal (1999) in recognition of his outstanding contribution to environmental conservation.

Tan Sri Dr Chen Lip Keong

**President and Chief Executive Officer, Non-Independent
Executive Director, Malaysian, aged 58**

Tan Sri Dr Chen Lip Keong was appointed to the Board on 31 January 1991 as Director and as President and Chief Executive Officer on 22 December 1992. Tan Sri Dr Chen graduated with a Bachelor of Medicine and Surgery from University of Malaya in 1973 (M.B.B.S. Malaya) and has more than 25 years of corporate, managerial and business experience since 1976. Currently, Tan Sri Dr Chen is also the President and Chief Executive Officer of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

Datuk Wan Kassim bin Ahmed

Independent Non-Executive Director, Malaysian, aged 56

Datuk Wan Kassim bin Ahmed was appointed to the Board on 20 October 1998 and serves as Chairman of the Audit, Remuneration & Nomination Committees. Datuk Wan Kassim is a graduate of the University of Malaya in Economics and was the Executive Chairman of Inter-Fresh (Malaysia) Sdn Bhd. Datuk Wan Kassim is the Chairman of Kawalan Wawasan Rantau Sdn Bhd and was the Councillor for the Petaling Jaya Town Council from 1987 to 1991. Datuk Wan Kassim served as a Board Member of the Malaysian Tourist Development Board for 4 years (1992-1996). Datuk Wan Kassim was with the audit

firm Messrs Kassim Chan since early 1973 before joining Bank Bumiputra Malaysia Berhad and left the Bank to join Shamelin Berhad for 10 years before he started his own management consultancy firm, United Kadila Sdn Bhd. Due to his experience in financial, marketing, management and wide business contacts, Datuk Wan Kassim still remains as Consultant and Advisor for several companies. Datuk Wan Kassim is also involved as a Board Member with a few public listed companies namely FACB Industries Incorporated Berhad, Petaling Tin Berhad and Octagon Consolidated Berhad.

Lee Wai Tuck, Philip

Non-Independent Executive Director, Malaysian, aged 43

Lee Wai Tuck, Philip was appointed to the Board on 2 March 2000 and serves as a Member of the Audit and Remuneration Committees. Mr Lee is a qualified accountant and a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA"). Mr Lee has extensive experience in the fields of external auditing, financial accounting and property development, having worked in Price Waterhouse, Olympia Industries Berhad and Hong Leong Bank Berhad prior to joining KCB Group. Currently, Mr Lee sits on the Board of Petaling Tin Berhad.

Tuan Haji Harun bin Haji Faudzar

Independent Non-Executive Director, Malaysian, aged 52

Tuan Haji Harun bin Haji Faudzar was appointed to the Board on 1 July 2002 and serves as a member of the Audit, Remuneration and Nomination Committees. Tuan Haji Harun graduated with a Bachelor in Business Administration from Western Michigan University, majoring in Finance and Economics and a Diploma in Business Studies from UiTM Malaysia. Prior to his present appointment, Tuan Haji Harun was with Timah Langat Berhad and Amanah International Finance Berhad. Tuan Haji Harun has extensive knowledge and vast working experience in the field of finance. In 1984, Tuan Haji Harun was primarily responsible for the financial operation of a mixed development project known as Taman Permata in Bukit Mertajam, which was completed in 1990. Subsequently, Tuan Haji Harun was actively involved in numerous development projects known as Taman Sejahtera, which consists of 1,200 units mixed development project in Alma, Bukit Mertajam and a 15-storey office block known as Puncak Bangsar at Bukit Bandaraya, Kuala Lumpur which were both completed in 1995 and 1996 respectively. Tuan Haji Harun also sits on the Board of several private limited companies. Tuan Haji Harun is currently the Chairman/Executive Director of Mutiara Goodyear Development Berhad and a Director of FACB Industries Incorporated Berhad.

Tuan Haji Zainal Abidin bin Ali

Independent Non-Executive Director, Malaysian, aged 61

Tuan Haji Zainal Abidin bin Ali was appointed to the Board on 21 November, 2003. Tuan Haji Zainal graduated with a Diploma in Political Science from Universiti Kebangsaan Malaysia. Prior to his present appointment, Tuan Haji Zainal was with the Royal Malaysia Police until 1999. Tuan Haji Zainal was a very experienced Police Officer in the Management and Community Relation and was the Head of Crime Investigation Department and Officer-in-Charge of police districts. Tuan Haji Zainal's last rank position was Senior Assistant Commissioner and had successfully managed all major challengers then. Currently, Tuan Haji Zainal sits on the panel in the Industrial Court, Kuala Lumpur and is the Executive Director of Grand Saga Sdn Bhd.

Loh Hoon Loi

Non-Independent Executive Director, Malaysian, aged 44

Mr Loh Hoon Loi was appointed to the Board on 1 May 2004 as Director and Chief Operating Officer of Karambunai Corp Bhd (KCB). Mr Loh is responsible for the KCB Group's operational management of the companies which includes property, resorts and golf recreation developments. Mr Loh has 16 years experience in the hotel industry and 9 years experience in property development and project management. Mr Loh is also an appointed director of Beribu Ukiran Sdn Bhd, a subsidiary of FACB Industries Incorporated Berhad and is currently overseeing the Bandar Sierra's development located in Menggatal, Sabah. Prior to joining the KCB Group, Mr Loh has worked for an international hotel and a well established property developer. Mr Loh is currently the Deputy President of Sabah Housing and Real Estate Developers' Association, a Committee Member of the Malaysia Developers' Council and the Deputy President of Sabah Golf Association.

Dr Heng Aik Cheng

Independent Non-Executive Director, Malaysian, aged 51

Dr Heng Aik Cheng was appointed to the Board on 11 December, 2004. Dr Heng graduated with a Bachelor in Medicine, Surgery & Art of Obstetrics from Queen's University Belfast and became a Fellow of the Royal College of Surgeons in 1982. Dr Heng is a Consultant Orthopaedic Surgeon practising in Kota Kinabalu, Sabah and has vast

experience in the medical field. Dr Heng is a member of the Board of Independent Medical Examiners and has appeared as an expert witness in the High Court of Borneo as well as the High Court of Brunei. Dr Heng is presently President of The Sabah Society, an NGO dedicated towards preserving and promoting the culture of the State as well as its natural history. Dr Heng is also an Executive Committee Member of Mercy Malaysia (Malaysian Medical Relief Organisation) and has served in a voluntary capacity on its missions in Afghanistan, Iraq, North Korea and Sudan.

Datuk Abdul Ghani bin Abdul Rashid, JP

Non-Independent Executive Director, Malaysian, aged 58

Datuk Abdul Ghani bin Abdul Rashid was appointed to the Board on 27 May, 2005. Datuk Abdul Ghani graduated with an Honours Degree in sociology and anthropology from Malaya University in 1972 and has wide experience in the Civil Service for more than 33 years. Datuk Abdul Ghani joined the Sabah State Government service and was attached to the Sabah Liaison Unit in Kuala Lumpur. Datuk Abdul Ghani served as Secretary at the State Legislative Assembly and was the Private Secretary to the Head of State from 1973 to 1975 before appointed Deputy Director of Broadcasting (RTM Sabah) and later became its Director. Datuk Abdul Ghani was the first General Manager of Ko-Nelayan, a State Government Agency, responsible for the development and advancement of the State Fishery Industry from 1978 to 1984. Datuk Abdul Ghani served as the President of Sandakan from 1984 to 1986 and Tawau Municipal Council for five years from December 1986 to 1991. Datuk Abdul Ghani has been the Commander of Regiment 507 of the Malaysian Army Volunteer Corps, the first for Sabah, since 1991 when it was formed to serve the whole State of Sabah. Datuk Abdul Ghani held the rank of Colonel until June 2004 when he was promoted to be a Brigadier-General serving as a Senior Officer for Territorial Army, the first from Sabah to hold such a high rank in the Malaysian Armed Forces. Datuk Abdul Ghani was officially installed as the first Mayor of the newly established Kota Kinabalu City for 2 terms from February 2000 to February 2005. Presently, Datuk Abdul Ghani holds the posts of President of the Sabah Equestrian Association, the Sabah Shooting Association and Sabah Amateur Body Building Association, the Old Sabah Collegian Association and Vice President of Sabah Hockey Association.

Other Information:

1. Save as disclosed, none of the Directors have any family relationship with any director and/or major shareholders of Karambunai Corp Bhd.
2. Except for the following director, none of the Directors have any conflict with the Group.
 - Tan Sri Dr Chen Lip Keong by virtue of his interests in privately owned companies, FACB Industries Incorporated Bhd and Petaling Tin Berhad, wherein some of their subsidiaries are also involved in property development.

However, the said companies are not in direct competition with the business of the Group.

3. None of the Directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.



Karambunai Resorts

1,500 acres of the Karambunai Peninsula, located within 30 minutes drive from Kota Kinabalu city centre in Sabah on the island of Borneo. Blessed with a 6.2 km stretch of white sandy beach, lagoons, million year-old rainforest and mangrove reserves. Completed developments include the Nexus Resort Karambunai, the Karambunai Resorts Golf Club and infrastructure services.



Karambunai Resorts Golf Club

Karambunai Resorts Golf Club ("KRG") an international championship 18-hole golf course in Karambunai Resorts is designed by renowned golf-course architect Ronald Fream. Operational since 1996, KRG has established itself as one of the most popular golf courses in Sabah due to its unique location, nestled between the rainforest and fronting the South China Sea.



Nexus Resort Karambunai

Nexus Resort Karambunai ("NRK"), a premier 5 star 500-room beach fronting resort is located on Karambunai Resorts, spreading over 65 acres of prime beach front and nestled within a natural haven of tropical beauty and serenity. NRK has won many accolades including the prestigious FIABCI Year 2000 Award of Distinction for "Best Leisure/ Resort Development" in Malaysia, the Best Resort Award by SAGA Holidays Group for 3 consecutive years from 2001 to 2003, the "Good Food Award" for quality, service, variety and quantity of food by SAGA Holidays for the years of 2001, 2002 and 2003, Malaysian Tourism Awards 2001/2002 for "Excellence in Hotel Services – 5 Star (Resort Hotel)". NRK's Olives Mediterranean Restaurant was selected as "Best Restaurant" by readers of Tatler magazines 2004.



Bandar Sierra

Bandar Sierra comprises 288 acres of mixed residential and commercial land in 2002 is strategically located in the middle of rapidly growth area within 15 minutes from Kota Kinabalu City Centre. The first phase of the development of 396 units of double storey link and semi-detached houses with projected Gross Development Value of RM103 million, was launched on 28 May, 2002.

Core



Bukit Unggul Country Club

Bukit Unggul Country Club ("BUCC") a completed 18-hole international class golf course with full club facilities is located within Bukit Unggul Eco-Media City. Designed by Ronald Fream, BUCC is well known for its unique mature rainforest environment.



First Travel & Tours (M) Sdn Bhd

First Travel & Tours ("FTT") was established since 1977, and continues to maintain its reputation as one of the leaders in travel & tours industry. FTT being one of the pioneers in its industry, managed by group of experienced professionals, which is one of the main key success factors of the business. The business segments of FTT include inbound/ domestic tour, chartered flights, incentive groups and ticketing.

Businesses

Karambunai Corp Bhd
Listed on Bursa Malaysia Securities Berhad



Bukit Unggul Eco-Media City

Bukit Unggul Eco-Media City comprises 1,363 acres, strategically located in the Multimedia Super Corridor within close proximity to the Kuala Lumpur International Airport, Putrajaya and Cyberjaya. Completed developments include the 18-hole golf course, namely Bukit Unggul Country Club.



Scanply International Wood Product Ltd

Scanply trades internationally in timber and wood-based products particularly garden furniture. Due to its extensive network and experience in the trading of wood-based product business, Scanply has gained a strong reputation and presence in the market.

Karambunai Resorts



Karambunai Resorts, comprising approximately 1,500 acres of the Karambunai Peninsula is located within 30 minutes drive from Kota Kinabalu city centre in Sabah on the island of Borneo. Blessed with a 6.2 km stretch of white sandy beaches, lagoons, million year-old rainforest and mangrove reserves. The jewel in the crown, it will continue to be the focus of the Group's eco-tourism developments in the coming years.

Completed developments include the 5-star 500 room Nexus Resort Karambunai and the Karambunai Resorts Golf Club, which is a championship 18-hole golf course.





Nexus Resort Karambunai



Nexus Resort Karambunai ("NRK") lies on an area of 65 acres of unrivalled natural and landscaped surroundings of a 6.2 km stretch of white sandy beach, lagoon, wetland, flatland, river and rainforest. NRK has established itself as one of the most popular incentive resorts in the region.

In addition to 8 F&B outlets serving a variety of international and local cuisines, it is also equipped with a spa, water sports and other recreational facilities.

As one of the key markets of NRK is the MICE (Meetings, Incentives, Conventions and Exhibitions) market, it is also equipped with international standard meeting facilities complete with state-of-the-art audio visual equipment. The large pillar-less Grand Ballroom and 8 meeting rooms can accommodate 4,600 persons. Extensive convention facilities have enabled NRK to successfully position itself as a leading destination among the regional MNCs for conventions.

The quality of NRK is undisputed as it won international acclaim by being awarded the prestigious FIABCI Year 2000 Award of Distinction for "Best Leisure/Resort Development" in Malaysia, the "Best Resort" Award by SAGA Holidays Group for 3 consecutive years from 2001 to 2003, the "Good Food" Award for quality, service, variety and quantity of food by SAGA Holidays for the years of 2001, 2002 and 2003, Malaysian Tourism Awards 2001/2002 for "Excellence in Hotel Services - 5 Star (Resort Hotel)". NRK's Olives Mediterranean Restaurant was selected as Best Restaurant by readers of Tatler magazines 2004.





FIABCI Award 2000
Award of Distinction
(Leisure and Resort Development)



Best Resort Award 2002
By SAGA Holidaymakers



**Malaysian Tourism Awards
2001/2002**
Excellence in Hotel Services
5 Star (Resort Hotel)

Nexus Resort Karambunai Awards



Good Food Award 2002
By SAGA Holidaymakers



**FIABCI Prix
d'Excellence 2001**
Finalist in Leisure Category



**Malaysia's Best
Restaurants 2004**
By Malaysia Tatler

Bandar Sierra

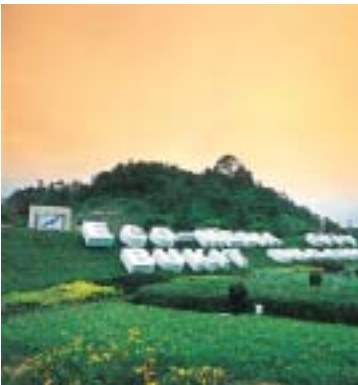


Bandar Sierra comprises 288 acres of mixed residential and commercial land. The first phase of 396 units of double storey link and semi-detached homes was launched in 2002. Bandar Sierra is strategically placed in the middle of a rapidly developing growth area, located only 15 minutes from the Kota Kinabalu City Centre. Bandar Sierra is within close proximity of Kolej Ibukota Kinabalu, Kota Kinabalu Industrial Park, KK Polytechnic, UiTM, University Sabah Malaysia, the new Federal Administration Centre and Sabah Medical Centre.

The development concept of Bandar Sierra is inspired by the demands for the environmental friendly millennium living with natural surrounding blending with modern amenities. Bandar Sierra offers a panoramic view of Kota Kinabalu city and Mount Kota Kinabalu as back drop.



Bukit Unggul Eco-Media City



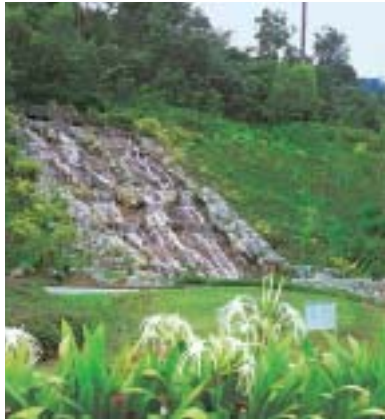
Bukit Unggul Eco-Media City ("BUEMC"), a resort lifestyle residential cum commercial township development encompassing 1,363 acres of tropical rainforest land, is situated within the Multimedia Super Corridor. Neighbour to the north of BUEMC is Putrajaya and Kuala Lumpur International Airport is to the south. The approved interchange along the North South Expressway to the east of BUEMC is a mere 5 minutes away which will invariably enhance accessibility between BUEMC and Kuala Lumpur City Centre. Another interchange along the ELITE highway to the south of BUEMC has also been approved which will bring KLIA nearer to BUEMC.

The various components of properties to be developed include detached bungalow units, guarded and gated community bungalow houses, townhouses, medium cost to luxurious condominiums and apartments. In addition, shopping centre, office buildings, educational institutions and health and recreational facilities will also be developed to transform BUEMC into a prestigious self sustained township.

Embracing cutting edge intelligent amenities amidst the virtual natural environment, residents and business enterprises of BUEMC will enjoy unsurpassed fulfillment of all their needs.

In tandem with the vigorous growth of neighbouring areas such as Putrajaya, Cyberjaya and KLIA, plans are underway to incorporate more tourism related and wholesome family 'edutainment' destination within BUEMC to not only blend into the natural setting of BUEMC but to also complement the neighbouring developments. BUEMC, from vision to reality, will span over the next 10 to 15 years period at an estimated development value of over RM2 billion upon completion.





Bukit Unggul Country Club



Bukit Unggul Country Club ("BUCC"), a full fledged 18-hole golf course carved out from the lush tropical rainforest is designed by renowned golf course architect Ronald Fream.

BUCC is situated within the Bukit Unggul Eco-Media City development located 35km south of Kuala Lumpur and sited in the heart of the Multi Media Super Corridor.

This unique golf course, hugging the undulating terrain and blending in harmony with the natural backdrop of the forest gives golfers a true test of golfing skills as well as memorable adventure, which could not be experienced elsewhere.

A par 71 championship course with night golfing facility, BUCC is very popular with golfers in and around the Klang Valley region. Being a very challenging course, it also attracts quite a lot of tournaments and competitions to BUCC every year.

Corporate Governance Statement

The Board of Directors of Karambunai Corp Bhd is committed to its fiduciary responsibility for sound corporate governance in its business management practices. Accordingly, the Board supports the recommendations advocated in the Malaysian Code on Corporate Governance (the Code) wherein disclosure pursuant to the code is mandated under paragraph 15.26 of the Bursa Malaysia Securities Listing Requirements.

In particular, the Company has complied with Part 2, "Best Practices in Corporate Governance", of the Code whereas the ensuing paragraphs narrates how the Company has applied Part I, "Principles of Corporate Governance", of the Code.

Directors

The Board

An effective Board leads and controls the Company. Board members' judgement has a bearing on strategies, performances, resources and standards. Four (4) Board meetings were held during the financial year ended 31 March 2005 with details of attendance presented under Other Compliance Statements of this Annual Report. Subject to individual circumstances, directors are required to attend the Mandatory Accreditation Programme, followed by the Continuing Education Programme prescribed by Bursa Malaysia Securities Berhad.

Board Balance

The Board currently consists of nine (9) members; comprising four (4) Executive Directors and five (5) Non-Executive Directors. Among the Non-Executive Directors, four (4) are Independent, hence, more than a third of the Board is independent. Meanwhile, the Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent, objective judgement to bear on Board decisions. The profiles of the Directors are set out under the Board of Directors' Profile of this Annual Report.

To ensure a balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Board has also formally identified Datuk Wan Kassim bin Ahmed as the Senior Independent Non-Executive Director, to whom concerns may be conveyed.

Supply of Information

All Directors have full and timely access to information, with Board papers distributed in advance of meetings. These Board papers include the agenda and information covering areas of strategic, operational, financial and compliance matters. The Board has unrestricted access to all staff for any information pertaining to the Group's affairs.

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

Appointments to the Board

A Nomination Committee with appropriate terms of reference, was established by the Board on 25 February 2002. The Committee comprising wholly of Independent Non-Executive Directors, are as follows:

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Tuan Haji Harun bin Haji Faudzar

During the financial year, the full Committee met twice on 27/5/2004 and 25/11/2004.

This Committee is responsible, inter-alia, for making recommendations to the Board on new nominees for the Board including Board Committees and for assessing directors on an ongoing basis. The Nomination Committee also reviews the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

Re-election

In accordance with the Company's Articles of Association, all Directors are subject to retirement from office at least once in each three (3) years, but shall be eligible for re-election. This provision, duly amended in an EGM is now not only consistent with the underlying principles of the Code, but also, fully in line with para 7.28 (2) of the Bursa Malaysia Securities Listing Requirements.

Directors' Remuneration

Procedure

A Remuneration Committee with appropriate terms of reference was established by the Board on 25 February 2002. The Committee comprising a majority of Non-Executive Directors, are as follows:

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Tuan Haji Harun bin Haji Faudzar
3. Lee Wai Tuck, Philip

During the financial year, the full Committee met on 27/5/2004.

The Level and Make-up of Remuneration

The Committee's duty is to, inter alia, make recommendations to the Board on the remuneration framework for all Executive Directors with the underlying objective of attracting and retaining directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive directors abstain from discussions pertaining to their own remuneration.

Disclosure

The details of Directors' Remuneration for the financial year are summarised under the Other Compliance Statements of this Annual Report.

Shareholders

Dialogue between Company and Investors

The Company acknowledges the importance of communication with investors. Major corporate developments and events are duly and promptly announced via appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

The AGM

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business. The Chairman and members of the Board are available to respond to shareholders' queries during this meeting.

Accountability and Audit

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is available in this Annual Report.

Internal Control

The Statement on Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholder's investment and the Company's assets.

Relationship with the Auditors

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors. The roles of the Audit Committee in relation to the auditors are detailed in the Audit Committee Report in this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2005.

Statement on Internal Control

Preamble

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Listing Requirements, the Board is required to include in its Annual Report, a statement on the state of internal control of the Group. In making this Statement on Internal Control, it is essential to specifically address the Principles and Best Practices in the Malaysian Code on Corporate Governance which relate to internal control.

Responsibility

The Board has overall stewardship responsibility for the Company's system of internal control and for reviewing its adequacy and integrity to safeguard shareholder's investment and the Company's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Control Systems

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, control processes, communication and monitoring systems which manifest as follows:

- Organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported operationally by Executive and Management Committees. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.
- Well documented policies, procedures and standards have been established, periodically reviewed and kept updated in accordance with changes in the operating environment.
- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.
- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.

- Detailed justification and approval process for major projects and acquisitions imposed to ensure congruence with the Company's strategic objectives.
- Framework for computerised information systems spearheaded by an IT Steering Committee to streamline hardware and software regulations and guidelines for system integrity, effectiveness and efficiency.
- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

Risk Management Framework

Besides primary ownership over effectiveness of the Group's internal control systems, the Board recognises its responsibility over the principal risks of various aspects of the Group's business. For long term viability of the Group, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Group has, established an in-house structured risk management framework thereby, laying the foundation for an ongoing process for identifying, evaluating, treating, reporting and monitoring the significant risks faced by the Group.

A Risk Advisory Committee (RAC) comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 25 February 2002.

During the financial year, the RAC convened quarterly to continuously monitor the Group's significant risks and to recommend appropriate treatments. The Audit Committee regularly reviews the adequacy of the Group's Risk Management Framework.

Internal Audit

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Group's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee.

Internal Control Issues

Management maintains an ongoing commitment to strengthen the Group's control environment and processes. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2005 and has been duly reviewed by the external auditors, pursuant to paragraph 15.24 of the Bursa Malaysia Securities Listing Requirements.



Audit Committee Report

Preamble

Pursuant to paragraph 15.16 of the Bursa Malaysia Securities Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

Composition

The Group has an established Audit Committee since 19 October 1993. The current members of the Audit Committee, their respective designations and directorships are as follows:

- Datuk Wan Kassim bin Ahmed, *Chairman, Independent Non-Executive Director*
- Tuan Haji Harun bin Haji Faudzar, *Member, Independent Non-Executive Director*
- Lee Wai Tuck, Philip, *Member, Non-Independent Executive Director*

Terms of Reference

Purpose

The primary objective of the Audit Committee (as a standing-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Attendance at Meetings

The Head of Finance, the Head of Internal Audit and a representative of External Audit shall normally attend meetings. The Company Secretary shall be the secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda.

Frequency of Meetings

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and should record its conclusions whilst discharging its duties and responsibilities.

Quorum

The quorum for a meeting shall be two (2) members of whom a majority shall be Independent Directors.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

Duties

The duties of the Audit Committee include the following:

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- To discuss with the external auditor before the audit commences, the nature and scope of the audit.

- To review the quarterly and year end financial statements of the Board, focusing on:
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
- To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary).
- To review the external auditor's management letter and management's response.
- To review the adequacy of the scope, authority and resources of the internal audit function.
- To review the internal audit programmes and results ensuring that appropriate action is taken on the recommendations of the internal audit function.
- To review any appraisal or assessment of the performance of members of the internal audit function.
- To approve any appointments or termination of senior staff members of the internal audit function.
- To consider any related party transactions that may arise within the Group.
- To consider the major findings of internal investigations and management's response.

Details of Meetings

The Audit Committee met four times during the financial year ended 31 March 2005 and details of attendance are as follows:

| | |
|----------------------------------|-----|
| Datuk Wan Kassim bin Ahmed | 4/4 |
| Tuan Haji Harun bin Haji Faudzar | 4/4 |
| Lee Wai Tuck, Philip | 4/4 |

Summary of Audit Committee Activities

In discharging its responsibilities for the financial year, the Audit Committee, in particular:

- Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- Deliberated over the internal audit and compliance reports.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Discussed and reviewed with the external auditors the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- Reviewed the Group's compliance with regards to the Bursa Malaysia Securities Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

Summary of Internal Audit Activities

The Audit Committee is supported by an Internal Audit Department which reports functionally to the Committee and is independent of the activities they audit. During the financial year, the Internal Audit Department carried out, inter alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- Assisted the Board and management on the implementation of the Malaysian Code on Corporate Governance.
- Other ongoing assurance and advisory work to the Board and management.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2005.

Other Compliance Statements

1 Directors' Attendance at Board Meetings

During the financial year, the Board held four (4) meetings, the attendance of which were as follows:

| Directors | Attendance |
|---|------------|
| 1. Tengku Datuk Zainal Adlin bin Tengku Mahamood | 3/4 |
| 2. Tan Sri Dr Chen Lip Keong | 4/4 |
| 3. Dato' Nik Kamaruddin bin Ismail (resigned on 1 December 2004) | 1/2 |
| 4. Encik Ainuddin bin Tun Abdul Hamid (resigned on 10 January 2005) | 3/3 |
| 5. Datuk Wan Kassim bin Ahmed | 4/4 |
| 6. Tuan Haji Harun bin Haji Faudzar | 4/4 |
| 7. Tay Guan Kee (resigned on 30 April 2004) | 0/0 |
| 8. Lee Wai Tuck, Philip | 4/4 |
| 9. Tuan Haji Zainal Abidin bin Ali | 4/4 |
| 10. Loh Hoon Loi (appointed on 1 May 2004) | 4/4 |
| 11. Dr Heng Aik Cheng (appointed on 11 December 2004) | 1/1 |
| 12. Datuk Abdul Ghani bin Abdul Rashid, JP (appointed on 27 May 2005) | 0/0 |

2 Directors' Remuneration

The aggregate remuneration of directors for the financial year is categorised as follows:

| Description | Fees RM | Other Emoluments RM | Total RM |
|----------------|----------------|------------------------|------------------|
| Executive | - | 1,001,819 | 1,001,819 |
| Non- Executive | 289,700 | 48,000 | 337,700 |
| Total | 289,700 | 1,049,819 | 1,339,519 |

The number of directors whose remuneration falls within the following bands are as follows:

| Range (RM) | Executive | Non- Executive |
|--------------------|-----------|----------------|
| 50,000 & below | 0 | 3 |
| 50,001 to 100,000 | 1 | 0 |
| 100,001 to 150,000 | 1 | 0 |
| 150,001 to 200,000 | 1 | 0 |
| 200,001 to 250,000 | 0 | 0 |
| 250,001 to 300,000 | 0 | 1 |
| 300,001 to 350,000 | 2 | 0 |
| Total | 5 | 4 |

The above disclosure is in compliance with the Bursa Malaysia Securities Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the directors' reasonable right to privacy whilst not significantly enhancing shareholders' information.

3 Utilisation of Proceeds

As at 31 March 2005, the Group utilised RM352.7 million out of the total RM381.6 million raised via Rights Issue in financial year 2002. The remaining unutilised amount of RM28.9 million has been earmarked for funding of development project in Karambunai.

4 Share Buy-Backs

During the financial year, there were no share buybacks by the Company.

5 Options, Warrants or Convertible Securities

Details of options, warrants issued by the Company during the financial year are disclosed in the financial statements.

6 American Depository Receipt (ADR) or Global Depository Receipt (GDR)

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

7 Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies

8 Non-Audit Fees

The non-audit fees paid to the external auditors by the Group and by the Company for the financial year amount to RM120,340 and RM9,620, respectively.

9 Variation In Results

There is no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

10 Profit Guarantee

During the year, there was no profit guarantee given by the Company.

11 Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving directors' and major shareholders' interests other than those disclosed in the financial statements.

12 Contracts Relating To Loan

There were no contracts relating to a loan by the Company in respect of the above said item.

13 Revaluation Policy

The Company had not adopted a regular revaluation policy on landed properties.

14 Recurrent Related Party Transactions of A Revenue Nature

There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in the financial statements.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2005.



Directors' Responsibility Statement

Pursuant to Paragraph 15.27(a) of the Bursa Malaysia Securities Listing Requirements

The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of the profit or loss for that period. In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965. They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 29 July 2005.





Financial Statements

| | |
|---------------------------------------|----|
| Directors' Report | 30 |
| Statement by Directors | 34 |
| Statutory Declaration | 34 |
| Report of the Auditors to the Members | 35 |
| Balance Sheets | 36 |
| Income Statements | 38 |
| Statements of Changes in Equity | 39 |
| Cash Flow Statements | 40 |
| Notes to the Financial Statements | 42 |

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2005.

Change of Name

On 30 September 2004, the Company changed its name from FACB Resorts Berhad to Karambunai Corp Bhd.

Principal Activities

The Company is principally engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiary companies are set out in note 4(b) to the financial statements. There have been no significant changes in the nature of these activities during the year.

Results

| In RM | Group | Company |
|-------------------|--------------|--------------|
| Loss for the year | (63,746,594) | (45,096,779) |

Dividend

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

Reserves and Provisions

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

Bad and Doubtful Debts

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and, the making of provisions for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render 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.

Current Assets

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation Methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and Other Liabilities

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 in respect of the Group or of the Company which has arisen since the end of the financial year.

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

Change of Circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Items of an Unusual Nature

In the opinion of the Directors:

- i. the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- ii. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which are likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Issue of Shares

During the financial year, no new issue of shares was made by the Company.

Directors of The Company

The Directors in office since the date of the last report are:

Tengku Datuk (Dr) Zainal Adlin bin Tengku Mahamood

Tan Sri Dr Chen Lip Keong

Dato' Nik Kamaruddin bin Ismail (Resigned on 01.12.04)

Datuk Wan Kassim bin Ahmed

Ainuddin bin Tun Abdul Hamid (Resigned on 10.01.05)

Tuan Haji Harun bin Haji Faudzar

Lee Wai Tuck, Philip

Tuan Haji Zainal Abidin bin Ali

Loh Hoon Loi

Dr Heng Aik Cheng (Appointed on 11.12.04)

Datuk Abdul Ghani bin Abdul Rashid (Appointed on 27.05.05)

Directors' Report

Directors' Shareholdings

Particulars of the Directors' interest in the shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965 are as follows:

| Name of Directors | Number of Ordinary Shares of RM0.50 Each | | |
|-----------------------------|--|----------------------|----------------|
| | At 01.04.04 | Purchased/ (Sold) | At 31.03.05 |
| Direct shareholdings | | | |
| Tan Sri Dr Chen Lip Keong | 768,281,432 | 19,967,130 | 788,248,562 |
| Lee Wai Tuck, Philip | 40,000 | - | 40,000 |

Indirect shareholdings being shares held through corporations in which the Directors are interested

| | | | |
|---------------------------|-------------|---------------|------------|
| Tan Sri Dr Chen Lip Keong | 215,028,451 | (135,117,130) | 79,911,321 |
|---------------------------|-------------|---------------|------------|

None of the other Directors held any share whether direct or indirect, in the Company during the financial year.

Tan Sri Dr Chen Lip Keong by virtue of his substantial interest in shares of the Company, is also deemed interested in the shares of the subsidiary companies disclosed in note 4(b) to the financial statements, to the extent the Company has an interest.

The following are the unexercised warrants as at 31 March 2005, held by the Directors to subscribe for new ordinary shares of RM0.50 each of the Company on the basis of one new share for every warrant held:

| Name of Directors | Unexercised Warrants 2002/2007 Over Number of Ordinary Shares of RM0.50 Each | | |
|---------------------------|--|-------------------------|--------------------|
| | Exercise Price | | Number Of Warrants |
| | 04.01.02 to 11.01.05 | 12.01.05 to 03.01.07 | |
| Tan Sri Dr Chen Lip Keong | | | |
| - direct | 0.54 | 0.66 | 624,440,000 |
| - indirect * | 0.54 | 0.66 | 34,257,216 |

* Held through corporations in which the Director is interested.

None of the Directors held any warrants 1997/2007 whether direct or indirect, in the Company during the financial year.

Directorate

Tengku Datuk (Dr) Zainal Adlin bin Tengku Mahamood and Tuan Haji Harun bin Haji Faudzar retire in accordance with Article 107 of the Company's Articles of Association at the forthcoming annual general meeting and being eligible offer themselves for re-election.

Dr Heng Aik Cheng and Datuk Abdul Ghani bin Abdul Rashid retire in accordance with Article 108 of the Company's Articles of Association at the forthcoming annual general meeting and being eligible offer themselves for re-election.

Significant Events

Significant events arising during the year are disclosed in note 39 to the financial statements.

Subsequent Events

Significant events arising subsequent to the financial year are disclosed in note 40 to the financial statements.

Directors' Benefits

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in note 31(a) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Auditors

The auditors, Messrs. Moore Stephens, have expressed their willingness to continue in office.

On Behalf of the Board

Loh Hoon Loi

Tengku Datuk (Dr) Zainal Adlin
bin Tengku Mahamood

Petaling Jaya
29 July 2005

Statement by Directors

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 36 to 89, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2005 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

On Behalf of the Board

Loh Hoon Loi

Tengku Datuk (Dr) Zainal Adlin
bin Tengku Mahamood

Petaling Jaya
29 July 2005

Statutory Declaration

I, Lim Tiong Jin, NRIC No.: 700527-10-5771, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 36 to 89 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Lim Tiong Jin

Subscribed and solemnly declared by the abovenamed
at Kuala Lumpur in the State of Wilayah Persekutuan
this 29th day of July, 2005

Before me

Nordin Hassan
No: W321
Commissioner for Oaths
Kuala Lumpur

Report of the Auditors

to the member of Karambunai Corp Bhd (formerly known as FACB Resorts Berhad) (Incorporated in Malaysia)

We have audited the financial statements set out on pages 36 to 89.

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on these 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 towards any other person for the content of this report.

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

In our opinion:

- a. the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i. the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Group and of the Company; and
 - ii. the state of affairs of the Group and of the Company as at 31 March 2005 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;
- and
- b. the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in note 4(c) to the financial statements, being financial statements that are included in consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965.

Moore Stephens
Chartered Accountants
(Af.0282)

Chong Tet On
370/04/06 (J/Ph)
Partner

Kuala Lumpur
29 July 2005

Balance Sheets

as at 31 March 2005

| In RM | Note | Group | | Company | |
|---|------|---------------|---------------|---------------|---------------|
| | | 2005 | 2004 | 2005 | 2004 |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 2 | 358,656,011 | 364,717,126 | 5,916,222 | 7,037,152 |
| Land held for property development and property development costs | 3 | 744,797,202 | 649,653,244 | - | - |
| Investment in subsidiary companies | 4 | - | - | 329,032,372 | 329,032,372 |
| Interest in associated companies | 5 | 1,974,635 | 1,912,148 | 1,259,000 | 1,259,000 |
| Other investments | 6 | 522,001 | 622,001 | 310,000 | 310,000 |
| Capital work-in-progress | 7 | 341,962,102 | 386,650,695 | - | - |
| Goodwill on consolidation | 8 | 29,172,036 | 31,556,522 | - | - |
| | | 1,477,083,987 | 1,435,111,736 | 336,517,594 | 337,638,524 |
| Current Assets | | | | | |
| Property development costs | 9 | 67,076,218 | 61,958,698 | - | - |
| Amount due from customers for contract works | 10 | 44,149,568 | 44,149,568 | - | - |
| Inventories | 11 | 6,458,004 | 5,420,428 | - | - |
| Trade receivables | 12 | 98,430,394 | 166,660,632 | - | - |
| Other receivables, deposits and prepayments | 13 | 125,359,327 | 115,795,129 | 60,442,314 | 52,676,401 |
| Amount owing by subsidiary companies | 14 | - | - | 1,250,406,001 | 1,260,818,557 |
| Amount owing by associated companies | 15 | 24,477,140 | 25,557,140 | 8,577,140 | 8,577,140 |
| Cash on deposits with licensed banks | 16 | 4,383,634 | 4,417,565 | 230,419 | 200,000 |
| Cash and bank balances | | 12,887,170 | 12,694,662 | 149,642 | 100,340 |
| | | 383,221,455 | 436,653,822 | 1,319,805,516 | 1,322,372,438 |
| Current Liabilities | | | | | |
| Amount due to customers for contract works | 10 | 5,027,617 | 246,472 | - | - |
| Trade payables | 17 | 97,298,367 | 86,045,518 | - | - |
| Other payables, accruals and provision | 18 | 85,705,383 | 82,704,185 | 16,723,695 | 12,511,030 |
| Amount owing to subsidiary companies | 14 | - | - | 91,962,323 | 89,850,156 |
| Amount owing to directors | 19 | 253,105 | 323,889 | 211,139 | 281,923 |
| Hire purchase and lease payables | 20 | 1,850,171 | 2,033,109 | 17,764 | 88,486 |
| Bank overdrafts | 21 | 23,225,936 | 22,910,501 | - | - |
| Bank borrowings - secured | 22 | 106,492,960 | 105,618,673 | 17,000,000 | 17,000,000 |
| Redeemable bonds - secured | 23 | 418,918,755 | - | 418,918,755 | - |
| Taxation | | 152,835,359 | 155,546,883 | 2,273,417 | 2,273,417 |
| | | 891,607,653 | 455,429,230 | 547,107,093 | 122,005,012 |
| Net Current (Liabilities)/Assets | | | | | |
| | | (508,386,198) | (18,775,408) | 772,698,423 | 1,200,367,426 |
| | | 968,697,789 | 1,416,336,328 | 1,109,216,017 | 1,538,005,950 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

| In RM | Note | Group | | Company | |
|----------------------------------|------|----------------------|---------------|----------------------|---------------|
| | | 2005 | 2004 | 2005 | 2004 |
| Capital and Reserves | | | | | |
| Share capital | 24 | 1,015,029,840 | 1,015,029,840 | 1,015,029,840 | 1,015,029,840 |
| Reserves | 25 | (182,940,781) | (119,089,733) | 94,132,061 | 139,228,840 |
| SHAREHOLDERS' EQUITY | | 832,089,059 | 895,940,107 | 1,109,161,901 | 1,154,258,680 |
| MINORITY INTEREST | | - | 692,821 | - | - |
| NON-CURRENT LIABILITIES | | | | | |
| Hire purchase and lease payables | 20 | 1,773,693 | 827,620 | 54,116 | 318,667 |
| Redeemable bonds – secured | 23 | - | 383,428,603 | - | 383,428,603 |
| Term loans – secured | 26 | 5,100,000 | 5,100,000 | - | - |
| Deferred taxation | 27 | 129,112,857 | 129,724,997 | - | - |
| Long term payables | 28 | 622,180 | 622,180 | - | - |
| | | 136,608,730 | 519,703,400 | 54,116 | 383,747,270 |
| | | 968,697,789 | 1,416,336,328 | 1,109,216,017 | 1,538,005,950 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements

for the year ended 31 March 2005

| In RM | Note | Group | | Company | |
|---|------|----------------------|--------------|---------------------|--------------|
| | | 2005 | 2004 | 2005 | 2004 |
| REVENUE | 29 | 145,902,635 | 97,649,112 | 966,436 | 761,553 |
| DIRECT COSTS | 30 | (122,503,906) | (80,871,671) | - | - |
| GROSS PROFIT | | 23,398,729 | 16,777,441 | 966,436 | 761,553 |
| OTHER OPERATING REVENUE | | 1,469,711 | 1,769,174 | 168,328 | 118,100 |
| SELLING AND DISTRIBUTION COSTS | | (4,394,218) | (4,136,682) | - | - |
| ADMINISTRATIVE COSTS | | (27,128,250) | (23,668,157) | (3,652,810) | (4,286,003) |
| OTHER OPERATING COSTS | | (13,191,113) | (6,309,400) | (495,984) | (781,361) |
| | | (44,713,581) | (34,114,239) | (4,148,794) | (5,067,364) |
| LOSS FROM OPERATIONS | | (19,845,141) | (15,567,624) | (3,014,030) | (4,187,711) |
| FINANCE COSTS | | (47,974,593) | (42,660,625) | (42,082,749) | (36,397,288) |
| SHARE OF ASSOCIATED COMPANIES RESULTS | | 62,487 | 26,813 | - | - |
| LOSS BEFORE TAXATION | 31 | (67,757,247) | (58,201,436) | (45,096,779) | (40,584,999) |
| TAXATION | 32 | 3,317,832 | 957,275 | - | - |
| LOSS AFTER TAXATION BUT BEFORE MINORITY INTEREST | | (64,439,415) | (57,244,161) | (45,096,779) | (40,584,999) |
| MINORITY INTEREST | | 692,821 | 209,327 | - | - |
| LOSS AFTER TAXATION AND MINORITY INTEREST | | (63,746,594) | (57,034,834) | (45,096,779) | (40,584,999) |
| LOSS PER ORDINARY SHARE | 33 | 3.14 SEN | 2.81 SEN | | |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Changes in Equity

for the year ended 31 March 2005

| In RM | Share Capital | Share Premium | Reserve on Consolidation | Translation Reserve | Retained Profits/ (Accumulated Losses) | Total Shareholders' Equity |
|--|---------------|---------------|--------------------------|---------------------|--|----------------------------|
| GROUP | | | | | | |
| At 01.04.03 | 1,015,029,840 | 111,535,799 | 4,340,053 | 1,553,993 | (179,118,648) | 953,341,037 |
| Translation loss | - | - | - | (129,424) # | - | (129,424) |
| Amortisation of reserve on consolidation | - | - | (236,672) | - | - | (236,672) |
| Net loss for the year | - | - | - | - | (57,034,834) | (57,034,834) |
| At 31.03.04 | 1,015,029,840 | 111,535,799 | 4,103,381 | 1,424,569 | (236,153,482) | 895,940,107 |
| Translation loss | - | - | - | 132,218 # | - | 132,218 |
| Amortisation of reserve on consolidation | - | - | (236,672) | - | - | (236,672) |
| Net loss for the year | - | - | - | - | (63,746,594) | (63,746,594) |
| At 31.03.05 | 1,015,029,840 | 111,535,799 | 3,866,709 | 1,556,787 | (299,900,076) | 832,089,059 |
| COMPANY | | | | | | |
| At 1.4.03 | 1,015,029,840 | 111,535,799 | - | - | 68,278,040 | 1,194,843,679 |
| Net loss for the year | - | - | - | - | (40,584,999) | (40,584,999) |
| At 31.03.04 | 1,015,029,840 | 111,535,799 | - | - | 27,693,041 | 1,154,258,680 |
| Net loss for the year | - | - | - | - | (45,096,779) | (45,096,779) |
| At 31.03.05 | 1,015,029,840 | 111,535,799 | - | - | (17,403,738) | 1,109,161,901 |

This is in respect of gains or losses not recognised in the income statement.

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended 31 March 2005

| In RM | Note | Group | | Company | |
|--|------|--------------|--------------|--------------|--------------|
| | | 2005 | 2004 | 2005 | 2004 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Loss Before Taxation | | (67,757,247) | (58,201,436) | (45,096,779) | (40,584,999) |
| Adjustments for: | | | | | |
| Allowance for diminution in value of other investment | | 100,000 | - | - | - |
| Amortisation of discount on bonds | | 35,490,152 | 32,483,480 | 35,490,152 | 32,483,480 |
| Amortisation of goodwill on consolidation | | 2,388,177 | 2,388,178 | - | - |
| Amortisation of reserves on consolidation | | (236,672) | (236,672) | - | - |
| Amortisation of leasehold land | | 215,035 | 215,035 | 59,413 | 59,413 |
| Bad debts written off | | 35,929 | 48,825 | 30,690 | - |
| Depreciation of property, plant and equipment | | 10,965,291 | 10,642,830 | 459,985 | 740,180 |
| Interest revenue | | (249,820) | (255,330) | (30,419) | - |
| Interest expenses | | 10,285,650 | 9,282,602 | 4,549,502 | 3,890,205 |
| (Gain)/Loss on disposal of property, plant and equipment | | (132,606) | 102,574 | (90,409) | (58,100) |
| Sundry deposits written off | | 2,800 | 150 | - | - |
| Property development costs written off | | 2,616,728 | - | - | - |
| Property development costs written off due to revocation of sales and purchase agreement | | 3,017,116 | - | - | - |
| Property, plant and equipment written off | | 411,021 | 218,537 | 406,629 | 2 |
| Investment in associated companies written off | | - | 60 | - | - |
| Allowance for doubtful debts | | 114,622 | 153,814 | - | - |
| Allowance for doubtful debts no longer required | | (8,000) | (94,872) | - | - |
| Share of profits in associated companies | | (62,487) | (26,813) | - | - |
| Unrealised gain on foreign exchange | | - | (14,724) | - | - |
| Operating Loss Before Working Capital Changes | | (2,804,311) | (3,293,762) | (4,221,236) | (3,469,819) |
| Increase in land and development expenditure and amount due for contract works | | (67,772,564) | (4,697,867) | - | - |
| (Increase)/Decrease in inventories | | (1,037,576) | 93,876 | - | - |
| Decrease/(Increase) in trade and other receivables | | 58,520,189 | 4,079,787 | (9,351,603) | 288,974 |
| Increase in trade and other payables | | 14,179,574 | 9,992,625 | 5,696,881 | 4,677,118 |
| Cash Generated From/(Used In) Operations | | 1,085,312 | 6,174,659 | (7,875,958) | 1,496,273 |
| Interest paid | | (7,366,217) | (3,053,935) | (4,549,502) | (3,890,205) |
| Income tax paid | | (5,832) | (9,125) | - | - |
| Income tax refunded | | 500 | - | - | - |
| Interest received | | 249,820 | 255,330 | 30,419 | - |
| Net Cash (Used In)/Generated From Operating Activities | | (6,036,417) | 3,366,929 | (12,395,041) | (2,393,932) |

| In RM | Note | Group | | Company | |
|---|------|-------------|--------------|------------|-----------|
| | | 2005 | 2004 | 2005 | 2004 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Repayments from subsidiary companies | | - | - | 12,524,723 | 2,448,644 |
| Acquisition of subsidiary company, net of cash acquired | 34 | (2) | - | - | - |
| Repayment from/(Advances to) associated companies | | 1,080,000 | (65,010) | - | (50,010) |
| Proceeds from disposal of property, plant and equipment | | 371,107 | 184,835 | 305,100 | 58,102 |
| Purchase of property, plant and equipment | 35 | (4,597,733) | (3,167,527) | (19,788) | (12,044) |
| Refund received from revocation of sales and purchase agreement | | 11,346,980 | - | - | - |
| Capital work-in-progress incurred | | - | (63,779) | - | - |
| Net Cash Generated From/(Used In) Investing Activities | | 8,200,352 | (3,111,481) | 12,810,035 | 2,444,692 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Drawdown of term loans | | - | 4,000,000 | - | - |
| Drawdown of bridging loan and revolving credits | | - | 2,947,857 | - | - |
| Repayment of bridging loan and term loans | | (2,045,146) | (1,206,353) | - | - |
| Payment of lease obligations and hire purchase payables | | (407,865) | (869,567) | (335,273) | (128,823) |
| Net Cash (Used In)/Generated From Financing Activities | | (2,453,011) | 4,871,937 | (335,273) | (128,823) |
| Translation exchange difference | | 132,218 | (129,424) | - | - |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (156,858) | 4,997,961 | 79,721 | (78,063) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | (5,798,274) | (10,796,235) | 300,340 | 378,403 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 36 | (5,955,132) | (5,798,274) | 380,061 | 300,340 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

31 March 2005

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

1. Significant Accounting Policies

The following accounting policies adopted by the Group and the Company are consistent with those adopted in previous year.

a. Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment and other measurement basis otherwise indicated in the summary of accounting policies as set out below.

b. Basis Of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year.

Intragroup balances and transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The financial statements of subsidiary companies acquired or disposed of during the year are included in the consolidated financial statements based on the acquisition method from the effective date of acquisition or up to the effective date of disposal respectively.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary company will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

c. Subsidiary

Subsidiary companies are companies in which the Group has a long term equity interest and where it directly or indirectly exercises control over the financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on an individual basis.

d. Associated Company

An associated company is an enterprise neither a subsidiary company nor a joint venture entity in which the Group has a long term equity interest and exercises significant influence over its financial and operating policy decisions.

Investment in associated companies are stated at cost less accumulated impairment losses, if any, in the Company's financial statements.

The Group's interest in associated companies is stated at cost plus adjustments for post-acquisition changes in the Group's share of net assets of the associated companies using the equity method of accounting in the consolidated financial statements.

The Group's share of post-acquisition losses is restricted to the carrying value of the investment in that associated company. Should the associated company subsequently reports profits, the Group will only resume to recognise its share of profits after its share of cumulative profits equals to its share of cumulative losses previously not recognised.

Where audited financial statements of the associated companies are not co-terminous with those of the Group, the share of results is based on the unaudited management financial statements made up to the financial year end of the Group.

e. Goodwill or Reserve On Consolidation

Goodwill or reserve on consolidation represents the difference between the purchase consideration and the fair value of the Group's share of net assets of subsidiary companies or associated companies at the date of their acquisition. Goodwill is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Goodwill or reserve on consolidation arising from acquisition of subsidiary companies is amortised through the income statement over a period of between 9 and 25 years or the expected useful life, whichever is the shorter. Goodwill or reserve on consolidation arising from acquisition of associated companies is not amortised.

f. Other Investments

Investment in unquoted shares held on a long term basis are stated at cost less any diminution in value determined on individual basis.

g. Property, Plant and Equipment and Depreciation/Amortisation

Long term leasehold land of the Group is stated at cost/valuation less accumulated amortisation and accumulated impairment losses, if any.

All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold land is amortised over their remaining lease periods ranging from 66 years to 894 years.

Depreciation of other property, plant and equipment is calculated on the straight line method to write off the cost or revalued amount of the property, plant and equipment over their estimated useful lives.

The annual rates used for this purpose are:

| | |
|---|-------------|
| Office building, factory building, shoplots and hotel building | 2% - 4% |
| Warehouse and jetty | 10% |
| Furniture and fittings | 10% - 25% |
| Plant and machinery | 10% - 25% |
| Computer equipment | 10% - 33.3% |
| Motor vehicles | 16.7% - 25% |
| Partition and renovation | 10% |
| Other equipment | 10% - 20% |

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Notes to the Financial Statements

31 March 2005

The long term leasehold land of the Company held under property, plant and equipment is stated at the Directors' valuation based on valuation by professional valuers in 1984 using the open market value basis. The long term leasehold land has not been revalued since the last valuation exercise as the Group and the Company have not adopted a policy of regular revaluation of such assets. The valuation of the revalued assets has not been updated and it continues to be stated at its last revalued amount less accumulated depreciation as allowed under the transitional provision issued by the Malaysian Accounting Standards Board on adoption of International Accounting Standard No. 16 (Revised).

h Impairment of Assets

The carrying amounts of assets other than inventories, assets arising from construction contracts, assets arising from employees benefits, deferred tax assets and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of net selling price and the value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. However, an impairment loss on a revalued assets will be treated as a revaluation deficit to the extent that the loss does not exceed the amount held in revaluation reserve in respect of the same assets.

Any subsequent reversal of impairment loss due to an increase in recoverable amount is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement. However, the reversal of impairment loss on a revalued property, plant and equipment will be taken to revaluation reserve to the extent that the reversal does not exceed the amount previously held in revaluation reserve in respect of the same asset.

i Capital Work-In-Progress

Capital work-in-progress consists of expenditure including borrowing costs incurred on construction of property, plant and equipment which takes a substantial period of time to be ready for their intended uses.

This expenditure is stated at cost and no depreciation is provided. Upon completion of construction, the cost will be transferred to property, plant and equipment.

j Property Development Costs

i Land Held for Property Development

Land held for property development consists of land is stated at cost less accumulated impairment loss, if any, and is classified as non-current assets where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

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 reference to the stage of completion of development activities at the balance sheet date. 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 a probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Property development cost not recognised as an expense is 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.

k. Amount Due From/(To) Customers For Contract Works

Amount due from/(to) customers for contract works consists of contract costs incurred to date and a proportion of estimated profit attributable to contract work performed to date less progress billings received and receivable. Amount due from customers for contract works arises when contract costs incurred plus recognised profits or loss recognised and foreseeable losses exceeds progress billing whereas amount due to customers for contract works arises when progress billing exceed contract costs incurred plus recognised profits or loss recognised and foreseeable losses.

Contract costs include direct material, labour, sub-contract costs and attributable construction overheads.

Where foreseeable losses on contracts are anticipated, full allowance for these losses is made in the financial statements.

l. Inventories

Inventories of raw materials, consumables, finished goods and merchandise are stated at the lower of cost and net realisable value. Cost includes the standard cost of materials and incidentals in bringing the inventories into store and for manufactured inventories, they also include labour and relevant production overheads.

Inventories of completed unsold development properties are stated at the lower of cost or net realisable value. Cost is determined on the specific identification basis and includes cost of land, all direct building costs and other related development costs.

In arriving at net realisable value, due allowance has been made for all obsolete and slow-moving items.

m. Hire Purchase

Hire purchase instalment plans are agreements whereby the lender conveys to the hirer, in return for a series of instalment payments, the rights to use the assets involved with an option for hirer to purchase the assets upon full settlement of the instalment payments.

Notes to the Financial Statements

31 March 2005

Cost of property, plant and equipment acquired under the hire purchase instalment plans are capitalised as property, plant and equipment and depreciated in accordance with the Company's policy on depreciation of property, plant and equipment. The related finance charges are allocated to the income statement over the period of the instalment plans based on the sum-of-digit method so as to produce a constant periodic rate of interest charges on the remaining balance of the liability. The total outstanding instalment payments after deducting the future finance charges representing the present value of hire purchase liabilities, are included in creditors.

n. Leases

Lease is an agreement whereby the lessor conveys to the lessee, in return for a series of minimum lease payments, the rights to use the asset for an agreed lease term.

Property, plant and equipment on leases that transfer substantially all risks and rewards incident to ownership are accounted for under the finance lease method in which the fair market value of the leased property, plant and equipment or, if lower at the present value of the minimum lease payments, are capitalised as property, plant and equipment and depreciated in accordance with the Company's policy on depreciation of property, plant and equipment. The present value of the minimum lease payments is calculated based on discount factor equivalent to the interest rate implicit in the lease. The related finance charges are allocated to the income statement based on the sum-of-digit method so as to produce a constant periodic rate of interest charges on the remaining balance of the liability. The total outstanding minimum lease payments after deducting the future finance charges representing the present value of minimum lease payments, are included in creditors.

All other leases are accounted for under the operating lease method in which the minimum lease payments are recognised as expenses in the income statement as and when they are incurred.

o. Amortisation of Discount on Bonds

Discount on redeemable bonds which represents the excess of nominal value over the consideration for the issuance of the bonds is amortised over the term of the bonds using a constant periodic rate of interest on the net carrying value of the bonds. The carrying value of the bonds will gradually accrete to its nominal value on the redemption date.

p. Interest Capitalisation

Interest incurred on borrowings related to capital work-in-progress and property development cost is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

q. Foreign Currencies

i. Transactions in foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions and where settlement had not taken place by 31 March 2005, at the approximate rates ruling as at that date. All gains and losses on exchange are included in the income statements.

ii. Translation of foreign currency financial statement

Assets, liabilities and reserves of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income statements items are translated at the average rate of exchange for the year. The translation differences arising therefrom are recorded as movement in translation reserve. Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the income statement.

The principal exchange rates (denominated in units of Ringgit Malaysia per foreign currency) used in the translation of foreign currencies are as follows:

| In RM | 2005 | | 2004 | |
|----------------------|--------------|---------------|--------------|---------------|
| | Average Rate | Year End Rate | Average Rate | Year End Rate |
| Singapore Dollar | 2.303 | 2.290 | 2.204 | 2.263 |
| Hong Kong Dollar | 0.487 | 0.487 | 0.487 | 0.487 |
| Chinese Renminbi | 0.459 | 0.459 | 0.459 | 0.459 |
| United States Dollar | 3.800 | 3.800 | 3.800 | 3.800 |
| Sterling Pound | 7.099 | 7.216 | 6.479 | 6.967 |

r. Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. 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 in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill. Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

s. Employee Benefits

i. Short Term Benefits

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

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as expenses in the income statement when incurred.

t. Provisions

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

Notes to the Financial Statements

31 March 2005

u. Revenue Recognition

Revenue from sales of properties under development and from contract works undertaken are recognised in the income statement on the percentage of completion basis where the outcome of the developments and contracts can be reliably estimated. The percentage of completion basis is computed based on proportion of which the development costs and the contract costs incurred for work performed to date bear to the estimated total development and contract costs respectively.

Revenue from sales of finished goods and merchandise and from services are recognised in the income statement when the goods are delivered and services are rendered respectively.

Hotel and golfing revenue is recognised in the income statement on receivable basis.

Interest revenue is recognised on a time proportion basis that reflects the effective yield on the assets.

Rental revenue is recognised in the income statement on receivable basis.

Dividend revenue from investment in subsidiary companies, associated companies and other investments is recognised in the income statement on the date they are declared to be payable.

Revenue from sale of land and completed landed properties is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risk and reward of ownership have been transferred to the buyer.

v. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

w. Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company 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.

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, lease and hire purchase payables, bank borrowings, redeemable bonds, other non-current investments and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given to financial institutions and third party. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

i. Other Non-Current Investments

Non-current investments other than investments in subsidiary companies and associated companies, are stated at cost less allowance for diminution in value, if any.

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

ii. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which is the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

iii. Payables

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

iv. Bank Borrowings

Interest bearing loans, bill payables, revolving credit and overdrafts are stated at the amount of proceeds received, net of transaction costs.

The long term loan is stated at the amount of proceeds received.

v. Redeemable Bonds

Redeemable bonds are stated at the nominal value less unamortised discount on the issuance of the bonds.

vi. Equity Instruments

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

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

vii. Long Term Payables

Long term payables are stated based on agreed settlement sum.

Notes to the Financial Statements

31 March 2005

2. Property, Plant and Equipment

| In RM | Long Term Leasehold Land | Hotel, Shoplots, Buildings, Warehouse & Jetty | Plant & Machinery | Furniture & Fittings, Renovation & Equipment | Motor Vehicles | Total |
|---|--------------------------------|---|----------------------|---|-------------------|--------------------|
| GROUP | | | | | | |
| Cost/Valuation | | | | | | |
| At 01.04.04 | 44,296,160 | 316,430,777 | 13,141,966 | 39,905,172 | 5,204,170 | 418,978,245 |
| Additions | - | - | 1,585,410 | 3,185,484 | 997,839 | 5,768,733 |
| Disposals | - | - | - | (17,492) | (947,001) | (964,493) |
| Written off | - | - | - | (2,640,291) | - | (2,640,291) |
| At 31.03.05 | 44,296,160 | 316,430,777 | 14,727,376 | 40,432,873 | 5,255,008 | 421,142,194 |
| Accumulated Depreciation | | | | | | |
| At 01.04.04 | 2,868,374 | 11,152,442 | 10,597,654 | 26,118,257 | 3,524,392 | 54,261,119 |
| Charge for the year | 215,035 | 6,289,157 | 635,693 | 3,402,100 | 638,341 | 11,180,326 |
| Disposals | - | - | - | (1,371) | (724,621) | (725,992) |
| Written off | - | - | - | (2,229,270) | - | (2,229,270) |
| At 31.03.05 | 3,083,409 | 17,441,599 | 11,233,347 | 27,289,716 | 3,438,112 | 62,486,183 |
| Net Book Value | | | | | | |
| At 31.03.05 | 41,212,751 | 298,989,178 | 3,494,029 | 13,143,157 | 1,816,896 | 358,656,011 |
| At 31.03.04 | 41,427,786 | 305,278,335 | 2,544,312 | 13,786,915 | 1,679,778 | 364,717,126 |
| Depreciation charge for the year ended 31.03.04 | 215,035 | 6,293,970 | 518,111 | 3,348,397 | 482,352 | 10,857,865 |
| Analysis of Cost/Valuation | | | | | | |
| At 31.03.05 | | | | | | |
| At cost | 39,886,160 | 316,430,777 | 14,727,376 | 40,432,873 | 5,255,008 | 416,732,194 |
| At 1984 valuation | 4,410,000 | - | - | - | - | 4,410,000 |
| | 44,296,160 | 316,430,777 | 14,727,376 | 40,432,873 | 5,255,008 | 421,142,194 |
| At 31.03.04 | | | | | | |
| At cost | 39,886,160 | 316,430,777 | 13,141,966 | 39,905,172 | 5,204,170 | 414,568,245 |
| At 1984 valuation | 4,410,000 | - | - | - | - | 4,410,000 |
| | 44,296,160 | 316,430,777 | 13,141,966 | 39,905,172 | 5,204,170 | 418,978,245 |

| In RM | Long Term Leasehold Land | Buildings | Furniture & Fittings, Renovation & Equipment | Motor Vehicles | Total |
|--|--------------------------------|------------------|---|-------------------|-------------------|
| COMPANY | | | | | |
| Cost/Valuation | | | | | |
| At 01.04.04 | 4,964,080 | 3,372,160 | 4,976,204 | 1,693,492 | 15,005,936 |
| Additions | - | - | 19,788 | - | 19,788 |
| Disposals | - | - | (5,037) | (551,925) | (556,962) |
| Written off | - | - | (2,635,748) | - | (2,635,748) |
| At 31.03.05 | 4,964,080 | 3,372,160 | 2,355,207 | 1,141,567 | 11,833,014 |
| Accumulated Depreciation | | | | | |
| At 01.04.04 | 1,476,127 | 1,249,742 | 3,989,136 | 1,253,779 | 7,968,784 |
| Charge for the year | 59,413 | 134,886 | 167,148 | 157,951 | 519,398 |
| Disposals | - | - | (923) | (341,348) | (342,271) |
| Written off | - | - | (2,229,119) | - | (2,229,119) |
| At 31.03.05 | 1,535,540 | 1,384,628 | 1,926,242 | 1,070,382 | 5,916,792 |
| Net Book Value | | | | | |
| At 31.03.05 | 3,428,540 | 1,987,532 | 428,965 | 71,185 | 5,916,222 |
| At 31.03.04 | 3,487,953 | 2,122,418 | 987,068 | 439,713 | 7,037,152 |
| Depreciation charge for the year ended 31.03.04 | 59,413 | 134,886 | 427,359 | 177,935 | 799,593 |
| Analysis of Cost/Valuation | | | | | |
| At 31.03.05 | | | | | |
| At cost | 554,080 | 3,372,160 | 2,355,207 | 1,141,567 | 7,423,014 |
| At 1984 valuation | 4,410,000 | - | - | - | 4,410,000 |
| | 4,964,080 | 3,372,160 | 2,355,207 | 1,141,567 | 11,833,014 |
| At 31.03.04 | | | | | |
| At cost | 554,080 | 3,372,160 | 4,976,204 | 1,693,492 | 10,595,936 |
| At 1984 valuation | 4,410,000 | - | - | - | 4,410,000 |
| | 4,964,080 | 3,372,160 | 4,976,204 | 1,693,492 | 15,005,936 |

- The long term leasehold land of the Group and of the Company have an unexpired lease period of more than 50 years.
- The long term leasehold land of the Group and of the Company stated at valuation was revalued by the Directors in 1984 based on valuation by independent professional valuers on the open market value basis.
- The net book value of the long term leasehold land of the Group and of the Company should they be stated at cost would be RM38,445,715/- (2004: RM38,626,577/-) and RM661,505/- (2004: RM686,744/-) respectively.

Notes to the Financial Statements

31 March 2005

- d. Included in the property, plant and equipment of the Group and of the Company are assets acquired under hire purchase instalment plans and lease financing as follows:

| In RM | Group | | Company | |
|-------------------|------------------|-----------|----------------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| At Cost | | | | |
| Hire purchase | 2,944,850 | 3,328,799 | 182,848 | 696,558 |
| Lease financing | 199,390 | 364,987 | - | 165,597 |
| | 3,144,240 | 3,693,786 | 182,848 | 862,155 |
| At Net Book Value | | | | |
| Hire purchase | 1,015,459 | 1,422,211 | 68,256 | 434,819 |
| Lease financing | 1 | 120,059 | - | 120,058 |
| | 1,015,460 | 1,542,270 | 68,256 | 554,877 |

- e. Leasehold land and buildings of the Group and of the Company with net book value of RM333,016,725/- (2004: RM346,249,432/-) and RM5,416,072/- (2004: RM5,610,371/-) respectively are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group and of the Company.

3. Land Held for Property Development and Property Development Cost

| In RM | Group | |
|---|---------------------|-------------|
| | 2005 | 2004 |
| At cost, | | |
| Leasehold land | 509,758,391 | 509,758,391 |
| Add: Additions | 62,592,466 | - |
| Reclassified from capital work-in-progress | 51,354,182 | - |
| Less: Adjustment to land cost due to revocation of sales and purchase agreement | (11,255,847) | - |
| | 612,449,192 | 509,758,391 |
| Leased land | 34,855,886 | 34,855,886 |
| Add: Reclassified from capital work-in-progress | 12,362,489 | - |
| | 47,218,375 | 34,855,886 |
| Total land, at cost | 659,667,567 | 544,614,277 |
| Development costs | | |
| At beginning of the year | 105,038,967 | 104,308,626 |
| Less: Reclassified to capital work-in-progress | (18,336,868) | - |
| Less: Written off due to revocation of sales and purchase agreement | (3,108,249) | - |
| Add: Additions | 1,535,785 | 730,341 |
| | 85,129,635 | 105,038,967 |
| Total carrying amount of land and development costs | 744,797,202 | 649,653,244 |
| Cost recognised in income statement | | |
| - Current year | - | - |

During the year, the subsidiary company and the vendor of the leasehold land held for property development of a subsidiary company had mutually agreed to revoke the sales and purchase agreement dated 4 March 1997 and the vendor has refunded the full purchase consideration amounted to RM11,255,847/- pertaining to the leasehold land together with reimbursement of survey fee of RM91,133/-.

Leasehold land, leased land and development expenditure totalling RM744,797,202/- (2004: RM649,653,244/-) are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group and of the Company.

4. Investment in Subsidiary Companies

a.

| In RM | Group | |
|-------------------------------------|---------------------|--------------|
| | 2005 | 2004 |
| Unquoted shares, at cost | 363,079,990 | 363,079,990 |
| Less: Accumulated impairment losses | (34,047,618) | (34,047,618) |
| | 329,032,372 | 329,032,372 |

b. The subsidiary companies are:

| Name of Company | Country of Incorporation | Principal Activities | Effective Equity Interest | | | |
|--|--------------------------|--|---------------------------|------|------------|------|
| | | | Direct | | indirect | |
| | | | 2005 | 2004 | 2005 | 2004 |
| Held By The Company | | | | | | |
| Alpha Terrace Sdn Bhd | Malaysia | Dormant | 100% | 100% | - | - |
| Arosa Development Sdn Bhd | Malaysia | Property development | 100% | 100% | - | - |
| Arosa Development Management Sdn Bhd | Malaysia | Dormant | 100% | 100% | - | - |
| Bukit Unggul Golf and Country Resort Sdn Bhd ("BUGCR") | Malaysia | Golf club owner and investment holdings | 75% | 75% | 25% | 25% |
| FACBAerospace Sdn Bhd | Malaysia | Investment holdings | 100% | 100% | - | - |
| FACB Capital Sdn Bhd | Malaysia | Investment holdings, consultancy and money lending | 100% | 100% | - | - |
| FACB Construction Sdn Bhd | Malaysia | Construction | 100% | 100% | - | - |
| FACB Charter Sdn Bhd | Malaysia | Dormant | 100% | 100% | - | - |

Notes to the Financial Statements

31 March 2005

| Name of Company | Country of Incorporation | Principal Activities | Effective Equity Interest | | | |
|---|--------------------------|-----------------------|---------------------------|------|----------|------|
| | | | Direct | | indirect | |
| | | | 2005 | 2004 | 2005 | 2004 |
| FACB Land Sdn Bhd ("FACBLand") | Malaysia | Property development | 100% | 100% | - | - |
| FACB Management Sdn Bhd | Malaysia | Dormant | 100% | 100% | - | - |
| FACBNET Sdn Bhd | Malaysia | Dormant | 100% | 100% | - | - |
| First Holdings Sdn Bhd ("FHSB") | Malaysia | Investment holdings | 100% | 100% | - | - |
| First Multimedia Corporation Sdn Bhd | Malaysia | Dormant | 100% | 100% | - | - |
| First Network (M) Sdn Bhd | Malaysia | Dormant | 100% | 100% | - | - |
| First Travel And Tours (M) Sdn Bhd ("FTT") | Malaysia | Travel & tours agency | 70% | 70% | - | - |
| Greagawarni Sdn Bhd | Malaysia | Project contractor | 100% | 100% | - | - |
| Ikhlas Perdana Sdn Bhd | Malaysia | Investment holdings | 90% | 90% | - | - |
| Norasia Investments Ltd ("NIL") | Hong Kong | Investment holdings | 100% | 100% | - | - |
| Sunnyland Corporation Ltd | Hong Kong | Dormant | 100% | 100% | - | - |
| Sunnyland Industries Ltd | Hong Kong holdings | Investment | 100% | 100% | - | - |
| Bukit Unggul Tele-Suburb Sdn Bhd | Malaysia | Property development | 100% | 100% | - | - |
| * Oakes Invest & Finance S.A. | British Virgin Islands | Investment holdings | 100% | 100% | - | - |
| Held through Arosa Development Sdn Bhd | | | | | | |
| Arosa Builders Sdn Bhd | Malaysia | Construction | - | - | 100% | 100% |

| Name of Company | Country of Incorporation | Principal Activities | Effective Equity Interest | | | |
|---|--------------------------|---|---------------------------|----------------|----------------|----------------|
| | | | Direct | | indirect | |
| | | | 2005 | 2004 | 2005 | 2004 |
| Held through Norasia Investment Ltd | | | | | | |
| Scanply International Wood Products Ltd ("SIWP(HK)") | Hong Kong | Trading of wood products | - | - | 100% | 100% |
| Scanply International Wood Products (Singapore) Pte Ltd ("SIWP(S)") | Singapore | Trading of wood products | - | - | 100% | 100% |
| Held through Sunnyland Industries Ltd | | | | | | |
| * Sunnyland Industries & Investments (Yunfu) Ltd | China | Property development & highway construction | - | - | 100% | 100% |
| Held through First Holdings Sdn Bhd | | | | | | |
| Karambunai Resorts Sdn Bhd ("KRSB") | Malaysia | Property development | - | - | 100% | 100% |
| Hartamas Group Berhad ("HGB") | Malaysia | Hotel resort operations, management and investment holdings | #53.03% | #53.03% | #57.09% | #57.09% |
| Held through Hartamas Group Berhad | | | | | | |
| FACB Marketing And Sales Services Sdn Bhd ("FMSS") | Malaysia | Property development | - | - | 100% | 100% |
| Held through Ikhlas Perdana Sdn Bhd | | | | | | |
| Composites Technology Development Corporation Sdn Bhd | Malaysia | Property development | - | - | 63% | 63% |
| Held through Bukit Unggul Golf And Country Resort Sdn Bhd | | | | | | |
| Karambunai Two Golf & Country Club Sdn Bhd | Malaysia | Dormant | - | - | 100% | 100% |

Notes to the Financial Statements

31 March 2005

| Name of Company | Country of Incorporation | Principal Activities | Effective Equity Interest | | | |
|--|--------------------------|--|---------------------------|------|----------|------|
| | | | Direct | | Indirect | |
| | | | 2005 | 2004 | 2005 | 2004 |
| Bukit Unggul Country Club Berhad | Malaysia | Golf and country club operation and management | - | - | 100% | 100% |
| Held through Scanply International Wood Products Ltd (H.K.) | | | | | | |
| * Scanply International Wood Products, Inc | United States of America | Trading of wood products | - | - | 100% | 100% |
| Held through Karambunai Resorts Sdn Bhd | | | | | | |
| Dapan Construction Sdn Bhd | Malaysia | Construction and project contractor | - | - | 100% | - |
| Dapan Holdings Sdn Bhd | Malaysia | Property development | - | - | 100% | 100% |
| Karambunai Golf Management Berhad | Malaysia | Management and operation of golf club | - | - | 100% | 100% |
| Nexus Vacation Club Bhd | Malaysia | Marketing of resort membership | - | - | 100% | 100% |
| Nexus Bay Resort Karambunai Sdn Bhd | Malaysia | Dormant | - | - | 100% | 100% |
| Nexus Resort Karambunai Sdn Bhd | Malaysia | Resort hotel operation and management | - | - | 100% | 100% |
| * Nexus Naga S.A. | Panama | Dormant | - | - | 100% | 100% |
| Nexus Resorts and Hotels International Sdn Bhd | Malaysia | Dormant | - | - | 100% | 100% |
| * Sahara Red Incorporated | British Virgin Island | Investment holdings | - | - | 100% | 100% |

| Name of Company | Country of Incorporation | Principal Activities | Effective Equity Interest | | | |
|---|--------------------------|---|---------------------------|------|-------------|------|
| | | | Direct | | indirect | |
| | | | 2005 | 2004 | 2005 | 2004 |
| Held through Scanply International Wood Products (Singapore) Pte Ltd | | | | | | |
| Scanply International Wood Products Ltd ("SIWP(UK)") | United Kingdom | Sales agent | - | - | 100% | 90% |
| Scanply Wood Products (Malaysia) Sdn Bhd ("SWP(M)") | Malaysia | Purchasing and sourcing of timber for sale to related company | - | - | 100% | 100% |

* Subsidiary companies included in the consolidated financial statements based on unaudited management financial statements.

The equity interests held through the Company, FHSB and FACBLand are 42.90%, 53.03% and 4.06% respectively.

- c. The financial statements of the following subsidiary companies are not audited by the Company's auditors:

Scanply International Wood Products Ltd [Hong Kong]
Scanply International Wood Products Ltd [United Kingdom]
Scanply International Wood Products (Singapore) Pte Ltd
Scanply International Wood Products, Inc (United States of America)
Norasia Investments Ltd
Sunnyland Industries & Investments (Yunfu) Ltd
Sunnyland Industries Ltd
Sunnyland Corporation Ltd
Nexus Naga S.A.
Sahara Red Incorporated
Oakes Invest And Finance S.A.

5. Interest in Associated Companies

| In RM | Group | | Company | |
|---|------------------|-----------|------------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Unquoted shares, at cost | 1,384,001 | 1,384,061 | 1,259,000 | 1,259,000 |
| Less: Written off during the year | - | (60) | - | - |
| | 1,384,001 | 1,384,001 | 1,259,000 | 1,259,000 |
| Group's share of post acquisition profit | 590,634 | 528,147 | - | - |
| | 1,974,635 | 1,912,148 | 1,259,000 | 1,259,000 |
| Represented By: | | | | |
| Share of net assets of associated companies | 1,781,771 | 1,719,284 | | |
| Goodwill on acquisition | 192,864 | 192,864 | | |
| | 1,974,635 | 1,912,148 | | |

Notes to the Financial Statements

31 March 2005

The associated companies, all incorporated in Malaysia, are as follows:

| Name of Company | Principal Activities | Effective Equity Interest | | | |
|--|----------------------|---------------------------|------|----------|------|
| | | Direct | | indirect | |
| | | 2005 | 2004 | 2005 | 2004 |
| Held by the Company | | | | | |
| Beribu Ukiran Sdn Bhd | Property development | 40% | 40% | - | - |
| CTRM-FACB Consortium Sdn Bhd | Property development | 40% | 40% | - | - |
| FSBM DapanNet Sdn Bhd | Multi-media services | 30% | 30% | - | - |
| Held through First Holdings Sdn Bhd | | | | | |
| Richpool Sdn Bhd | Investment holdings | - | - | 25% | 25% |

6. Other Investments

| In RM | Group | | Company | |
|---|-------------|-------------|---------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| At cost; | | | | |
| Unquoted shares in Malaysia | 1,702,000 | 1,702,000 | 310,000 | 310,000 |
| Less: Allowance for diminution in value | (1,219,999) | (1,219,999) | - | - |
| | 482,001 | 482,001 | 310,000 | 310,000 |
| Transferable contribution rights | 140,000 | 140,000 | - | - |
| Less: Allowance for diminution in value | (100,000) | - | - | - |
| | 40,000 | 140,000 | - | - |
| | 522,001 | 622,001 | 310,000 | 310,000 |

The transferable contribution rights are in respect of rights to memberships of a golf club which are registered in the name of Tan Sri Dr Chen Lip Keong, a director of the Company and Dato' Ho See Sin, a director of a subsidiary company, FTT.

7. Capital Work-In-Progress

| In RM | Group | |
|---|--------------|-------------|
| | 2005 | 2004 |
| At cost: | | |
| Leasehold land | 256,176,612 | 256,176,612 |
| Less: Reclassified to land held for property development and property development costs | (51,354,182) | - |
| | 204,822,430 | 256,176,612 |
| Leased land | 99,728,246 | 99,728,246 |
| Less: Reclassified to land held for property development and property development costs | (12,362,489) | - |
| | 87,365,757 | 99,728,246 |
| Total land, at cost | 292,188,187 | 355,904,858 |

| In RM | Group | |
|--|--------------------|-------------|
| | 2005 | 2004 |
| Development costs | | |
| At beginning of the year | 30,745,837 | 30,682,058 |
| Add: Reclassified from land held for property development and property development costs | 18,336,868 | - |
| Add: Additions | 691,210 | 63,779 |
| At end of the year | 49,773,915 | 30,745,837 |
| | 341,962,102 | 386,650,695 |

These are incurred on the construction of club house and the development of hotel resorts.

Leasehold land, leased land and development expenditure totalling RM341,962,102/- (2004: RM386,650,695/-) are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group.

8. Goodwill On Consolidation

| In RM | Group | |
|---|--------------------|-------------|
| | 2005 | 2004 |
| Goodwill arising from acquisition of subsidiary companies | | |
| At beginning of the year | 33,944,700 | 33,944,700 |
| Addition | 3,691 | - |
| At end of the year | 33,948,391 | 33,944,700 |
| Less: Amortisation | (4,776,355) | (2,388,178) |
| | 29,172,036 | 31,556,522 |

9. Property Development Cost

| In RM | Group | |
|--|---------------------|-------------|
| | 2005 | 2004 |
| Leasehold land, at cost | | |
| At beginning of the year | 36,057,024 | 36,057,024 |
| Additions | 665,236 | - |
| At end of the year | 36,722,260 | 36,057,024 |
| Property development costs | | |
| At beginning of the year | 39,562,133 | 30,124,993 |
| Additions | 29,166,696 | 9,437,141 |
| At end of the year | 68,728,829 | 39,562,134 |
| Less: Property development costs written off | (2,616,728) | - |
| | 66,112,101 | 39,562,134 |
| | 102,834,361 | 75,619,158 |
| Less: Cost recognised as an expense | | |
| - Previous years | (13,660,459) | (8,849,433) |
| - Current year | (22,097,684) | (4,811,027) |
| Total property development cost | 67,076,218 | 61,958,698 |

Notes to the Financial Statements

31 March 2005

The above property development costs with carrying value of RM64,100,699/- (2004: RM60,876,004/-) are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group.

10.Amount Due From/(To) Customers for Contract Works

| In RM | Group | |
|--|---------------------|--------------|
| | 2005 | 2004 |
| Contract costs | 87,421,826 | 93,999,524 |
| Add: Portion of profit attributable to contract work performed to date | 4,003,413 | 2,825,779 |
| | 91,425,239 | 96,825,303 |
| Less: Progress billings | (52,303,288) | (52,922,207) |
| | 39,121,951 | 43,903,096 |
| Represented by: | | |
| Amount due from customers for contract works | 44,149,568 | 44,149,568 |
| Amount due to customers for contract works | (5,027,617) | (246,472) |
| | 39,121,951 | 43,903,096 |

The total retention sums included in the progress billings amounted to RM3,399,334/- (2004: RM3,599,334/-).

11.Inventories

| In RM | Group | |
|----------------------------------|------------------|-----------|
| | 2005 | 2004 |
| At cost: | | |
| Completed development properties | 846,129 | 846,129 |
| Consumables | 1,113,164 | 400,920 |
| Finished goods | 4,498,711 | 4,173,379 |
| | 6,458,004 | 5,420,428 |

There were no inventories carried at net realisable value.

12.Trade Receivables

| In RM | Group | |
|------------------------------------|--------------------|-------------|
| | 2005 | 2004 |
| Trade receivables | 101,825,421 | 169,978,992 |
| Less: Allowance for doubtful debts | (3,395,027) | (3,318,360) |
| | 98,430,394 | 166,660,632 |

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The currency exposure profile is disclosed in note 45 to the financial statements.

13. Others Receivables, Deposits and Prepayments

| In RM | Group | | Company | |
|------------------------------------|--------------------|-------------|-------------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Other receivables | 75,916,338 | 76,715,827 | 50,310,947 | 52,683,234 |
| Less: Allowance for doubtful debts | (2,712,521) | (2,712,521) | (407,756) | (407,756) |
| | 73,203,817 | 74,003,306 | 49,903,191 | 52,275,478 |
| Deposits | 39,391,449 | 39,389,614 | 404,123 | 400,923 |
| Prepayments | 11,974,554 | 1,612,202 | 10,135,000 | - |
| Income tax recoverable | 789,507 | 790,007 | - | - |
| | 125,359,327 | 115,795,129 | 60,442,314 | 52,676,401 |

14. Amount Owing By/(To) Subsidiary Companies

| In RM | Company | |
|---|----------------------|---------------|
| | 2005 | 2004 |
| Amounts owing by subsidiary companies: | | |
| Arosa Builders Sdn Bhd | 2,603,609 | 2,884,425 |
| Arosa Development Sdn Bhd | 24,543,046 | 25,448,057 |
| Arosa Development Management Sdn Bhd | 9,555 | 9,405 |
| Bukit Unggul Country Club Berhad | 7,639,924 | 7,121,001 |
| Bukit Unggul Tele-Suburb Sdn Bhd | 3,341,508 | 494,463 |
| Composites Technology Development Corporation Sdn Bhd | 336,351 | 11,312,035 |
| FACBAerospace Sdn Bhd | 1,208,612 | 1,206,932 |
| FACB Capital Sdn Bhd | 3,269,569 | 3,263,872 |
| FACB Construction Sdn Bhd | 49,864,070 | 49,641,814 |
| FACB Charter Sdn Bhd | 13,262,797 | 13,207,537 |
| FACB Land Sdn Bhd | 256,377,027 | 256,434,375 |
| FACB Management Sdn Bhd | 926,448 | 921,948 |
| First Holdings Sdn Bhd | 401,429,310 | 401,421,785 |
| First Network (M) Sdn Bhd | 6,107 | 3,927 |
| Greagawarni Sdn Bhd | 494,955 | 499,202 |
| Hartamas Group Berhad | 6,012,489 | 4,690,190 |
| Ikhlas Perdana Sdn Bhd | 714,502 | 711,677 |
| Karambunai Golf Management Berhad | 1,705,206 | 1,692,028 |
| Karambunai Resorts Sdn Bhd | 426,001,447 | 423,028,465 |
| Nexus Resort Karambunai Sdn Bhd | 5,152,837 | 11,942,664 |
| Nexus Resorts And Hotels International Sdn Bhd | 7,770 | 6,295 |
| Norasia Investments Ltd | 28,820,161 | 28,813,456 |
| Sahara Red Incorporated | 10,608 | 8,489 |
| Scanply Wood Products (Malaysia) Sdn Bhd | 64,893 | 64,743 |
| Sunnyland Industries Ltd | 16,601,196 | 15,987,768 |
| Sunnyland Industries And Investments (Yunfu) Ltd | 2,004 | 2,004 |
| | 1,250,406,001 | 1,260,818,557 |

Notes to the Financial Statements

31 March 2005

| In RM | Company | |
|--|-------------------|------------|
| | 2005 | 2004 |
| Amounts owing to subsidiary companies: | | |
| Alpha Terrace Sdn Bhd | 13,636,887 | 13,639,482 |
| Bukit Unggul Golf and Country Resort Sdn Bhd | 43,502,252 | 42,584,373 |
| FACBNet Sdn Bhd | 92,346 | 93,811 |
| First Multimedia Corporation Sdn Bhd | 296,862 | 302,057 |
| First Travel and Tours (M) Sdn Bhd | 113,457 | 612,846 |
| Sunnyland Corporation Ltd | 235,769 | 243,023 |
| Karambunai Two Golf And Country Club Sdn Bhd | 2,984,447 | 2,986,847 |
| Scanply International Wood Product Ltd | 8,143,795 | 8,143,795 |
| Nexus Bay Resort Karambunai Sdn Bhd | 39,700 | 41,765 |
| FACB Marketing And Sales Services Sdn Bhd | 190,918 | 197,808 |
| Dapan Holdings Sdn Bhd | 21,604,479 | 20,018,266 |
| Nexus Vacation Club Bhd | 1,121,411 | 986,083 |
| | 91,962,323 | 89,850,156 |

The above amounts are non-trade in nature, unsecured, interest free and with no fixed term of repayment except for an amount of RM18,532,300/- (2004: RM18,061,500/-) owing to Dapan Holding Sdn Bhd which bears interest at 10% per annum.

15.Amount Owing by Associated Companies

| In RM | Group | | Company | |
|---------------------------------------|-------------------|------------|------------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Amount owing by associated companies: | | | | |
| Trade | | | | |
| Beribu Ukiran Sdn Bhd | 15,900,000 | 16,980,000 | - | - |
| Non-Trade | | | | |
| Beribu Ukiran Sdn Bhd | 8,266,137 | 8,266,137 | 8,266,137 | 8,266,137 |
| FSBM DapanNet Sdn Bhd | 6 | 6 | 6 | 6 |
| CTRM-FACB Consortium Sdn Bhd | 310,997 | 310,997 | 310,997 | 310,997 |
| | 24,477,140 | 25,557,140 | 8,577,140 | 8,577,140 |

The above amounts are unsecured, interest free and with no fixed term of repayment except for the above trade amount of RM15,900,000/- (2004: RM16,980,000/-) owing by the associated company, Beribu Ukiran Sdn Bhd which is assigned as security for Term Loan III as disclosed in note 26 to the financial statements.

16. Cash on Deposits with Licensed Banks

| In RM | Group | | Company | |
|----------------|------------------|-----------|----------------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| Fixed deposits | 4,383,634 | 4,417,565 | 230,419 | 200,000 |

Fixed deposits amounting to RM230,419/- (2004: RM200,000/-) of the Group and of the Company is placed in the Sinking Fund Account in accordance with the Trust Deed dated 19 March 2001 executed between PB Trustee Services Berhad and the Company on the issuance of the Company's Bonds 2001/2005 amounting to a nominal value of RM420,000,000/-. Pursuant to the said Trust Deed, a total amount of RM419,800,000/- is required to be placed in the Sinking Fund Account of which the Company has not complied. A Supplementary Trust Deed has been executed where amounts of RM220,000,000/- is due to be deposited in the Sinking Fund Account on 30 June 2004. Subsequently on the 18 June 2004, the Company entered into a Third Supplementary Trust Deed to reschedule the placement of the sinking fund deposits amounting to RM220,000,000/- and RM200,000,000/- on 30 June 2004 and 12 March 2005 respectively. On 31 March 2005, the Company entered into a Heads of Agreement with Abrar Discount Berhad, the sole bondholder of the said Bonds 2001/2005 to extend the redemption date of these bonds to 30 November 2005, subject to approval from the relevant authorities.

Fixed deposits of the Group totalling RM4,153,215/- (2004: RM4,217,565/-) are pledged for bank guarantee facilities granted to certain subsidiary companies of the Group.

The maturity profile and effective interest rates are disclosed in note 45 to the financial statements.

17. Trade Payables

The normal trade credit term granted to the Group ranges from 30 to 90 days.

The currency exposure profile is disclosed in note 45 to the financial statements.

18. Other Payables, Accruals and Provision

| In RM | Group | | Company | |
|---------------------------------|-------------------|------------|-------------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Other payables | 42,193,290 | 46,103,199 | 7,568,806 | 3,021,818 |
| Refundable deposits | 3,750,233 | 382,976 | 461,092 | 311,091 |
| Tax penalty accrued | 10,259,762 | 10,183,626 | - | - |
| Accruals | 29,202,548 | 25,857,832 | 8,693,797 | 9,178,121 |
| Provision for employee benefits | 299,550 | 176,552 | - | - |
| | 85,705,383 | 82,704,185 | 16,723,695 | 12,511,030 |

19. Amount Owing to Directors

These amounts are non-trade in nature, unsecured, interest free and with no fixed term of repayment.

Notes to the Financial Statements

31 March 2005

20. Hire Purchase and Lease Payables

| In RM | Group | | Company | |
|---|------------------|-----------|----------------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| HIRE PURCHASE PAYABLES | | | | |
| Payable within 1 year | | | | |
| Total instalment payments | 2,053,161 | 2,078,209 | 22,284 | 108,552 |
| Less: Future finance charges | (215,140) | (65,672) | (4,520) | (30,408) |
| Present value of hire purchase liabilities | 1,838,021 | 2,012,537 | 17,764 | 78,144 |
| Payable after 1 year but not later than 5 years | | | | |
| Total instalment payments | 2,086,133 | 918,919 | 59,755 | 364,419 |
| Less: Future finance charges | (312,440) | (91,299) | (5,639) | (45,752) |
| Present value of hire purchase liabilities | 1,773,693 | 827,620 | 54,116 | 318,667 |
| | 3,611,714 | 2,840,157 | 71,880 | 396,811 |
| LEASE PAYABLES | | | | |
| Payable within 1 year | | | | |
| Minimum instalment payments | 13,971 | 24,439 | - | 10,468 |
| Less: Future finance charges | (1,821) | (3,867) | - | (126) |
| Present value of lease liabilities | 12,150 | 20,572 | - | 10,342 |
| Total principal sum payable | | | | |
| - within 1 year | 1,850,171 | 2,033,109 | 17,764 | 88,486 |
| - after 1 year but not later than 5 years | 1,773,693 | 827,620 | 54,116 | 318,667 |
| | 3,623,864 | 2,860,729 | 71,880 | 407,153 |

The maturity profile and effective interest rates are disclosed in note 45 to the financial statements.

21. Bank Overdrafts

| In RM | Group | |
|-----------|-------------------|------------|
| | 2005 | 2004 |
| Secured | 23,094,250 | 22,688,968 |
| Unsecured | 131,686 | 221,533 |
| | 23,225,936 | 22,910,501 |

The secured bank overdrafts bear interest at 7.75% (2004: 7.75%) per annum and are secured as follows:

- fixed charges on the leasehold properties of the subsidiary company concerned;
- second debenture comprising fixed and floating charges on all assets of certain subsidiary companies;
- corporate guarantee of the Company; and
- personal guarantee by a director of the Company.

The unsecured bank overdrafts bear interest at 9.50% (2004: 9.50%) per annum and are supported by corporate guarantees of the Company.

The maturity profile and effective interest rates are disclosed in note 45 to the financial statements.

22. Bank Borrowings – Secured

| In RM | Group | | Company | |
|--|--------------------|-------------|-------------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Term loans, repayable within twelve months (note 26) | 80,182,785 | 77,333,991 | - | - |
| Bridging loan | 7,742,375 | 9,947,857 | - | - |
| Revolving credits | 17,000,000 | 17,000,000 | 17,000,000 | 17,000,000 |
| Bills payable | 1,567,800 | 1,336,825 | - | - |
| | 106,492,960 | 105,618,673 | 17,000,000 | 17,000,000 |

The secured bridging loan bears interest at 9.50% (2004: 9.50%) per annum and are secured by a fixed charge over the leasehold land of a subsidiary company, Dapan Holdings Sdn Bhd, and a corporate guarantee by the Company.

The secured revolving credit facilities bear interest at rates ranging from 6.00% to 6.50% (2004: 5.60% to 9.75%) per annum and are secured as follows:

- fixed charge over the leasehold land of a subsidiary company, Arosa Development Sdn Bhd; and
- fixed charge over the Company's leasehold land.

The secured bills payable facility bears interest at rates ranging from 3.18% to 3.41% (2004: 3.18% to 3.41%) per annum and is secured as follows:

- assignment of export credit insurance policies; and
- corporate guarantee of the Company and a subsidiary company, Scanply International Wood Products Ltd.

The interest rates, securities and repayment terms of the term loans of the Group are disclosed in note 26 to the financial statements.

The maturity profile and effective interest rates are disclosed to note 45 to the financial statements.

23. Redeemable Bonds – Secured

| In RM | Group/Company | |
|--|----------------------|--------------|
| | 2005 | 2004 |
| 4 years zero coupon redeemable secured bonds 2001/2005 ("Bonds 2001/2005") | 420,000,000 | 420,000,000 |
| Less: Discount on bonds | | |
| Balance brought forward | 36,571,397 | 69,054,877 |
| Less: Amortisation | (35,490,152) | (32,483,480) |
| | (1,081,245) | (36,571,397) |
| | 418,918,755 | 383,428,603 |
| Repayment due within twelve months | (418,918,755) | - |
| Repayment due after twelve months | - | 383,428,603 |

Bonds 2001/2005 totalling RM420,000,000/- nominal value was issued under a Trust Deed dated 19 March 2001, as consideration for the purchase and cancellation of RM250,000,000/- nominal value of Bonds 1997/2002 together with the unpaid interest thereon.

Notes to the Financial Statements

31 March 2005

The securities for the bonds are as follow:

Bonds 2001/2005

- a. First legal charge on land and buildings of two subsidiary companies, KRSB and BUGCR, with a security coverage of at least 1.8 times of the nominal value of the outstanding Bonds 2001/2005;
- b. Second legal charge on land and buildings of a subsidiary company, KRSB;
- c. A debenture comprising fixed and floating charges on assets of the Company and of four subsidiary companies, BUGCR, KRSB, FACBC and CTDC, to the extent of RM420 million; and
- d. A charge over a sinking fund in favour of the trustee.

The Bonds 2001/2005 are required to be redeemed by the Company at its nominal amount on the day preceding the fourth anniversary of the date of issuance of these bonds which falls on 11 April 2005. However by virtue of the Heads of Agreement as mentioned in note 39(h) to the financial statements the redemption date of these bonds will be extended to 30 November 2005.

The maturity profile and effective interest rates of Bonds 2001/2005 are disclosed in note 45 to the financial statements.

24.Share Capital

| In RM | Group/Company | |
|--------------------------------|----------------------|---------------|
| | 2005 | 2004 |
| Ordinary shares of RM0.50 each | | |
| Authorised: | 2,000,000,000 | 2,000,000,000 |
| Issued and fully paid: | 1,015,029,840 | 1,015,029,840 |

As at year end, the number of unexercised warrants of the Company are as follow:

| | Number of Warrants | |
|--------------------|--------------------|-------------|
| | 2005 | 2004 |
| Warrants 1997/2007 | 7,376,800 | 7,376,800 |
| Warrants 2002/2007 | 852,739,964 | 852,739,964 |
| | 860,116,764 | 860,116,764 |

The exercise price of Warrants 1997/2007 is at RM1.21 per new ordinary share of the Company whereas, the exercise prices of the Warrants 2002/2007 are as follows:

| In RM | Exercise Price Per New Ordinary Share |
|----------------------------------|--|
| Exercise Period | |
| Between 04.01.2002 to 11.01.2005 | 0.54 |
| Between 12.01.2005 to 03.01.2007 | 0.66 |

25. Reserves

| In RM | Group | | Company | |
|---------------------------------------|----------------------|---------------|---------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| DISTRIBUTABLE | | | | |
| (Accumulated losses)/Retained profits | (299,900,076) | (236,153,482) | (17,403,738) | 27,693,041 |
| NON-DISTRIBUTABLE | | | | |
| Share premium | 111,535,799 | 111,535,799 | 111,535,799 | 111,535,799 |
| Reserve on consolidation | 3,866,709 | 4,103,381 | - | - |
| Foreign exchange translation reserve | 1,556,787 | 1,424,569 | - | - |
| | 116,959,295 | 117,063,749 | 111,535,799 | 111,535,799 |
| | (182,940,781) | (119,089,733) | 94,132,061 | 139,228,840 |

26. Term Loans – Secured

| In RM | Group | |
|---|---------------------|--------------|
| | 2005 | 2004 |
| Term Loan I | | |
| 8.15% to 8.40% (2004: 8.15% to 8.40%) term loan repayable in 28 quarterly instalments commencing on the 39 months from the date of first drawdown | 34,827,744 | 32,228,667 |
| Term Loan II | | |
| 7.75% to 8.40% (2004: 7.75% to 8.40%) term loan repayable in 6 half yearly instalments commencing in September, 1996 | 18,133,162 | 18,043,781 |
| Term Loan III | | |
| 10% fixed rate term loan repayable in 5 yearly instalments commencing in September, 2003 | 28,321,879 | 28,161,543 |
| Term Loan IV | | |
| 10% fixed rate term loan repayable in full at the end of June, 2004 | 4,000,000 | 4,000,000 |
| | 85,282,785 | 82,433,991 |
| Repayment due within twelve months (note 22) | (80,182,785) | (77,333,991) |
| Repayment due after twelve months | 5,100,000 | 5,100,000 |

The term loans are secured as follows:

- fixed charges on certain development properties of certain subsidiary companies;
- debenture comprising fixed and floating charges over all present and future assets of certain subsidiary companies;
- deed of mortgage on the Company's entire investment in the shares of a subsidiary company;
- corporate guarantee of the Company and of a subsidiary company;
- assignment of debt on a trade balance owing by Beribu Ukiran Sdn Bhd, an associated company; and
- personal guarantee by a director of the Company.

The currency exposure profile, maturity profile and effective interest rates are disclosed in note 45 to the financial statements.

Notes to the Financial Statements

31 March 2005

27. Deferred Taxation

| In RM | Group | |
|---|--------------------|-------------|
| | 2005 | 2004 |
| At beginning of the year | 129,724,997 | 130,809,597 |
| Transferred to income statement (note 32) | (612,140) | (1,084,600) |
| At end of the year | 129,112,857 | 129,724,997 |

This is in respect of estimated tax liabilities/(assets) arising from temporary differences as follows:

| In RM | Group | |
|--|--------------------|--------------|
| | 2005 | 2004 |
| Differences between the carrying amount of property, plant and equipment and its tax base | 13,160,410 | 12,133,950 |
| Differences between the carrying amount of development properties in subsidiary companies and its tax base | 132,451,597 | 132,959,597 |
| Unrelieved tax losses | (6,785,600) | (4,654,900) |
| Others | (119,450) | (81,600) |
| Unabsorbed capital allowances | (9,594,100) | (10,632,050) |
| | 129,112,857 | 129,724,997 |

The estimated net deferred tax assets arising from temporary differences not recognised in the financial statements are as follows:

| In RM | Group | | Company | |
|---|---------------------|--------------|--------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Property development costs written off | (732,700) | - | - | - |
| Differences between the carrying amounts of development properties in subsidiary companies and their tax base | 1,357,940 | 862,240 | 715,300 | 728,000 |
| Differences between the carrying amount of property, plant and equipment and their tax base | 160,910 | 338,680 | 97,200 | 156,900 |
| Unrelieved tax losses | (23,841,800) | (23,008,200) | (5,107,700) | (4,799,000) |
| Unabsorbed capital allowances | (4,099,452) | (4,327,700) | (800,400) | (775,300) |
| Others | (28,000) | - | - | - |
| Net deferred tax assets | (27,183,102) | (26,134,980) | (5,095,600) | (4,689,400) |

The estimated unrelieved tax losses and unabsorbed capital allowances are subject to agreement by the Inland Revenue Board and are not available for set-off within the Group.

28. Long Term Payables

This amount is in respect of lease premium less advances on a subsidiary company, KRSEB's leased land and with no fixed term of repayment.

29. Revenue

| In RM | Group | | Company | |
|--|--------------------|------------|----------------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| Revenue comprises the following: | | | | |
| Construction contract revenue | 9,547,040 | 303,529 | - | - |
| Revenue from development properties sold | 24,440,526 | 4,942,198 | - | - |
| Sales of goods and services | 47,623,745 | 40,579,149 | - | - |
| Hotel and golfing revenue | 63,324,888 | 51,062,683 | - | - |
| Rental revenue | 966,436 | 761,553 | 966,436 | 761,553 |
| | 145,902,635 | 97,649,112 | 966,436 | 761,553 |

30. Direct Costs

| In RM | Group | |
|--|--------------------|------------|
| | 2005 | 2004 |
| Direct costs comprise the following: | | |
| Attributable cost of contract works | 8,995,292 | 286,112 |
| Cost attributable to development properties sold | 21,860,486 | 4,667,009 |
| Cost of sales and services | 91,648,128 | 75,918,550 |
| | 122,503,906 | 80,871,671 |

31. Loss Before Taxation

- a. Loss before taxation is arrived at after charging/(crediting):

| In RM | Group | | Company | |
|---|-------------------|------------|-------------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Allowance for diminution in value of other investment | 100,000 | - | - | - |
| Amortisation of discount on bonds | 35,490,152 | 32,483,480 | 35,490,152 | 32,483,480 |
| Allowance for doubtful debts | 114,622 | 153,814 | - | - |
| Amortisation of leasehold land | 215,035 | 215,035 | 59,413 | 59,413 |
| Amortisation of goodwill on consolidation | 2,388,177 | 2,388,178 | - | - |
| Auditors' remuneration | | | | |
| - current year | 307,934 | 303,738 | 38,000 | 38,000 |
| - underprovision in prior year | - | 15,825 | - | 3,150 |
| Bad debts written off | 35,929 | 48,825 | 30,690 | - |
| Depreciation of property, plant and equipment | 10,965,291 | 10,642,830 | 459,985 | 740,180 |
| Directors' fee | 289,700 | 294,532 | 270,000 | 294,532 |
| Directors' other emoluments | | | | |
| - directors of the Company | 1,049,819 | 1,210,803 | 609,678 | 1,210,803 |
| - directors of the subsidiaries | 120,000 | 120,000 | - | - |
| Interest expense | | | | |
| - bank overdrafts | 1,565,589 | 1,628,640 | - | - |
| - hire purchase | 126,138 | 76,690 | 34,794 | 38,243 |
| - lease | 2,046 | 6,519 | 126 | 4,296 |
| - term loans and revolving credit | 7,265,027 | 7,567,095 | 4,514,582 | 3,847,666 |
| - others | 1,326,850 | 3,658 | - | - |
| Investment in associated companies written off | - | 60 | - | - |

Notes to the Financial Statements

31 March 2005

| In RM | Group | | Company | |
|---|--------------------|-----------|------------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Property development cost written off due to revocation of sales and purchase agreement | 3,017,116 | - | - | - |
| Property development costs written off | 2,616,728 | - | - | - |
| Property, plant and equipment written off | 411,021 | 218,537 | 406,629 | 2 |
| Realised gain on foreign exchange | (239,387) | (211,123) | - | - |
| Rental of equipment | 65,117 | 74,120 | - | - |
| Rental of motor vehicles | 19,175 | 64,480 | - | 17,540 |
| Rental of premises | 1,082,908 | 1,021,311 | 34,570 | 3,934 |
| Sundry deposit written off | 2,800 | 150 | - | - |
| Unrealised gain on foreign exchange | - | (14,724) | - | - |
| Allowance for doubtful debts no longer required | (8,000) | (94,872) | - | - |
| Amortisation of reserves on consolidation | (236,672) | (236,672) | - | - |
| Bad debts recovered | (29,955) | (880) | - | - |
| (Gain)/Loss on disposal of property, plant and equipment | (132,606) | 102,574 | (90,409) | (58,100) |
| Gain on insurance claim | (91,425) | - | - | - |
| Interest revenue | (263,458) | (255,330) | (30,419) | - |
| Rental of premises | (1,001,359) | (39,820) | (966,436) | (761,553) |

b. Employees Information

| In RM | Group | | Company | |
|-------------|-------------------|------------|----------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Staff costs | 23,538,772 | 20,298,903 | 843,615 | 1,369,937 |

The number of employees including full-time directors of the Group and of the Company as at financial year end were 1,020 (2004: 951) and 12 (2004: 58) respectively.

32. Taxation

| In RM | Group | | Company | |
|--|--------------------|-------------|---------|------|
| | 2005 | 2004 | 2005 | 2004 |
| Taxation for the year | 234,000 | 21,300 | - | - |
| Reversal of temporary differences (note 27) | (612,140) | (1,084,600) | - | - |
| | (378,140) | (1,063,300) | - | - |
| (Over)/Underprovision of taxation in prior years | (2,939,692) | 106,025 | - | - |
| Tax credit | (3,317,832) | (957,275) | - | - |

The reconciliation of the tax amount at statutory tax rate to the Group's and the Company's tax credit are as follows:

| In RM | Group | | Company | |
|--|---------------------|--------------|---------------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| (Loss)/Profit before taxation | (67,757,247) | (58,201,436) | (45,096,779) | (40,584,999) |
| Tax at the Malaysian statutory income tax rate at 28% | (18,972,000) | (16,296,000) | (12,627,000) | (11,363,800) |
| Effect of lower tax rate of Malaysian subsidiary companies with issued and paid-up capital below RM2,500,000/- | 97,193 | 113,700 | - | - |
| Depreciation of non-qualifying property, plant and equipment | 94,200 | 71,800 | 94,200 | 71,800 |
| Tax effect on non-deductible expenses | 17,676,357 | 13,198,200 | 12,197,500 | 10,238,300 |
| Net deferred tax assets not recognised | 1,824,610 | 2,551,000 | 406,200 | 1,065,300 |
| Tax effect on non-taxable revenue | (71,500) | (165,000) | (70,900) | (11,600) |
| Utilisation of deferred tax assets not previously recognised | (1,027,000) | (537,000) | - | - |
| (Over)/Underprovision in prior years | (2,939,692) | 106,025 | - | - |
| Tax credit | (3,317,832) | (957,275) | - | - |

The Company has estimated tax credit of approximately RM27,711,000/- (2004: RM27,711,000/-) under Section 108 of the Income Tax Act, 1967, to frank future payment of dividends of approximately RM71,256,000/- (2004: RM71,256,000/-), without incurring additional tax liability, subject to agreement by the Inland Revenue Board.

The Group and the Company have the following estimated unrelieved tax losses and unabsorbed capital allowances available for set off against future taxable profits subject to agreement by the Inland Revenue Board:

| In RM | Group | | Company | |
|-------------------------------|--------------------|-------------|-------------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Unrelieved tax losses | 109,589,862 | 98,802,100 | 18,242,000 | 17,139,000 |
| Unabsorbed capital allowances | 14,841,900 | 53,425,100 | 2,858,500 | 2,768,900 |
| | 124,431,762 | 152,227,200 | 21,100,500 | 19,907,900 |

The estimated unrelieved tax losses and unabsorbed capital allowances are not available for set-off within the Group.

33. Loss Per Ordinary Share

Basic

The basic loss per ordinary share has been calculated based on the Group's loss after taxation and minority interest of RM63,746,594/- (2004: RM57,034,834/-) divided by 2,030,059,680 (2004: Weighted average number of 2,030,059,680) ordinary shares of RM0.50 each in issue during the financial year.

Diluted

The diluted loss per ordinary share is not presented in the financial statements as the effect of the assumed conversion of outstanding warrants during the financial year is anti-dilutive.

Notes to the Financial Statements

31 March 2005

34. Acquisition of Subsidiary Company

During the year, the Group acquired Dapan Constructions Sdn Bhd

a. Effect of acquisition of subsidiary company, net of cash acquired

The fair value of the assets and liabilities assumed are as follows:

| In RM | Group | |
|---|---------|------|
| | 2005 | 2004 |
| Other payables | (3,691) | - |
| Goodwill on consolidation | 3,691 | - |
| Total purchase consideration | - | - |
| Cash balance of subsidiary company acquired | 2 | - |
| Effect of acquisition of subsidiary company, net of cash acquired | 2 | - |

b. Effect on Consolidated Income Statement

The effect on the consolidated results of the Group from their effective date of acquisition are as follows:

| In RM | Group | |
|-----------------------------------|-------------|------|
| | 2005 | 2004 |
| Operating revenue | 9,547,040 | - |
| Direct operating costs | (8,995,292) | - |
| Gross profit | 551,748 | - |
| Other operating revenue | 1,000 | - |
| Administrative costs | (956,530) | - |
| Finance costs | (2,253) | - |
| | (958,783) | - |
| Loss before taxation | (406,035) | - |
| Taxation | (195,960) | - |
| Loss attributable to shareholders | (601,995) | - |

c. Effect on Consolidated Balance Sheet

The effect of the consolidated financial position of the Group as at year end are as follows:

| In RM | Group | |
|--|-------------|------|
| | 2005 | 2004 |
| Property, plant and equipment | 305,579 | - |
| Inventories | 608,988 | - |
| Trade receivables | 8,587,979 | - |
| Other receivables and deposits | 156,002 | - |
| Cash and bank balances | 320,071 | - |
| Amount due to customers for construction contracts | (3,525,343) | - |
| Trade payables | (3,216,409) | - |
| Other payables and accruals | (22,631) | - |
| Hire purchase payables | (41,846) | - |
| Taxation | (194,000) | - |
| Deferred taxation | (1,960) | - |
| | 2,976,430 | - |

35. Purchase of Property, Plant and Equipment

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM5,768,733/- (2004: RM3,630,521/-) and RM19,788/- (2004: RM12,044/-) respectively which are satisfied as follows:

| In RM | Group | | Company | |
|-------------------------|------------------|-----------|---------------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| Hire purchase financing | 1,171,000 | 462,994 | - | - |
| Cash payments | 4,597,733 | 3,167,527 | 19,788 | 12,044 |
| | 5,768,733 | 3,630,521 | 19,788 | 12,044 |

36. Cash and Cash Equivalents

Cash and cash equivalents comprise the following balance sheet amounts:

| In RM | Group | | Company | |
|--|---------------------|--------------|----------------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| Cash held under housing development accounts | 37,113 | 36,390 | - | - |
| Cash and bank balances | 12,850,057 | 12,658,272 | 149,642 | 100,340 |
| | 12,887,170 | 12,694,662 | 149,642 | 100,340 |
| Cash on deposits with licensed banks | 4,383,634 | 4,417,565 | 230,419 | 200,000 |
| Bank overdrafts | (23,225,936) | (22,910,501) | - | - |
| | (5,955,132) | (5,798,274) | 380,061 | 300,340 |

Cash and cash equivalents of the Group which are not freely available for the Group's use are as follows:

- cash held under housing development accounts are maintained pursuant to the requirements of the Housing Developers (Housing Development Account) Regulations, 1991;
- fixed deposits of the Group amounting to RM4,153,215/- (2004: RM4,217,565/-) pledged for bank guarantee facilities granted to certain subsidiary companies. These deposits can only be utilised to repay the said facilities; and
- fixed deposits of the Group and of the Company amounting to RM230,419/- (2004: RM200,000/-) are placed in the Sinking Fund Account which shall be utilised solely for the redemption of the Company's Bonds 2001/2005.

37. Significant Related Parties Transactions

- Significant intra-group transactions are as follows:

| In RM | Company | |
|--|--------------------|-------------|
| | 2005 | 2004 |
| Non-Trade | | |
| Purchases of air tickets and tour | | |
| - First Travel and Tours (M) Sdn Bhd | 99,533 | 142,417 |
| Staff cost allocated to subsidiary companies: | | |
| - Arosa Development Sdn Bhd | (4,240) | (12,481) |
| - Bukit Unggul Golf and Country Resort Sdn Bhd | (958,778) | (1,565,194) |
| - Dapan Holdings Sdn Bhd | (3,533) | (10,401) |
| - FACB Land Sdn Bhd | (565) | (1,664) |
| - Karambunai Resorts Sdn Bhd | (1,128,098) | (2,063,612) |

Notes to the Financial Statements

31 March 2005

| In RM | Company | |
|---|------------------|-----------|
| | 2005 | 2004 |
| Term loan interest charges | | |
| - Dapan Holdings Sdn Bhd | 3,219,050 | 2,445,695 |
| Management fee received/receivable from subsidiary companies: | | |
| - Arosa Development Sdn Bhd | 25,000 | - |
| - FACB Land Sdn Bhd | 10,000 | - |

b. Significant transactions with associated companies are as follows:

| In RM | Group | |
|--|-------|----------|
| | 2005 | 2004 |
| Trade | | |
| Received and receivable from CTRM-FACB Consortium Sdn Bhd: | | |
| - Progress billings | - | (35,382) |

c. The significant transactions with companies in which certain directors and persons connected to the Directors have substantial financial interests are as follows:

| In RM | Group | | Company | |
|---|------------------|-----------|------------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Trade | | | | |
| Received and receivable from a public listed companies and companies in which a director of the Company, Tan Sri Dr Chen Lip Keong, has substantial financial interest and is also a director | | | | |
| Petaling Tin Berhad | | | | |
| - Office rental revenue | (250,000) | (152,460) | (250,000) | (152,460) |
| - Ticketing and tour revenue | (15,521) | - | - | - |
| Resourceful Petroleum Ltd | | | | |
| - Ticketing and tour revenue | (87,432) | - | - | - |
| FACB Industries Incorporated Berhad | | | | |
| - Ticketing and tour revenue | (19,416) | - | - | - |
| Ariston Sdn Bhd | | | | |
| - Office rental revenue | (8,070) | - | (8,070) | - |

The above transactions have been entered into in the normal course of business and have been established under terms mutually agreed upon between the parties involved.

38. Tax Exempt Income Account

The Company has undistributed tax exempt income of RM758,000/- (2004: RM758,000/-), available for distribution by way of tax exempt dividend subject to agreement by the Inland Revenue Board.

39. Significant Events

- a. On 9 April 2004, the Company and Abrar Discounts Berhad ("ADB"), the sole bondholder of Bonds 2001/2005 have mutually agreed that the sinking fund deposits of first and second instalment of RM40 million each, third and fourth instalments of RM70 million each and fifth instalment of RM100 million each due on 30 April 2004 for first to third instalments, 12 April 2004 and 12 October 2004 respectively have been rescheduled to 30 June 2004 for the first to fourth instalments and 12 March 2005 for the fifth instalment. On 9 June 2004, the Securities Commission ("SC") has approved the revision to the schedule of the sinking fund deposits in respect of the Bonds 2001/2005.
- b. On 12 May 2004, the Company's wholly-owned subsidiary company, Karambunai Resorts Sdn Bhd, has acquired two (2) ordinary shares representing 100% of the issued and paid-up capital of Dapan Construction Sdn Bhd (formerly known as Simfoni Istimewa Sdn Bhd), a dormant company incorporated in Malaysia, for a cash consideration of RM2/-.
- c. On 27 May 2004, the SC has granted its approval to Sri Hartamas Berhad (Special Administrators Approved) ("SHB") for an extension of time up to 31 December 2004 to complete the implementation of the Proposed Scheme of Arrangement of SHB in which the Company is participating.
- d. On 30 June 2004, the Board of Directors of the Company announced that the Company is currently in the midst of discussion with Abrar Discounts Berhad, the sole Bondholder of Bonds 2001/2005 to reschedule the sinking fund deposits of RM220 million which will be due on 30 June 2004.
- e. On 11 September 2004, the Company's wholly-owned subsidiary company, Arosa Development Sdn Bhd, entered into a sale and purchase agreement for the disposal of a piece of land measuring 2.94 acres forming a part of the land held under a master title measuring 24.5 acres to a third party for a cash consideration of RM10,000,000/-. The disposal is expected to be completed in the financial year ending 31 March 2006.
- f. On 1 October 2004, SHB had informed the Company of its decision to terminate the Restructuring Agreement entered between SHB, the Company and Hartamas Group Berhad dated 23 May 2001, as amended varied and modified by the Deed of Adherence and the First Supplemental Agreement, both dated 25 September 2001, the Second Supplemental Agreement dated 20 March 2003 and the Supplemental Letter dated 30 May 2003 in relation to the Proposed Scheme of Arrangement in which the Company is participating.
- g. On 31 March 2005, a Memorandum of Acceptance was entered between the Company, Hartamas Group Berhad, Karambunai Resorts Sdn Bhd and Affin Merchant Bank Berhad for the appointment of Affin Merchant Bank Berhad as the principal adviser and lead arranger for the proposed asset securitisation programme and principal adviser to the proposed extension and restructuring of the existing RM420 million nominal value zero-coupon redeemable secured bonds (2001/2005).

The proposed asset securitisation programme would involve an asset securitisation exercise of RM1.04 billion to raise proceeds of about RM200 million from the issuance of RM200 million nominal value of Senior Notes and RM840 million nominal value of Junior Notes repayable over a period of seven (7) years, subject to the finalisation of the terms and conditions acceptable to all parties pursuant to the proposed Asset Securitisation Programme.

The Company shall inject Nexus Resort Karambunai and parcels of land in Karambunai into a Special Purpose Vehicle ("SPV"). The bonds ("SPV Bonds") to be issued by the SPV shall be rated by Rating Agency Malaysia Berhad and the proceeds shall be utilised to partly pay Abrar Discounts Berhad ("ADB"), repay other bank borrowings and working capital. This assets securitisation exercise is subject to the approval of the SC and any others relevant authorities.

Notes to the Financial Statements

31 March 2005

- h. On 31 March 2005, the Company entered into Heads of Agreement ("HOA") with ADB in relation to the proposed extension and restructuring of the existing RM420 million nominal value zero-coupon redeemable secured bonds (2001/2005) ("Bonds 2001/2005") of which ADB is the sole bondholder. Pursuant to the HOA, the Bonds 2001/2005 which is due for redemption by the Company on 11 April 2005 will be extended to 30 November 2005 whereby a cash payment of RM100 million will be made on or before 30 November 2005 as part settlement and to issue Redeemable Secured Loan Stocks amounting to RM327 million as full settlement for the outstanding balance of the Bonds 2001/2005, subject to agreement by all parties concerned and obtaining approval from the relevant authorities.

40.Subsequent Event

- a. On 29 April 2005, the Company subscribed for an additional 1,790,000 ordinary shares of RM1/- each of a subsidiary company, First Travel and Tours (M) Sdn Bhd ("FTT"), at par for a total consideration of RM1,790,000/- thereby increasing its total investment from 209,998 to 1,999,998 ordinary shares of RM1/- each representing 95.69% of the enlarged issued and paid-up share capital of FTT.
- b. On 13 June 2005, the Company entered into a Sales and Purchase Agreement to disposed of its entire shareholding interest of 30% in an associated company, FSBM DapanNet Sdn Bhd ("FSBM DapanNet"), comprising 741,000 ordinary shares of RM1/-each at a sales consideration of RM261,034/-. As a result, the FSBM DapanNet ceased to be an associated company of the Company after the year end.

41.Segment Information – Group

Segment information is presented in respect of the Group's business and geographical segments.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest bearing loans and expenses and other items that cannot be reasonably allocated to any segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business Segments

The Group comprises the following main business segments:

| | |
|---|--|
| Management services, venture capital and investment holdings and others | Investment holding, provision of management services, information technology, consultancy and money lending. |
| Property development and construction | Property development, construction and project contractor. |
| Leisure and tourism | Travel and tours agency, golf and country club operation and management and resort hotel operation and management. |
| Trading | Trading of wood products and purchasing and sourcing of timber for sale. |

Geographical Segments

The businesses of the Group are solely operated in Malaysia except for the trading of wood products and purchasing and sourcing of timber for sale which are operated in Hong Kong, Singapore and United Kingdom.

a. Primary Reporting Format - Major Business Segments

| In RM | Management Services, Venture Capital & Investment Holdings & Others | Property Development & Construction | Leisure & Tourism | Trading | Eliminations | Consolidated |
|--|---|---|----------------------|-------------|--------------|--------------|
| 2005 | | | | | | |
| REVENUE | | | | | | |
| External revenue | 1,231,382 | 33,987,566 | 84,569,327 | 26,114,360 | - | 145,902,635 |
| Inter-segment revenue | - | - | - | - | - | - |
| Total revenue | 1,231,382 | 33,987,566 | 84,569,327 | 26,114,360 | - | 145,902,635 |
| RESULT | | | | | | |
| Segment result | (9,558,712) | (13,503,847) | 4,438,349 | (2,077,543) | - | (20,701,753) |
| Amortisation of discount on bonds | | | | | | (35,490,152) |
| Amortisation of goodwill on consolidation | (159,564) | (1,404,436) | (140,081) | (684,096) | - | (2,388,177) |
| Interest revenue | 30,419 | 226,220 | - | 6,819 | - | 263,458 |
| Interest expenses | (4,514,582) | (5,225,200) | - | - | - | (9,739,782) |
| Share of results of associated companies | - | 62,487 | - | - | - | 62,487 |
| Amortisation of reserve on consolidation | | | | | | 236,672 |
| Taxation | | | | | | 3,317,832 |
| Loss after taxation but before minority interest | | | | | | (64,439,415) |

Notes to the Financial Statements

31 March 2005

| In RM | Management Services, Venture Capital & Investment Holdings & Others | Property Development & Construction | Leisure & Tourism | Trading | Eliminations | Consolidated |
|--|---|---|----------------------|------------------|--------------|----------------------|
| 2005 | | | | | | |
| RESULT | | | | | | |
| Minority interest | | | | | | 692,821 |
| Net loss for the year | | | | | | (63,746,594) |
| OTHER INFORMATION | | | | | | |
| Segment | | | | | | |
| Assets | 94,694,604 | 1,302,558,335 | 393,106,625 | 9,938,433 | - | 1,800,297,997 |
| Amount | | | | | | |
| owing by associated companies | - | 24,477,140 | - | - | - | 24,477,140 |
| Interest in associated companies | - | 1,974,635 | - | - | - | 1,974,635 |
| Unallocated corporate assets | | | | | | 33,555,670 |
| Consolidated total assets | | | | | | 1,860,305,442 |
| Segment | | | | | | |
| liabilities | 21,590,030 | 150,924,672 | 27,905,807 | 5,551,868 | - | 205,972,377 |
| Taxation | 2,986,967 | 143,411,482 | 6,436,910 | - | - | 152,835,359 |
| Deferred taxation | - | 125,580,857 | 3,532,000 | - | - | 129,112,857 |
| Unallocated corporate liabilities | | | | | | 540,295,790 |
| Consolidated total liabilities | | | | | | 1,028,216,383 |
| Capital expenditure | 127,676 | 1,078,440 | 4,562,617 | - | - | 5,768,733 |
| Depreciation of property, plant and equipment | 747,256 | 619,893 | 9,756,163 | 57,014 | - | 11,180,326 |

| In RM | Management Services, Venture Capital & Investment Holdings & Others | Property Development & Construction | Leisure & Tourism | Trading | Eliminations | Consolidated |
|---|---|---|----------------------|---------|--------------|--------------|
| 2005 | | | | | | |
| OTHER INFORMATION | | | | | | |
| Significant Non-cash expenses other than depreciation | | | | | | |
| Property, plant and equipment written off | 406,629 | - | 4,392 | - | - | 411,021 |
| Amortisation of goodwill on consolidation | 159,564 | 1,404,436 | 140,081 | 684,096 | - | 2,388,177 |
| Amortisation of discount on bonds | 35,490,152 | - | - | - | - | 35,490,152 |
| Property development costs written off due to revocation of sales and purchase agreement | - | 3,017,116 | - | - | - | 3,017,116 |
| Property development costs written off | - | 2,616,728 | - | - | - | 2,616,728 |

Notes to the Financial Statements

31 March 2005

| In RM | Management Services, Venture Capital & Investment Holdings & Others | Property Development & Construction | Leisure & Tourism | Trading | Eliminations | Consolidated |
|--|---|---|----------------------|------------|--------------|--------------|
| 2004 | | | | | | |
| REVENUE | | | | | | |
| External revenue | 1,589,171 | 5,245,727 | 68,755,096 | 22,059,118 | - | 97,649,112 |
| Inter-segment revenue | - | - | - | - | - | - |
| Total revenue | 1,589,171 | 5,245,727 | 68,755,096 | 22,059,118 | - | 97,649,112 |
| RESULT | | | | | | |
| Segment result | (11,833,093) | (3,255,080) | (17,785) | 206,585 | - | (14,899,373) |
| Amortisation of discount on bonds | | | | | | (32,483,480) |
| Amortisation of goodwill on consolidation | (159,564) | (1,404,437) | (140,081) | (684,096) | - | (2,388,178) |
| Interest revenue | 3,514 | 248,130 | - | 3,686 | | 255,330 |
| Interest expenses | (5,005,370) | (3,935,062) | (8,788) | - | - | (8,949,220) |
| Share of results of associated companies | - | 26,813 | - | - | - | 26,813 |
| Amortisation of reserve on consolidation | | | | | | 236,672 |
| Taxation | | | | | | 957,275 |
| Loss after taxation but before minority interest | | | | | | (57,244,161) |
| Minority interest | | | | | | 209,327 |
| Net loss for the year | | | | | | (57,034,834) |

| In RM | Management Services, Venture Capital & Investment Holdings & Others | Property Development & Construction | Leisure & Tourism | Trading | Eliminations | Consolidated |
|---|---|-------------------------------------|-------------------|-----------|--------------|---------------|
| 2004 | | | | | | |
| OTHER INFORMATION | | | | | | |
| Segment | | | | | | |
| Assets | 73,131,541 | 1,352,825,883 | 373,869,122 | 8,495,637 | - | 1,808,322,183 |
| Amount | | | | | | |
| owing by associated companies | - | 25,557,140 | - | - | - | 25,557,140 |
| Interest in associated companies | - | 1,912,148 | - | - | - | 1,912,148 |
| Unallocated corporate assets | | | | | | 35,974,087 |
| Consolidated total assets | | | | | | 1,871,765,558 |
| Segment | | | | | | |
| liabilities | 15,141,984 | 143,486,058 | 31,127,636 | 7,944,395 | - | 197,700,073 |
| Taxation | 2,442,131 | 143,768,442 | 6,436,910 | 2,899,400 | - | 155,546,883 |
| Deferred taxation | - | 128,236,997 | 1,488,000 | - | - | 129,724,997 |
| Unallocated corporate liabilities | | | | | | 492,160,677 |
| Consolidated total liabilities | | | | | | 975,132,630 |
| Capital expenditure | 12,044 | 905,548 | 2,712,929 | - | - | 3,630,521 |
| Depreciation of property, plant and equipment | 809,719 | 576,801 | 9,416,492 | 54,853 | - | 10,857,865 |

Notes to the Financial Statements

31 March 2005

| In RM | Management Services, Venture Capital & Investment Holdings & Others | Property Development & Construction | Leisure & Tourism | Trading | Eliminations | Consolidated |
|---|---|-------------------------------------|-------------------|---------|--------------|--------------|
| 2004 | | | | | | |
| OTHER INFORMATION | | | | | | |
| Significant Non-cash expenses other than depreciation | | | | | | |
| Property, plant and equipment written off | 218,537 | - | - | - | - | 218,537 |
| Amortisation of goodwill on consolidation | 159,564 | 1,404,437 | 140,081 | 684,096 | - | 2,388,178 |
| Amortisation of discount on bonds | 32,483,480 | - | - | - | - | 32,483,480 |

b. Secondary Reporting Format - Geographical Segments

| In RM | Malaysia | Asia Pasific | Europe | Eliminations | Consolidated |
|---------------------------------------|---------------|--------------|--------|--------------|---------------|
| 2005 | | | | | |
| Total revenue from external customers | 119,788,275 | 26,114,360 | - | - | 145,902,635 |
| Segment assets | 1,794,101,541 | 10,580,090 | - | - | 1,804,681,631 |
| Amount owing by associated companies | 24,477,140 | - | - | - | 24,477,140 |
| Interest in associated companies | 1,974,635 | - | - | - | 1,974,635 |
| Unallocated corporate assets | | | | | 29,172,036 |
| Consolidated total assets | | | | | 1,860,305,442 |
| Capital expenditure | 5,768,733 | - | - | - | 5,768,733 |

| In RM | Malaysia | Asia Pasific | Europe | Eliminations | Consolidated |
|--|---------------|-----------------|--------|--------------|---------------|
| 2004 | | | | | |
| Total revenue from external customers | 75,589,994 | 22,059,118 | - | - | 97,649,112 |
| Segment assets | 1,770,399,779 | 12,347,004 | - | - | 1,782,746,783 |
| Amount owing by associated companies | 25,557,140 | - | - | - | 25,557,140 |
| Interest in associated companies | 1,912,148 | - | - | - | 1,912,148 |
| Unallocated corporate assets | | | | | 31,556,522 |
| Consolidated total assets | | | | | 1,841,772,593 |
| Capital expenditure | 3,630,521 | - | - | - | 3,630,521 |

All the inter-segment revenue comprises inter-segment sales which were priced at cost plus a percentage profit mark-up.

42. Material Litigations

GROUP

A minority shareholder of a subsidiary company, First Travel and Tours (M) Sdn Bhd ("FTT"), has presented a legal petition against FTT, the Company and a director of the Company ("Respondents") to wind-up FTT pursuant to Section 181 of the Companies Act, 1965, on allegation that the affairs of FTT were being conducted in a manner oppressive to him and in disregard of his interest as shareholder. The petitioner lawyers have yet to file summons for directors in court to set the petition down for hearing.

No provision has been made for possible losses arising from the above legal proceedings as the legal proceedings are still pending.

Notes to the Financial Statements

31 March 2005

43.Sinking Fund Deposits Commitment

| In RM | Group/Company | |
|--|--------------------|-------------|
| | 2005 | 2004 |
| This arises pursuant to the Second Supplementary Trust Deed dated 27 June 2004 on the 4 years zero coupon redeemable secured bonds 2001/2005 totalling RM420,000,000/- | | |
| Deposits payable within 1 year | 419,800,000 | 419,800,000 |

The sinking fund is to be utilised for the redemption of the Bonds 2001/2005 which are due on 11 April 2005.

Pursuant to the Heads of Agreement dated 31 March 2005, the due date for the redemption of the Bonds 2001/2005 has been restructured and rescheduled to 30 November 2005, subject to approval by the relevant authorities.

44.Contingent Liabilities – Unsecured

| In RM | Company | |
|---|--------------------|-------------|
| | 2005 | 2004 |
| Corporate guarantee given by the Company to financial institutions and third parties for banking and outstanding credit facilities of the following subsidiary companies: | | |
| - Dapan Holdings Sdn Bhd | 36,456,600 | 38,100,000 |
| - FACB Charter Sdn Bhd | 131,700 | 166,000 |
| - First Travel & Tours (M) Sdn Bhd | 1,565,800 | 1,800,000 |
| - Karambunai Resorts Sdn Bhd | 57,922,000 | 53,600,000 |
| - Scanply International Wood Products (Singapore) Pte Ltd | 1,567,800 | 1,337,000 |
| - Composites Technology Development Corporation Sdn Bhd | 4,000,000 | 4,000,000 |
| - Nexus Resort Karambunai Sdn Bhd | 265,200 | 265,200 |
| - Karambunai Golf Management Berhad | 862,000 | 684,000 |
| - Sunnyland Industries Ltd | 18,133,000 | 18,044,000 |
| | 120,904,100 | 117,996,200 |
| Corporate guarantee given by the Company to Amway Korea Ltd | 6,329,456 | - |
| Letter of Undertaking given by the Company to Sri Hartamas Berhad (Special Administrator Appointed) in respect of the Reconstruction Agreement | - | 50,000,000 |

45. Financial Instruments

a. Financial Risk Management 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 risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

i. Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currencies. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group at financial year end that are not denominated in their functional currencies are as follows:

| In RM | (Representing foreign currencies translated in RM) United States Dollar |
|------------------------------------|---|
| Functional currencies of the Group | |
| 2005 | |
| Trade Receivables | |
| Singapore Dollar | 4,711,875 |
| Term Loan | |
| Hong Kong Dollar | 18,133,162 |
| Trade Payables | |
| Singapore Dollar | 3,379,333 |
| 2004 | |
| Trade Receivables | |
| Singapore Dollar | 2,106,144 |
| Hong Kong Dollar | 1,238,475 |
| | 3,344,619 |
| Term Loan | |
| Hong Kong Dollar | 18,043,781 |
| Trade Payables | |
| Singapore Dollar | 1,372,592 |

Notes to the Financial Statements

31 March 2005

ii. Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities.

- Interest bearing financial assets

Cash on deposits with licensed banks are short term in nature and are not held for speculative purposes but are placed to satisfy conditions for bank guarantee and borrowing facilities granted to the Group and for better yield returns than cash at banks.

- Interest bearing financial liabilities

Interest bearing financial liabilities included bank overdrafts, term loans, bridging loan, revolving credits, bills payable, redeemable bonds and hire purchase and lease payables.

The Group manages its interest exposure by maintaining of prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The effective interest rates at financial year end and the periods in which they reprice or mature, whichever is earlier, are as follows:

| In RM | Effective Interest Rate % | Total | «----- Maturities -----» | | |
|--------------------------------------|---------------------------------|-------------|--------------------------|--------------------|----------------|
| | | | Within 1 Year | Within 1-5 Year | Over 5 Year |
| 2005 | | | | | |
| GROUP | | | | | |
| Financial Assets | | | | | |
| Cash deposits with licensed banks | 3.00 - 3.70 | 4,383,634 | 4,383,634 | - | - |
| Financial Liabilities | | | | | |
| Hire purchase and lease payables | 7.08 - 10.97 | 3,623,864 | 1,850,171 | 1,773,693 | - |
| Bank overdrafts | 7.75 - 9.50 | 23,225,936 | 23,225,936 | - | - |
| Redeemable bonds | 9.26 | 420,000,000 | 420,000,000 | - | - |
| Bridging loan | 9.50 | 7,742,375 | 7,742,375 | - | - |
| Revolving credits | 6.00 - 6.50 | 17,000,000 | 17,000,000 | - | - |
| Bills payable | 3.18 - 3.41 | 1,567,800 | 1,567,800 | - | - |
| Term loans | 7.75 - 10.00 | 85,282,785 | 80,182,785 | 5,100,000 | - |
| COMPANY | | | | | |
| Financial Assets | | | | | |
| Cash deposits with licensed banks | 3.70 | 230,419 | 230,419 | - | - |

| | «----- Maturities -----» | | | | |
|-----------------------------------|---------------------------|-------------|---------------|------------------|-------------|
| In RM | Effective Interest Rate % | Total | Within 1 Year | Within 1- 5 Year | Over 5 Year |
| 2005 | | | | | |
| COMPANY | | | | | |
| Financial Liabilities | | | | | |
| Hire purchase and lease payables | 7.08 - 9.31 | 71,880 | 17,764 | 54,116 | - |
| Revolving credits | 6.00 - 6.50 | 17,000,000 | 17,000,000 | - | - |
| Redeemable bonds | 9.26 | 420,000,000 | 420,000,000 | - | - |
| 2004 | | | | | |
| GROUP | | | | | |
| Financial Assets | | | | | |
| Cash deposits with licensed banks | 3.00 - 3.70 | 4,417,565 | 4,417,565 | - | - |
| Financial Liabilities | | | | | |
| Hire purchase and lease payables | 7.08 - 10.97 | 2,860,729 | 2,033,109 | 827,620 | - |
| Bank overdrafts | 7.75 - 9.50 | 22,910,501 | 22,910,501 | - | - |
| Redeemable bonds | 9.26 | 420,000,000 | 420,000,000 | - | - |
| Bridging loan | 9.50 | 9,947,857 | 9,947,857 | - | - |
| Revolving credits | 5.60 - 9.75 | 17,000,000 | 17,000,000 | - | - |
| Bills payable | 3.18 - 3.41 | 1,336,825 | 1,336,825 | - | - |
| Term loans | 7.75 - 10.00 | 82,433,991 | 77,333,991 | 5,100,000 | - |
| COMPANY | | | | | |
| Financial Assets | | | | | |
| Cash deposits with licensed banks | 3.00 | 200,000 | 200,000 | - | - |
| Financial Liabilities | | | | | |
| Hire purchase and lease payables | 7.08 - 9.31 | 407,153 | 88,486 | 318,667 | - |
| Revolving credits | 5.60 - 9.75 | 17,000,000 | 17,000,000 | - | - |
| Redeemable bonds | 9.26 | 420,000,000 | 420,000,000 | - | - |

Notes to the Financial Statements

31 March 2005

iii. Credit Risk

The Group's exposure to credit risk arises from its receivable and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer.

iv. Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met.

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash 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.

b. Fair Values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:

i. Cash on Deposits with Licensed Banks, Cash And Cash Equivalents

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

ii. Long Term Payables

The carrying amount of long term payables is reasonable estimate of fair values because they are based on agreed settlement sum.

iii. Trade and Other Receivables and Payables

The carrying amounts of trade receivables and payables are subject to normal trade credit terms. The carrying amounts of these receivables and payables are reasonable estimate of fair values due to the relatively short term maturities of these financial assets and liabilities.

iv. Lease and Hire Purchase Payables

The fair values of lease and hire purchase are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangement.

v. Borrowings

The carrying amounts of redeemable bonds, bank overdrafts, bridging loan, revolving credit and bills payable approximate fair values due to the relatively short term maturities of these financial liabilities.

The fair values of term loans are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.

The carrying amounts of financial assets and liabilities recognised in the balance sheet approximate to their fair values except for the following:

| In RM | Group | | Company | |
|----------------------------------|-----------------|-------------|-----------------|-------------|
| | Carrying Amount | Fair Values | Carrying Amount | Fair Values |
| 2005 | | | | |
| Financial Asset | | | | |
| Other investments | 522,001 | # - | 310,000 | # - |
| Financial Liabilities | | | | |
| Hire purchase and lease payables | 3,623,864 | 3,638,375 | 71,880 | 75,921 |
| Term loans | 85,282,785 | 82,657,227 | - | - |
| 2004 | | | | |
| Financial Asset | | | | |
| Other investments | 622,001 | # - | 310,000 | # - |
| Financial Liabilities | | | | |
| Hire purchase and lease payables | 2,860,729 | 2,866,939 | 407,153 | 410,043 |
| Redeemable bonds | 420,000,000 | * - | 420,000,000 | * - |
| Term loans | 82,433,991 | 79,924,500 | - | - |

It is not practical to estimate the fair value of golf club membership and unquoted shares in other investments due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

* It is not practical to estimate the fair values of Redeemable bonds due to lack of information and without incurring excessive costs.

The nominal amount and fair value of financial instruments not recognised in the Company's balance sheets are as follows:

| In RM | Nominal Amount | Fair Values |
|------------------------|----------------|-------------|
| 2005 | | |
| Contingent liabilities | 127,233,556 | # - |
| 2004 | | |
| Contingent liabilities | 167,996,200 | # - |

It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

46. General Information

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business is No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 29 July 2005.

Group Properties

as at 31 March 2005

| Location | Area (Hectares) | Description | Tenure | Year of Expiry | Age of Building | Net Book Value RM'000 |
|--|--------------------|---|-------------------------|-------------------|--------------------|-----------------------------|
| CL. 045091174 Mukim Menggatal Kota Kinabalu Sabah | 242.81 | Resort Development | Leasehold: 999 years | 2897 | – | 867,739 |
| CL. 045091174 Mukim Menggatal Kota Kinabalu Sabah | 364.21 | Resort Development | Leased: 99 years | 2093 | – | 133,689 |
| Lots P.T. 2180 2181 & 2182 Mukim of Dengkil District of Sepang Selangor | 551.59 | Resort Development | Leasehold: 99 years | 2087 | – | 339,999 |
| H.S. (D) 38228 Lot P.T. 6 Mukim Ampang District of Ulu Langat Selangor | 2.15 | Mixed Development | Leasehold: 99 years | 2078 | – | 14,332 |
| Country Lease No. 015414972 Mile 13 Tuaran Road District of Kota Kinabalu Sabah | 116.41 | Mixed Development | Leasehold: 999 years | 2905 | – | 33,488 |
| Lot No.4, Section 36 Town of Petaling Jaya Selangor | 0.82 | Four storey office/ showroom building and annexed factory | Leasehold: 99 years | 2060 | 10 years | 5,416 |
| H.S. (M) 808 813 & 814 Lots P.T. 6032 - 35, 6037 & 6038, 6040 & 6041 Mukim Batu Berendam Melaka | 21.34 | Mixed Development | Leasehold: 99 years | 2095 | – | 5,245 |
| H.S. (D) 22835 Lot P.T. 8781 Mukim of Petaling District of Petaling Selangor | 3.65 | Mixed Development | Leasehold: 99 years | 2086 | – | 1,037 |

Shareholders' Information

as at 29 July 2005

| | | |
|--------------------------|---|--|
| Authorised Share Capital | : | RM2,000,000,000.00 divided into 4,000,000,000 ordinary shares of RM0.50 each |
| Issued & Fully Paid-up | : | RM1,015,029,840.00 divided into 2,030,059,680 ordinary shares of RM0.50 each |
| Class of Shares | : | Ordinary Shares of RM0.50 each |
| Voting Rights | : | Every member present in person or by proxy has one (1) vote on a show of hands and on a poll, every member present in person or by proxy has one(1) vote for each share he holds |

| Size of Holdings | No. of Shareholders | % | No. of Shares | % |
|--|---------------------|-----------------|----------------------|-----------------|
| 1 - 99 | 223 | 0.3053 | 7,555 | 0.0004 |
| 100 - 1,000 | 13,960 | 19.1086 | 13,699,398 | 0.6748 |
| 1,001 - 10,000 | 45,047 | 61.6609 | 209,511,990 | 10.3205 |
| 10,001 - 100,000 | 12,665 | 17.3360 | 376,838,313 | 18.5629 |
| 100,001 to less than 5% of issued shares | 1,158 | 1.5851 | 708,458,595 | 34.8984 |
| 5% and above of issued shares | 3 | 0.0041 | 721,543,829 | 35.5430 |
| Total | 73,056 | 100.0000 | 2,030,059,680 | 100.0000 |

Top Thirty Shareholders as at 29 July 2005

| Name of Shareholders | No. of Shares | % |
|---|---------------|---------|
| 1. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dr Chen Lip Keong | 483,794,566 | 23.8315 |
| 2. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Chen Lip Keong | 132,934,833 | 6.5483 |
| 3. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dr Chen Lip Keong | 104,814,430 | 5.1631 |
| 4. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dr Chen Lip Keong | 95,000,000 | 4.6797 |
| 5. Hwang-DBS Securities Berhad | 26,667,366 | 1.3136 |
| 6. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Lipkland Holdings Sdn Bhd | 20,911,321 | 1.0301 |
| 7. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kim Hock | 20,245,400 | 0.9973 |
| 8. SFB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lipkland Holdings Sdn Bhd | 19,000,000 | 0.9359 |
| 9. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Stuard Saw Teik Siew | 17,773,300 | 0.8755 |
| 10. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Roseley Bin Omar | 16,752,000 | 0.8252 |
| 11. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Khim Taik | 15,000,000 | 0.7389 |
| 12. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Aing Joo | 15,000,000 | 0.7389 |
| 13. HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund | 13,839,000 | 0.6817 |
| 14. Wong Chong Ngin | 12,580,700 | 0.6197 |
| 15. SFB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Lip Keong | 10,000,000 | 0.4926 |

Shareholders' Information

as at 29 July 2005

| Name of Shareholders | No. of Shares | % |
|---|----------------------|----------------|
| 16. HDM Nominees (Asing) Sdn Bhd DBS Vickers Securities (S) Pte Ltd for River Estates Incorporated | 10,000,000 | 0.4926 |
| 17. Menteri Kewangan Malaysia | 8,967,707 | 0.4417 |
| 18. Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan | 7,670,000 | 0.3778 |
| 19. Batu Bara Resources Corporation Sdn Bhd | 6,900,000 | 0.3399 |
| 20. Yeoh Soo Hin | 5,000,000 | 0.2463 |
| 21. Yeoh Kean Hua | 4,900,000 | 0.2414 |
| 22. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Fook Khiong | 4,829,400 | 0.2379 |
| 23. Lembaga Tabung Angkatan Tentera | 4,595,000 | 0.2263 |
| 24. HDM Nominees (Tempatan) Sdn Bhd Philip Securities Pte Ltd for Wong Choo Mok | 4,476,900 | 0.2205 |
| 25. Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kwee Eng | 4,467,400 | 0.2201 |
| 26. Ang Bee Kean | 4,193,000 | 0.2065 |
| 27. Permodalan Nasional Berhad | 3,028,000 | 0.1492 |
| 28. Cheng Ka Jern | 2,956,000 | 0.1456 |
| 29. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Evan Tannudin & Lim Evan Tannudin | 2,928,100 | 0.1442 |
| 30. HSBC Nominees (Tempatan) Sdn Bhd Philip Securities Pte Ltd for Yeoh Tiong Ghee | 2,620,000 | 0.1291 |
| Total | 1,081,844,423 | 53.2911 |

Substantial Shareholdings

Register of Substantial Shareholders as at 29 July 2005

| Name of Substantial Shareholder | Direct No. | | Indirect No. | |
|---------------------------------|----------------------------|-------|----------------------------|------|
| | of Ordinary Shares Held | % | of Ordinary Shares Held | % |
| Tan Sri Dr Chen Lip Keong | 788,248,562 (a) | 38.83 | 79,911,321 (b) | 3.94 |

Notes :

- (a) Partly held through Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd, OSK Nominees (Tempatan) Sdn Bhd, HDM Nominees (Tempatan) Sdn Bhd, SFB Nominees (Tempatan) Sdn Bhd and UOBM Nominees (Tempatan) Sdn Bhd
- (b) Deemed interested through Tan Sri Dr Chen Lip Keong's shareholdings in Lipkland Holdings Sdn Bhd

Warrantholders' Information

as at 29 July, 2005

| | | |
|--|---|---|
| No. of 1997/2007 Warrants (Warrants 'A') | : | 7,376,800 outstanding |
| Exercise Price | : | RM1.21 |
| Exercise Period | : | 27 June 1997 to 27 March 2007 |
| Exercise Rights | : | Each warrant entitles the holder to subscribe for one (1) ordinary share of RM0.50 each in the Company at any time during the Exercise Period |
| Voting Rights | : | One (1) vote per warrantholder present in person or by proxy on a show of hands or one (1) vote per warrant on a poll in respect of meeting of 1997/2007 warrantholders |

| Size of Holdings | No. of Warrantholders | % | No. of Warrants | % |
|---|-----------------------|-----------------|------------------|-----------------|
| 1 – 99 | 18 | 0.5322 | 1,216 | 0.0165 |
| 100 – 1,000 | 2,440 | 72.1467 | 1,885,340 | 25.5577 |
| 1,001 – 10,000 | 825 | 24.3938 | 2,818,546 | 38.2082 |
| 10,001 – 100,000 | 96 | 2.8386 | 2,211,448 | 29.9784 |
| 100,001 to less than 5% of outstanding warrants | 3 | 0.0887 | 460,250 | 6.2392 |
| 5% and above of outstanding warrants | 0 | – | 0 | – |
| Total | 3,382 | 100.0000 | 7,376,800 | 100.0000 |

Top Thirty Warrantholders as at 29 July 2005

| Name of Warrantholders | No. of Warrants | % |
|---|-----------------|--------|
| 1. Lee Koon Gaik | 195,700 | 2.6529 |
| 2. Abdul Aziz Bin Mohd Hassan | 152,450 | 2.0666 |
| 3. Ang Lay Chin | 112,100 | 1.5196 |
| 4. Maruthamuthu a/l Doraisamy Kavundan | 100,000 | 1.3556 |
| 5. See Wee Boon | 92,900 | 1.2594 |
| 6. Beh Hong Ang | 63,600 | 0.8622 |
| 7. HLG Nominee (Asing) Sdn Bhd | 50,000 | 0.6778 |
| 8. Kong Sin Ming | 50,000 | 0.6778 |
| 9. Lim Kai Siang | 50,000 | 0.6778 |
| 10. Affin-ACF Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chee Kok Loong) | 47,000 | 0.6371 |
| 11. Adlina Ho binti Abdullah | 43,700 | 0.5924 |
| 12. Mayban Securities Nominees (Asing) Sdn Bhd (OCBC Securities Private Limited for Kam Choe Beng) | 42,000 | 0.5694 |
| 13. Lee Joo Choon | 41,500 | 0.5626 |
| 14. Tan Ke Huat | 40,200 | 0.5450 |
| 15. Chang Yuet Mei | 40,000 | 0.5422 |
| 16. Eng Nominees (Asing) Sdn Bhd (Kim Eng Securities Pte Ltd) | 40,000 | 0.5422 |
| 17. Mahfoz bin Abdollah | 38,000 | 0.5151 |
| 18. RHB Nominees (Tempatan) Sdn Bhd (UOB Kay Hian Private Limited for Chia Chee Poh) | 37,000 | 0.5016 |
| 19. Neo Hock Chin | 37,000 | 0.5016 |
| 20. Tan Soo Gek | 30,000 | 0.4067 |

| Name of Warrantholders | No. of Warrants | % |
|---|------------------------|----------------|
| 21. Cartaban Nominees (Asing) Sdn Bhd (DBSVickers for Ambernathan Govindasamy) | 30,000 | 0.4067 |
| 22. Khoo Soo Khook | 30,000 | 0.4067 |
| 23. Ooi Eng Hong | 29,700 | 0.4026 |
| 24. Menteri Kewangan Malaysia | 27,842 | 0.3774 |
| 25. Nor Bie binti Haris | 25,900 | 0.3511 |
| 26. Sim See Mong | 25,000 | 0.3389 |
| 27. Ke-Zan Nominees (Asing) Sdn Bhd (Kim Eng Securities Pte Ltd for Shun Sing Trading Pte Ltd) | 25,000 | 0.3389 |
| 28. Hendon binti Abdul Latiff | 25,000 | 0.3389 |
| 29. Tay Kim Twi | 25,000 | 0.3389 |
| 30. Yeoh Leong Heng | 24,000 | 0.3253 |
| Total | 1,570,592 | 21.2910 |

Warrantholders' Information

as at 29 July 2005

| | | |
|--|---|---|
| No. of 2002/2007 Warrants (Warrants 'B') | : | 852,739,964 outstanding |
| Exercise Price | : | RM0.54 - stage 1/RM0.66 - stage 2 |
| Exercise Period | : | 04 January 2002 to 11 January 2005 - stage 1 12 January 2005 to 3 January 2007 - stage 2 |
| Exercise Rights | : | Each warrant entitles the holder to subscribe for one (1) ordinary share of RM0.50 each in the Company at any time during the Exercise Period |
| Voting Rights | : | One (1) vote per warrant holder present in person or by proxy on a show of hands or one (1) vote per warrant on a poll in respect of meeting of 2002/2007 warrant holders |

| Size of Holdings | No. of Warrantholders | % | No. of Warrants | % |
|---|-----------------------|----------|-----------------|----------|
| 1 – 99 | 154 | 2.0961 | 7,500 | 0.0009 |
| 100 – 1,000 | 1,083 | 14.7407 | 840,780 | 0.0986 |
| 1,001 – 10,000 | 4,634 | 63.0734 | 18,790,440 | 2.2035 |
| 10,001 – 100,000 | 1,297 | 17.6535 | 39,260,279 | 4.6040 |
| 100,001 to less than 5% of outstanding warrants | 176 | 2.3955 | 289,076,784 | 33.8998 |
| 5% and above of outstanding warrants | 3 | 0.0408 | 504,764,181 | 59.1932 |
| Total | 7,347 | 100.0000 | 852,739,964 | 100.0000 |

Top Thirty Warrantholders as at 29 July 2005

| Name of Warrantholders | No. of Warrants | % |
|---|-----------------|---------|
| 1. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dr Chen Lip Keong | 380,000,000 | 44.5622 |
| 2. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dr Chen Lip Keong | 70,500,000 | 8.2675 |
| 3. CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd | 54,264,181 | 6.3635 |
| 4. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Khim Taik | 42,000,000 | 4.9253 |
| 5. Lipkland Holdings Sdn Bhd | 34,257,216 | 4.0173 |
| 6. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Aing Joo | 25,000,000 | 2.9317 |
| 7. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Stuart Saw Teik Siew | 21,000,050 | 2.4626 |
| 8. Hwang-DBS Securities Berhad IVT (SFS) | 20,000,000 | 2.3454 |
| 9. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kim Hock | 17,049,400 | 1.9994 |
| 10. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Aing Joo | 13,101,100 | 1.5364 |
| 11. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kien Wah | 12,621,700 | 1.4801 |
| 12. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Hong Siang | 10,935,200 | 1.2824 |

| Name of Warrantholders | No. of Warrants | % |
|--|------------------------|----------------|
| 13. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Ong Kien Wah | 8,600,000 | 1.0085 |
| 14. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Roseley Bin Omar | 8,100,000 | 0.9499 |
| 15. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Ho Khim Taik | 8,100,000 | 0.9499 |
| 16. Tan Sri Dr Chen Lip Keong | 4,440,000 | 0.5207 |
| 17. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tian Toh Seng | 4,000,000 | 0.4691 |
| 18. Loong Tien Poh @ Loong Chay Wang | 2,878,000 | 0.3375 |
| 19. Goh Kim Moi | 2,611,000 | 0.3062 |
| 20. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Wong Tow Fock | 2,300,000 | 0.2697 |
| 21. Chan Peng Leong | 2,250,000 | 0.2639 |
| 22. Tan Soon Lai | 2,156,500 | 0.2529 |
| 23. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soon Bee Hong | 1,892,000 | 0.2219 |
| 24. Sulaiman Bin S. Bawa | 1,670,000 | 0.1958 |
| 25. HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund | 1,292,000 | 0.1515 |
| 26. Low Ser Ling | 1,200,000 | 0.1407 |
| 27. Chai Min Shau | 1,000,000 | 0.1173 |
| 28. Chung Wai Hoi | 1,000,000 | 0.1173 |
| 29. HDM Nominees (Asing) Sdn Bhd Pledged Securities Account for Wong Wai Keung Raymond | 1,000,000 | 0.1173 |
| 30. Rahmandin @ Rahmanudin Bin Md Shamsudin | 995,200 | 0.1167 |
| Total | 756,213,547 | 88.6806 |

Directors' Shareholdings & Warrantholdings

as at 29 July 2005

| Name of Directors | Number of Shares | | | Percentage of Issued Capital | | Number of Warrants 1997/2007 (Warrants A) | | Percentage of Warrants 1997/2007 | | Number of Warrants 2002/2007 (Warrants B) | | Percentage of Warrants 2002/2007 | |
|--|------------------|---------------|---------|------------------------------|---|---|--------|----------------------------------|---------------|---|--------|----------------------------------|---|
| | Direct | Deemed | | | | Direct | Deemed | (Warrants A) | | Direct | Deemed | (Warrants B) | |
| 1. Tengku Datuk Zainal Adlin bin Tengku Mahamood | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.. Tan Sri Dr Chen Lip Keong | (a)788,248,562 | (b)79,911,321 | 42.7652 | - | - | - | - | (c)454,940,000 | (d)34,257,216 | 57.3677 | | | |
| 3. Datuk Wan Kassim bin Ahmed | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4. Lee Wai Tuck, Philip | 40,000 | - | 0.0020 | - | - | - | - | - | - | - | - | - | - |
| 5. Tuan Haji Harun bin Haji Faudzar | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6. Tuan Haji Zainal Abidin bin Ali | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7. Loh Hoon Loi | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8. Dr Heng Aik Cheng | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9. Datuk Abdul Ghani bin Abdul Rashid, JP | - | - | - | - | - | - | - | - | - | - | - | - | - |

Notes :

- Partly held through Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd, OSK Nominees (Tempatan) Sdn Bhd, HDM Nominees (Tempatan) Sdn Bhd, SFB Nominees (Tempatan) Sdn Bhd and UOBM Nominees (Tempatan) Sdn Bhd
- Deemed interested through Tan Sri Dr Chen Lip Keong's shareholdings in Lipkland Holdings Sdn Bhd
- Partly held through Bumiputra-Commerce (Tempatan) Sdn Bhd and HDM Nominees (Tempatan) Sdn Bhd
- Deemed interested through Tan Sri Dr Chen Lip Keong's shareholdings in Lipkland Holdings Sdn Bhd

Proxy Form

KARAMBUNAI CORP BHD (6461-P)
(Incorporated in Malaysia)

Number of Shares

CDS Account No.

I/We,
(Please use BLOCK letters)

of
(Full address)

being a member/members of KARAMBUNAI CORP BHD hereby appoint

NRIC 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 Thirty-Ninth Annual General Meeting of the Company to be held at the Sigunting, Nexus Resort Karambunai Off Jalan Sepangar, No. 1, Nexus Drive West, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Wednesday, 28 September 2005 at 10.00 a.m. and any adjournment thereof.

Please indicate with "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of the Annual General Meeting. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

| | Ordinary Resolutions | For | Against |
|-------|---|-----|---------|
| No. 1 | Adoption of Directors' Report and Audited Accounts | | |
| No. 2 | Payment of Directors' fees | | |
| No. 3 | Re-election of Directors | | |
| No. 4 | Tengku Datuk Zainal Adlin bin Tengku Mahamood | | |
| No. 5 | Tuan Haji Harun bin Haji Faudzar | | |
| No. 6 | Dr Heng Aik Cheng | | |
| No. 7 | Datuk Abdul Ghani bin Abdul Rashid, JP | | |
| No. 8 | Re-appointment of Auditors | | |
| No. 9 | Authority pursuant to Section 132D of the Companies Act, 1965 | | |

Signed this day of , 2005

Signature/Seal of Shareholder

NOTES:

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
- All forms of proxy should be deposited at the Company's Registered Office, No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

affix stamp

The Company Secretaries

Karambunai Corp Bhd

1 Nexus Drive East, Karambunai

PO Box 200, Menggatal

88450 Kota Kinabalu

Sabah, Malaysia