

OUR AWARDS

MALAYSIAN TOURISM AWARDS 2001/02 ▶
NEXUS RESORT KARAMBUNAI
– EXCELLENCE IN HOTEL SERVICES
– 5 STAR (RESORT HOTEL)



▲ **FIABCI AWARD 2000**
NEXUS RESORT KARAMBUNAI
– AWARD OF DISTINCTION
(BEST LEISURE AND RESORT DEVELOPMENT)



▲ **WORLD TRAVEL AWARDS 2005**
NEXUS RESORT KARAMBUNAI
– MALAYSIA'S LEADING GOLF RESORT



▲ **FIABCI PRIX D'EXCELLENCE 2001**
NEXUS RESORT KARAMBUNAI
– FINALIST IN LEISURE CATEGORY



▲ **MALAYSIA TATLER**
OLIVES – MALAYSIA'S BEST
RESTAURANTS 2004



▲ **SAGA HOLIDAYMAKERS**
GOOD FOOD AWARD
2001-2003



▲ **SAGA HOLIDAYMAKERS**
BEST RESORT AWARD
2001-2003

OUR PROJECTS

KARAMBUNAI, AN UNSPOILT & UNTOUCHED ECO-SANCTUARY

Some say it's heaven...



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.

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



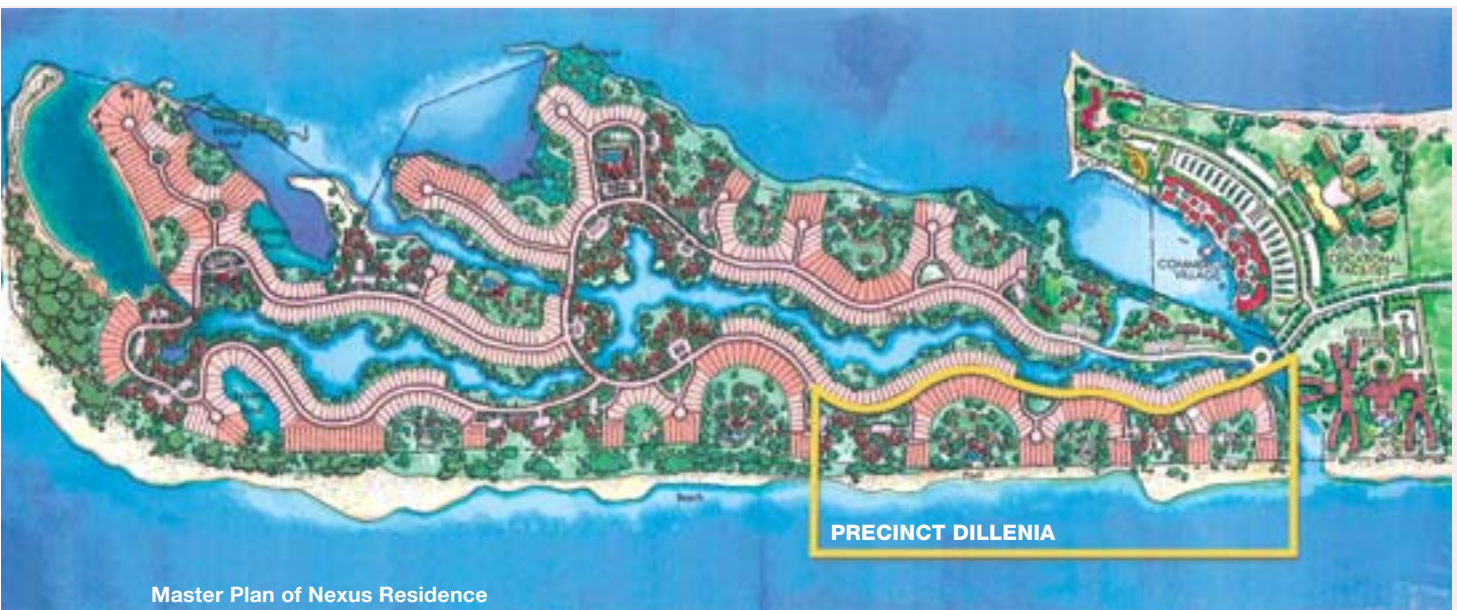
prestigious FIABCI Year 2000 Award of Distinction for 'Best Leisure/ Resort Development' in Malaysia, the Best Resort Award by SAGA Holidays Group for 3 consecutive years from 2001 to 2003, the 'Good Food Award' for quality, service, variety and quantity of food by SAGA Holidays for the years of 2001, 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.



Karambunai Resorts Golf Club

Karambunai Resorts Golf Club ("KRGC"), an international championship 18-hole golf course in Karambunai Resorts is designed by renowned golf-course architect Ronald Fream. Operational since 1996, KRGC 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 RESIDENCE BEACHFRONT VILLAS



Master Plan of Nexus Residence



Nexus is extending its latest encapsulation of eco-luxury and service in the form of lavish beachfront villas affectionately known as Nexus Residence.

Designed by world-renowned Hawaiian architects Wimberly Allison Tong & Goo, (responsible for acclaimed works such as The Atlantis, Bahamas) the Nexus Residence villas comprising more than 2,000 units of beachfront villas are designed to open up to the 6km white

sandy beach with ocean views that span the horizon. Each of the one and two bedroom villas blend seamlessly into the spectacular surroundings exuding warmth and comfort, all infused by a romanticism and mysticism that is distinctly Borneo in design and feel. By blending traditional design with sustainable materials, each of the single storey Pool Villas gently float on a surrounding waterscape. The low density Spa Villa suites meanwhile enjoy breathtaking views of the South China Sea and the Karambunai Cove.

KCB has launched the first phase of Nexus Residence, named Precinct Dillenia, comprising a total of 243 units of villas with Gross Development Value of approximately RM231 million. Sales exhibition were held in Hong Kong, Singapore, London and Dublin. To date about 46% of the units launched have been sold.

NEXT PHASE OF KARAMBUNAI RESORTS



TOURISM INFRASTRUCTURE PROJECT

To further boost the tourism, KCB's future plans in the pipeline will be to develop a unique Borneo tourism attraction comprising the Sabah Cultural Village, the Living Museum of Borneo and the KK City Peak and Cable Car with various sub-themes such as animal park, aviary park, butterfly park, specific rides, comprehensive retail and entertainment areas which will enrich and diversify the Borneo experience.



The Sabah Cultural Village

The setting is that of a traditional stilt village constructed on authentic materials, floating over Teluk Lagau. The development concept is capitalizing on the natural setting and rich cultures of Borneo. The Cultural Village will provide comprehensive retail and entertainment areas to complement its historical and cultural roots. It will also provide uniquely food & beverage outlets offering the finest food beverage and entertainment.

The Living Museum of Borneo

The Living Museum of Borneo features Borneo's mysterious, ancient culture and an exploration of the natural beauty of flora and fauna of Borneo.



KK City Peak and Cable Car

A detachable monocable gondolas system from ground level to the highest peak on the Karambunai Resorts which is approximately 300m above sea level. The system will span a distance of approximately 1 km from the base station where monocable gondolas would transfer visitors to the peak.



At the peak, the visitors would be able to enjoy panoramic view of not only the entire Kota Kinabalu City but also the surrounding port, Navy Base, the South China Sea and most important of all, a clear and unobstructed view of Mount Kinabalu.

BANDAR SIERRA

Bandar Sierra comprises 288 acres of mixed residential and commercial land. Bandar Sierra is strategically located in the middle of a rapidly developing 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.



Phase 1A & 1B comprising 404 units of double storey link and semi-detached houses with projected Gross Development Value of RM105 million. Occupational Certificate for 218 units was received in October 2005. As of to date, more than 80% of the units have been sold.



Another development on the Bandar Sierra land is the Phase 3A1 which consists of 8 blocks apartment with total of 448 apartment units. The project is carried out by Beribu Ukiran Sdn Bhd, the associated company of KCB. Response was overwhelming during the launch in November 2002. As of to date, more than 55% of the units have been sold.

WEST MALAYSIA CORE BUSINESSES



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.



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 the travel and tours industry. The business segments of FTT include inbound/domestic tour, chartered flights, incentive groups and ticketing.



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.

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 disclosures 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 control 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 2006 with details of attendance presented under Other Compliance Statements of this Annual Report. In between scheduled meetings and where appropriate, Board decisions may be effected via circular resolutions. Subject to individual circumstances, directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. With the repeal of the Continuing Education Programme, the directors are now subject to a Group Training Programme inclined towards auditing, accounting, regulatory and industry issues.

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, all five (5) 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 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, currently comprising wholly of Independent Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed
(Chairman)
2. Tuan Haji Harun bin Haji Faudzar
(resigned on 1 April 2006)
3. Leow Ming Fong @ Leow Min Fong
(appointed on 15 May 2006)

During the financial year, the full Committee met thrice on 27/5/2005, 17/2/2006 and 24/2/2006.

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, currently comprising a majority of Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed
(Chairman)
2. Tuan Haji Harun bin Haji Faudzar
(resigned on 1 April 2006)
3. Lee Wai Tuck Philip
4. Leow Ming Fong @ Leow Min Fong
(appointed on 15 May 2006)

During the financial year, the full Committee met once on 27/5/2005.

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 role 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 31 July 2006.

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 monitor the Group's significant risks and to recommend appropriate treatments. The Audit Committee establishes the adequacy and effectiveness of the Group's Risk Management Framework by regularly reviewing the resultant RAC risk registers.

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 31 July 2006 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
(resigned on 1 April 2006)
Member, Independent Non-Executive Director
- Lee Wai Tuck Philip
Member, Non-Independent, Executive Director
- Leow Ming Fong @ Leow Min Fong
(appointed on 15 May 2006)
Member, Independent Non-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;
 - 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 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	3/4

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 on-going assurance and advisory work to the Board and management.

This statement is made in accordance with a resolution of the Board of Directors dated 31 July 2006.

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. Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir (appointed on 1 March 2006)	0/0
2. Tengku Datuk (Dr) Zainal Adlin bin Tengku Mahmood (resigned on 1 April 2006)	2/4
3. Tan Sri Dr Chen Lip Keong	4/4
4. Datuk Wan Kassim bin Ahmed	4/4
5. Tuan Haji Harun bin Haji Faudzar (resigned on 1 April 2006)	4/4
6. Lee Wai Tuck Philip	4/4
7. Tuan Haji Zainal Abidin bin Ali	4/4
8. Datuk Loh Hoon Loi	4/4
9. Dr Heng Aik Cheng	4/4
10. Datuk Abdul Ghani bin Abdul Rashid,JP (appointed on 27 May 2005)	2/3
11. Leow Ming Fong @ Leow Min Fong (appointed on 15 May 2006)	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	-	828,749	828,749
Non- Executive	378,000	64,000	442,000
Total	378,000	892,749	1,270,749

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

Range (RM)	Executive	Non-Executive
50,000 & below	0	4
50,001 to 100,000	1	0
100,001 to 150,000	1	0
150,001 to 200,000	0	0
200,001 to 250,000	0	1
250,001 to 300,000	1	0
300,001 to 350,000	0	0
350,001 to 400,000	1	0
Total	4	5

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, 2006, 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 31 July 2006.

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 31 July 2006.



FINANCIAL STATEMENTS

for the financial year ended 31 March 2006



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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 31st March, 2006.

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 6(b) to the financial statements. There have been no significant changes in the nature of these activities during the year.

RESULTS

	GROUP RM	COMPANY RM
Loss for the year	(12,846,161)	(49,181,493)

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.



DIRECTORS' REPORT

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.

DIRECTORS' REPORT

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:-

TAN SRI DR. CHEN LIP KEONG

DATUK WAN KASSIM BIN AHMED

DATUK LOH HOON LOI

DATUK ABDUL GHANI BIN ABDUL RASHID

DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR (Appointed on 1.3.06)

TUAN HAJI ZAINAL ABIDIN BIN ALI

LEE WAI TUCK PHILIP

DR HENG AIK CHENG

LEOW MING FONG @ LEOW MIN FONG (Appointed on 15.5.06)

TENGKU DATUK (DR) ZAINAL ADLIN BIN TENGKU MAHAMOOD (Resigned on 1.4.06)

TUAN HAJI HARUN BIN HAJI FAUDZAR (Resigned on 1.4.06)

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

The interests of the Directors in office as at the end of the financial year 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 1.4.05	Purchased/ (Sold)	At 31.3.06
Direct shareholdings			
Tan Sri Dr. Chen Lip Keong	788,248,562	-	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	79,911,321	-	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 6(b) to the financial statements, to the extent the Company has an interest.

The following are the unexercised warrants as at 31st March, 2006, 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
	4.1.02 to 11.1.05	12.1.05 to 3.1.07	
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.

DIRECTORS' REPORT

DIRECTORATE

Tan Sri Dr. Chen Lip Keong and Datuk Wan Kassim bin Ahmed 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.

Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir and Mr. Leow Ming Fong @ Leow Min Fong 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 41 to the financial statements.

SUBSEQUENT EVENTS

Significant events arising subsequent to the financial year are disclosed in note 42 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 33(c) 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

Datuk Loh Hoon Loi

Lee Wai Tuck Philip

Kuala Lumpur
31st July, 2006

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 47 to 113, 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 31st March, 2006 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

Datuk Loh Hoon Loi

Lee Wai Tuck Philip

Kuala Lumpur
31st July, 2006

STATUTORY DECLARATION

I, Lee Wai Tuck Philip, NRIC No. : 620906-10-6539, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 47 to 113, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Lee Wai Tuck Philip

Subscribed and solemnly declared by the abovenamed
at Kuala Lumpur in the Federal Territory
this 31st day of July, 2006

Before me

Nordin Bin Hassan
No. W 321
Pesuruhjaya Sumpah, Malaysia

REPORT OF THE AUDITORS

TO THE MEMBERS OF KARAMBUNAI CORP BHD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 47 to 113.

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 31st March, 2006 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 6(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
370/04/08 (J/PH)
PARTNER

KUALA LUMPUR
31st July, 2006

BALANCE SHEETS

AS AT 31ST MARCH, 2006

		GROUP		COMPANY	
	NOTE	2006 RM	2005 RM	2006 RM	2005 RM
NON-CURRENT ASSETS					
Property, plant and equipment	4	352,398,822	358,656,011	5,579,645	5,916,222
Land held for property development	5	746,869,682	744,797,202	-	-
Investment in subsidiary companies	6	-	-	308,026,584	329,032,372
Interest in associated companies	7	2,184,052	1,974,635	500,000	1,259,000
Other investments	8	522,001	522,001	310,000	310,000
Capital work-in-progress	9	418,216,302	341,962,102	-	-
Goodwill on consolidation	10	26,783,858	29,172,036	-	-
		1,546,974,717	1,477,083,987	314,416,229	336,517,594
CURRENT ASSETS					
Property development costs	11	73,279,404	67,076,218	-	-
Amount due from customers for contract works	12	45,119,001	44,149,568	-	-
Inventories	13	7,080,551	6,458,004	-	-
Trade receivables	14	65,879,145	98,430,394	-	-
Other receivables, deposits and prepayments	15	116,113,047	125,359,327	61,587,136	60,442,314
Amount owing by subsidiary companies	16	-	-	1,249,942,533	1,250,406,001
Amount owing by associated companies	17	24,579,569	24,477,140	8,679,569	8,577,140
Cash on deposits with licensed banks	18	4,406,160	4,383,634	237,318	230,419
Cash and bank balances		3,139,266	12,887,170	124,958	149,642
		339,596,143	383,221,455	1,320,571,514	1,319,805,516
CURRENT LIABILITIES					
Amount due to customers for contract works	12	1,198,521	5,027,617	-	-
Trade payables	19	103,405,499	97,298,367	-	-
Other payables, accruals and provision	20	96,500,547	85,705,383	17,640,315	16,723,695
Amount owing to subsidiary companies	16	-	-	104,298,671	91,962,323
Amount owing to directors	21	1,407,483	253,105	1,407,483	211,139
Hire purchase and lease payables	22	2,483,618	1,850,171	19,166	17,764
Bank overdrafts	23	25,038,281	23,225,936	-	-
Bank borrowings - secured	24	112,764,797	106,492,960	17,000,000	17,000,000
Redeemable bonds - secured	25	432,333,333	418,918,755	432,333,333	418,918,755
Taxation		158,743,988	152,835,359	2,273,417	2,273,417
		933,876,067	891,607,653	574,972,385	547,107,093

BALANCE SHEETS

AS AT 31ST MARCH, 2006

NOTE	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
NET CURRENT (LIABILITIES)/ASSETS	(594,279,924)	(508,386,198)	745,599,129	772,698,423
	952,694,793	968,697,789	1,060,015,358	1,109,216,017
CAPITAL AND RESERVES				
Share capital	26 1,015,029,840	1,015,029,840	1,015,029,840	1,015,029,840
Reserves	27 (196,569,038)	(182,940,781)	44,950,568	94,132,061
SHAREHOLDERS' EQUITY	818,460,802	832,089,059	1,059,980,408	1,109,161,901
MINORITY INTEREST	-	-	-	-
NON-CURRENT LIABILITIES				
Hire purchase and lease payables	22 1,796,758	1,773,693	34,950	54,116
Term loans - secured	28 -	5,100,000	-	-
Deferred taxation	29 131,815,053	129,112,857	-	-
Long term payables	30 622,180	622,180	-	-
	134,233,991	136,608,730	34,950	54,116
	952,694,793	968,697,789	1,060,015,358	1,109,216,017

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

INCOME STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2006

	NOTE	GROUP		COMPANY	
		2006 RM	2005 RM	2006 RM	2005 RM
REVENUE	31	196,269,435	145,902,635	915,806	966,436
DIRECT COSTS	32	(139,898,323)	(122,503,906)	-	-
GROSS PROFIT		56,371,112	23,398,729	915,806	966,436
OTHER OPERATING REVENUE		2,484,841	1,469,711	41,899	168,328
SELLING AND DISTRIBUTION COSTS		(2,783,093)	(4,394,218)	-	-
ADMINISTRATIVE COSTS		(23,850,767)	(27,128,250)	(4,440,510)	(3,652,810)
OTHER OPERATING COSTS		(10,307,531)	(13,191,113)	(26,387,862)	(495,984)
		(36,941,391)	(44,713,581)	(30,828,372)	(4,148,794)
PROFIT/(LOSS) FROM OPERATIONS		21,914,562	(19,845,141)	(29,870,667)	(3,014,030)
FINANCE COSTS		(26,354,189)	(47,974,593)	(19,310,826)	(42,082,749)
SHARE OF ASSOCIATED COMPANIES RESULTS		527,905	62,487	-	-
LOSS BEFORE TAXATION	33	(3,911,722)	(67,757,247)	(49,181,493)	(45,096,779)
TAXATION	34	(8,946,622)	3,317,832	-	-
LOSS AFTER TAXATION BUT BEFORE MINORITY INTEREST		(12,858,344)	(64,439,415)	(49,181,493)	(45,096,779)
MINORITY INTEREST		12,183	692,821	-	-
LOSS AFTER TAXATION AND MINORITY INTEREST		(12,846,161)	(63,746,594)	(49,181,493)	(45,096,779)
LOSS PER ORDINARY SHARE	35	0.0063	0.0314		

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 31ST MARCH, 2006

	SHARE CAPITAL RM	SHARE PREMIUM RM	RESERVE ON CONSOLIDATION RM	TRANSLATION RESERVE RM	RETAINED PROFITS/ (ACCUMULATED LOSSES) RM	TOTAL SHARE- HOLDERS' EQUITY RM
GROUP						
At 1.4.04	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 31.3.05	1,015,029,840	111,535,799	3,866,709	1,556,787	(299,900,076)	832,089,059
Translation gain	-	-	-	(526,689) [#]	-	(526,689)
Amortisation of reserve on consolidation	-	-	(236,672)	-	-	(236,672)
Dilution arising from additional investment in a subsidiary company	-	-	-	-	(18,735) [#]	(18,735)
Net loss for the year	-	-	-	-	(12,846,161)	(12,846,161)
At 31.3.06	1,015,029,840	111,535,799	3,630,037	1,030,098	(312,764,972)	818,460,802
COMPANY						
At 1.4.04	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 31.3.05	1,015,029,840	111,535,799	-	-	(17,403,738)	1,109,161,901
Net loss for the year	-	-	-	-	(49,181,493)	(49,181,493)
At 31.3.06	1,015,029,840	111,535,799	-	-	(66,585,231)	1,059,980,408

[#] 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 31ST MARCH, 2006

	NOTE	GROUP		COMPANY	
		2006	2005	2006	2005
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss Before Taxation		(3,911,722)	(67,757,247)	(49,181,493)	(45,096,779)
Adjustments for:-					
Allowance for diminution in value of other investment		-	100,000	-	-
Amortisation of discount on bonds		1,081,245	35,490,152	1,081,245	35,490,152
Amortisation of goodwill on consolidation		2,388,178	2,388,177	-	-
Amortisation of reserves on consolidation		(236,672)	(236,672)	-	-
Amortisation of leasehold land		215,034	215,035	59,413	59,413
Bad debts written off		150,436	35,929	-	30,690
Depreciation of property, plant and equipment		11,301,821	10,965,291	290,100	459,985
Impairment loss on investment in subsidiary companies		-	-	22,802,340	-
Interest revenue		(116,698)	(249,820)	(6,899)	(30,419)
Interest expenses		22,108,547	10,285,650	16,218,603	4,549,502
Gain on disposal of property, plant and equipment		(15,661)	(132,606)	-	(90,409)
Sundry deposits written off		-	2,800	-	-
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		994,385	411,021	30,653	406,629
Loss on disposal of investment in an associated company		57,455	-	497,966	-
Unrealised gain on foreign exchange		(334,201)	-	-	-
Allowance for doubtful debts		796,403	114,622	-	-
Allowance for doubtful debts no longer required		(158,389)	(8,000)	-	-
Share of profits in associated companies		(527,905)	(62,487)	-	-
Operating Profit/(Loss) Before Working Capital Changes		33,792,256	(2,804,311)	(8,208,072)	(4,221,236)
Increase in land and development expenditure and amount due for contract works					
		(13,074,195)	(67,772,564)	-	-
Increase in inventories		(622,547)	(1,037,576)	-	-
(Increase)/Decrease in trade and other receivables		(34,910,920)	58,520,189	(1,144,822)	(9,351,603)
Increase in trade and other payables		18,050,122	14,179,574	1,072,156	5,696,881
Cash Generated From/(Used In) Operations Carried Down		3,234,716	1,085,312	(8,280,738)	(7,875,958)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2006

	NOTE	GROUP		COMPANY	
		2006 RM	2005 RM	2006 RM	2005 RM
Cash Generated From/(Used In) Operations Brought Down		3,234,716	1,085,312	(8,280,738)	(7,875,958)
Interest paid		(6,043,858)	(7,366,217)	(352,862)	(4,549,502)
Income tax paid		(335,797)	(5,832)	-	-
Income tax refunded		-	500	-	-
Interest received		116,698	249,820	6,899	30,419
Net Cash Used In Operating Activities		(3,028,241)	(6,036,417)	(8,626,701)	(12,395,041)
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayments from subsidiary companies		-	-	10,308,216	12,524,723
Acquisition of subsidiary company, net of cash acquired	36	-	(2)	-	-
Additions investment on subsidiary companies		-	-	(1,796,552)	-
(Advances to)/Repayment from associated companies		(102,429)	1,080,000	(102,429)	-
Proceeds from disposal of investment in an associated company		261,034	-	261,034	-
Proceeds from disposal of property, plant and equipment		30,428	371,107	-	305,100
Purchase of property, plant and equipment	37	(4,401,926)	(4,597,733)	(43,589)	(19,788)
Refund received from revocation of sales and purchase agreement		-	11,346,980	-	-
Net Cash (Used In)/Generated From Investing Activities		(4,212,893)	8,200,352	8,626,680	12,810,035
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of bridging loan and term loans		(2,559,520)	(2,045,146)	-	-
Payment of lease obligations and hire purchase payables		(1,210,380)	(407,865)	(17,764)	(335,273)
Net Cash Used In Financing Activities		(3,769,900)	(2,453,011)	(17,764)	(335,273)
Translation exchange difference		(526,689)	132,218	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,537,723)	(156,858)	(17,785)	79,721
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(5,955,132)	(5,798,274)	380,061	300,340
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	38	(17,492,855)	(5,955,132)	362,276	380,061

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

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 issued by the Malaysian Accounting Standards Board ("MASB").

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.

2. 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 registered office and principal place of business of the Company is located at 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 31st July, 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) 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.

(c) 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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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.

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).

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets (cont'd)

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.

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property Development Costs (cont'd)

(ii) Property Development Costs (cont'd)

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.

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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.

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.

(l) 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.

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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 financial year end 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:-

	2006		2005	
	Average Rate RM	Year End Rate RM	Average Rate RM	Year End Rate RM
Singapore Dollar	2.284	2.277	2.303	2.290
Hong Kong Dollar	0.481	0.476	0.487	0.487
Chinese Renminbi	0.459	0.459	0.459	0.459
United States Dollar	3.746	3.693	3.800	3.800
Sterling Pound	6.811	6.406	7.099	7.216

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Taxation (cont'd)

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.

(q) 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.

(r) 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.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue Recognition (cont'd)

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.

(t) 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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial Instruments (cont'd)

(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

31ST MARCH, 2006

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	LONG TERM LEASEHOLD LAND RM	HOTEL, SHOPLOTS, BUILDINGS, WAREHOUSE & JETTY RM	PLANT & MACHINERY RM	FURNITURE & FITTINGS, RENOVATION & EQUIPMENT RM	MOTOR VEHICLES RM	TOTAL RM
COST/VALUATION						
At 1.4.05	44,296,160	316,430,777	14,727,376	40,432,873	5,255,008	421,142,194
Additions	-	-	1,146,190	3,540,241	1,582,387	6,268,818
Disposals	-	-	(700)	(19,608)	(51,198)	(71,506)
Written off	-	-	(600)	(1,803,412)	(186,773)	(1,990,785)
At 31.3.06	44,296,160	316,430,777	15,872,266	42,150,094	6,599,424	425,348,721
ACCUMULATED DEPRECIATION						
At 1.4.05	3,083,409	17,441,599	11,233,347	27,289,716	3,438,112	62,486,183
Charge for the year	215,034	6,291,474	845,681	3,386,388	778,278	11,516,855
Disposals	-	-	-	(5,542)	(51,197)	(56,739)
Written off	-	-	(165)	(951,410)	(44,825)	(996,400)
At 31.3.06	3,298,443	23,733,073	12,078,863	29,719,152	4,120,368	72,949,899
NET BOOK VALUE						
At 31.3.06	40,997,717	292,697,704	3,793,403	12,430,942	2,479,056	352,398,822
At 31.3.05	41,212,751	298,989,178	3,494,029	13,143,157	1,816,896	358,656,011
Depreciation charge for the year ended 31.3.05	215,035	6,289,157	635,693	3,402,100	638,341	11,180,326
ANALYSIS OF COST/VALUATION						
At 31.3.06						
At cost	39,886,160	316,430,777	15,872,266	42,150,094	6,599,424	420,938,721
At 1984 valuation	4,410,000	-	-	-	-	4,410,000
	44,296,160	316,430,777	15,872,266	42,150,094	6,599,424	425,348,721
At 31.3.05						
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

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

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

COMPANY	LONG TERM LEASEHOLD LAND RM	BUILDINGS RM	FURNITURE & FITTINGS, RENOVATION & EQUIPMENT RM	MOTOR VEHICLES RM	TOTAL RM
COST/VALUATION					
At 1.4.05	4,964,080	3,372,160	2,355,207	1,141,567	11,833,014
Additions	-	-	43,589	-	43,589
Written off	-	-	(859,707)	-	(859,707)
At 31.3.06	4,964,080	3,372,160	1,539,089	1,141,567	11,016,896
ACCUMULATED DEPRECIATION					
At 1.4.05	1,535,540	1,384,628	1,926,242	1,070,382	5,916,792
Charge for the year	59,413	134,886	106,836	48,378	349,513
Written off	-	-	(829,054)	-	(829,054)
At 31.3.06	1,594,953	1,519,514	1,204,024	1,118,760	5,437,251
NET BOOK VALUE					
At 31.3.06	3,369,127	1,852,646	335,065	22,807	5,579,645
At 31.3.05	3,428,540	1,987,532	428,965	71,185	5,916,222
Depreciation charge for the year ended 31.3.05	59,413	134,886	167,148	157,951	519,398
ANALYSIS OF COST/ VALUATION					
At 31.3.06					
At cost	554,080	3,372,160	1,539,089	1,141,567	6,606,896
At 1984 valuation	4,410,000	-	-	-	4,410,000
	4,964,080	3,372,160	1,539,089	1,141,567	11,016,896
At 31.3.05					
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

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

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

- (a) The long term leasehold land of the Group and of the Company have an unexpired lease period of more than 50 years.
- (b) 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.
- (c) 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 RM38,264,858/- (2005 : RM38,445,715/-) and RM636,266/- (2005 : RM661,505/-) respectively.
- (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:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
At Cost				
Hire purchase	10,150,147	2,944,850	182,848	182,848
Lease financing	199,390	199,390	-	-
	10,349,537	3,144,240	182,848	182,848
At Net Book Value				
Hire purchase	4,413,703	1,015,459	21,229	68,256
Lease financing	1	1	-	-
	4,413,704	1,015,460	21,229	68,256

- (e) Leasehold land and buildings of the Group and of the Company with net book value of RM326,535,765/- (2005 : RM333,016,725/-) and RM5,221,774/- (2005 : RM5,416,072/-) respectively are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

5. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2006 RM	2005 RM
At cost		
Leasehold land	612,449,192	509,758,391
Add : Additions	2,153,282	62,592,466
Add : Reclassified from capital work-in-progress(note 9)	-	51,354,182
Less: Transfer to property development cost (note 11)	(586,376)	-
Less: Adjustment to land cost due to revocation of sales and purchase agreement	-	(11,255,847)
	614,016,098	612,449,192
Leased land	47,218,375	34,855,886
Add : Reclassified from capital work-in-progress(note 9)	-	12,362,489
	47,218,375	47,218,375
Total land, at cost	661,234,473	659,667,567
Development costs		
At beginning of the year	85,129,635	105,038,967
Less: Reclassified to capital work-in-progress (note 9)	-	(18,336,868)
Less: Written off due to revocation of sales and purchase agreement	-	(3,108,249)
Add : Additions	505,574	1,535,785
	85,635,209	85,129,635
Total carrying amount of land and development costs	746,869,682	744,797,202

Leasehold land, leased land and development expenditure totalling RM746,869,682/- (2005: RM744,797,202/-) are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

6. INVESTMENT IN SUBSIDIARY COMPANIES

(a)

Unquoted shares, at cost

At beginning of the year

Add : Additions

At end of the year

Less: Accumulated impairment losses

At beginning of the year

Add : Additions

At end of the year

COMPANY

2006

RM

2005

RM

363,079,990

363,079,990

1,796,552

-

364,876,542

363,079,990

34,047,618

34,047,618

22,802,340

-

(56,849,958)

(34,047,618)

308,026,584

329,032,372

(b) The subsidiary companies are:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST			
			DIRECT		INDIRECT	
			2006	2005	2006	2005
Held By The Company						
Alpha Terrace Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
Arosa Development Sdn. Bhd.	Malaysia	Property development	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. ("FACBC")	Malaysia	Construction	100%	100%	-	-
FACB Charter Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST			
			DIRECT		INDIRECT	
			2006	2005	2006	2005
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	95.69%	70%	-	-
Greagawarni Sdn. Bhd.	Malaysia	Project contractor	100%	100%	-	-
Ikhlas Perdana Sdn. Bhd.	Malaysia	Investment holdings	90%	90%	-	-
Karambunai Residence (MM2H) Sdn. Bhd. (formerly known as Arosa Development Management Sdn. Bhd.)	Malaysia	Dormant	100%	100%	-	-
* Norasia Investments Ltd. ("NIL")	Hong Kong	Investment holdings	100%	100%	-	-
* Sunnyland Corporation Ltd.	Hong Kong	Dormant	100%	100%	-	-
* Sunnyland Industries Ltd.	Hong Kong	Investment holdings	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%

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST			
			DIRECT		INDIRECT	
			2006	2005	2006	2005
Held through Norasia Investment Ltd.						
* Scanply International Wood Products Ltd. ("SIWP(HK)")	Hong Kong	Dormant	-	-	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	Dormant	-	-	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	#42.91%	#42.90%	#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. ("CTDC")	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%
Bukit Unggul Country Club Berhad	Malaysia	Golf and country club operation and management	-	-	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST			
			DIRECT		INDIRECT	
			2006	2005	2006	2005
Held through Scanply International Wood Products Ltd. (H.K)						
* Scanply International Wood Products, Inc.	United States of America	Dormant	-	-	100%	100%
Held through Karambunai Resorts Sdn. Bhd.						
Dapan Construction Sdn. Bhd.	Malaysia	Construction and project contractor	-	-	100%	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	Property development	-	-	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%
Held through Scanply International Wood Products (Singapore) Pte. Ltd.						
* Scanply International Wood Products Ltd. ("SIWP(UK)")	United Kingdom	Dormant	-	-	100%	100%
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 42.91% (2005 : 42.90%), 53.03% (2005 : 53.03%) and 4.06% (2005 : 4.06%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(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.

7. INTEREST IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Unquoted shares, at cost	1,384,001	1,384,001	1,259,000	1,259,000
Less: Disposal	(759,000)	-	(759,000)	-
	625,001	1,384,001	500,000	1,259,000
Group's share of post acquisition profit	1,559,051	590,634	-	-
	2,184,052	1,974,635	500,000	1,259,000
Represented By:-				
Share of net assets of associated companies	2,214,016	1,781,771		
Goodwill on acquisition	(29,964)	192,864		
	2,184,052	1,974,635		

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

7. INTEREST IN ASSOCIATED COMPANIES (CONT'D)

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

NAME OF COMPANY	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST			
		DIRECT		INDIRECT	
		2006	2005	2006	2005
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%	-	-
Held through First Holdings Sdn. Bhd.					
* Richpool Sdn. Bhd.	Investment holdings	-	-	25%	25%

* Interest in associated companies included in the consolidated financial statements are based on unaudited management financial statements.

During the financial year, the entire investment in an associated company, FSBM DapanNet Sdn. Bhd. was disposed at a sales consideration of RM261,034/-.

8. OTHER INVESTMENTS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
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)	(100,000)	-	-
	40,000	40,000	-	-
	522,001	522,001	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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

9. CAPITAL WORK-IN-PROGRESS

	GROUP	
	2006 RM	2005 RM
At cost,		
Leasehold land	204,822,430	256,176,612
Add : Additions	76,254,200	-
Less: Reclassified to land held for property development (note 5)	-	(51,354,182)
	281,076,630	204,822,430
Leased land	87,365,757	99,728,246
Less: Reclassified to land held for property development (note 5)	-	(12,362,489)
	87,365,757	87,365,757
Total land, at cost	368,442,387	292,188,187
Development costs		
At beginning of the year	49,773,915	30,745,837
Add : Reclassified from land held for property development (note 5)	-	18,336,868
Add : Additions	-	691,210
At end of the year	49,773,915	49,773,915
	418,216,302	341,962,102

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

Leasehold land, leased land and development expenditure totalling RM418,216,302/- (2005: RM341,962,102/-) are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group.

10. GOODWILL ON CONSOLIDATION

	GROUP	
	2006 RM	2005 RM
Goodwill arising from acquisition of subsidiary companies		
At beginning of the year	33,948,391	33,944,700
Add : Addition	-	3,691
At end of the year	33,948,391	33,948,391
Less: Amortisation	(7,164,533)	(4,776,355)
	26,783,858	29,172,036

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

11. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2006 RM	2005 RM
Leasehold land, at cost		
At beginning of the year	36,722,260	36,057,024
Add : Additions	542,598	665,236
Add : Transfer from land held for property development (note 5)	586,376	-
Less: Disposal	(598,326)	-
At end of the year	37,252,908	36,722,260
Property development costs		
At beginning of the year	66,112,101	39,562,133
Add : Additions	39,304,459	29,166,696
Less: Disposal	(3,531,662)	-
Less: Property development costs written off	-	(2,616,728)
At end of the year	101,884,898	66,112,101
	139,137,806	102,834,361
Less: Cost recognised as an expense		
- Previous years	(35,758,143)	(13,660,459)
- Current year	(30,100,259)	(22,097,684)
Total property development costs	73,279,404	67,076,218

The above property development costs with carrying value of RM61,306,923/- (2005 : RM64,100,699/-) are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

12. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	GROUP	
	2006 RM	2005 RM
Contract costs	131,968,614	87,421,826
Add : Portion of profit attributable to contract work performed to date	15,939,944	4,003,413
	147,908,558	91,425,239
Less: Progress billings	(103,988,078)	(52,303,288)
	43,920,480	39,121,951
Represented by:-		
Amount due from customers for contract works	45,119,001	44,149,568
Amount due to customers for contract works	(1,198,521)	(5,027,617)
	43,920,480	39,121,951

The total retention sums included in the progress billings amounted to RM3,209,999/- (2005: RM3,399,334/-).

13. INVENTORIES

	GROUP	
	2006 RM	2005 RM
At cost:		
Completed development properties	846,129	846,129
Consumables	1,052,525	1,113,164
Finished goods	5,181,897	4,498,711
	7,080,551	6,458,004

There were no inventories carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

14. TRADE RECEIVABLES

Trade receivables
Less: Allowance for doubtful debts

GROUP	
2006 RM	2005 RM
69,420,971	101,825,421
(3,541,826)	(3,395,027)
65,879,145	98,430,394

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 foreign currency exposure profile is as follows:-

United States Dollar

GROUP	
2006 RM	2005 RM
5,410,790	4,711,875

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables
Less: Allowance for doubtful debts

GROUP		COMPANY	
2006 RM	2005 RM	2006 RM	2005 RM
84,006,756	75,916,338	61,875,650	50,310,947
(3,203,736)	(2,712,521)	(407,756)	(407,756)
80,803,020	73,203,817	61,467,894	49,903,191
Deposits			
33,732,647	39,391,449	115,598	404,123
Prepayments			
787,873	11,974,554	3,644	10,135,000
Income tax recoverable			
789,507	789,507	-	-
116,113,047	125,359,327	61,587,136	60,442,314

The foreign currency exposure profile is as follows:-

Singapore Dollar
Chinese Renminbi

GROUP	
2006 RM	2005 RM
181,020	123,614
509,304	18,089
690,324	141,703

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

16. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies:-

	COMPANY	
	2006	2005
	RM	RM
Arosa Builders Sdn. Bhd.	2,607,523	2,603,609
Arosa Development Sdn. Bhd.	24,822,024	24,543,046
Bukit Unggul Country Club Berhad	8,314,482	7,639,924
Bukit Unggul Tele-Suburb Sdn. Bhd.	6,498,614	3,341,508
Composites Technology Development Corporation Sdn. Bhd.	517,966	336,351
FACBAerospace Sdn. Bhd.	1,208,907	1,208,612
FACB Capital Sdn. Bhd.	3,271,429	3,269,569
FACB Construction Sdn. Bhd.	50,293,979	49,864,070
FACB Charter Sdn. Bhd.	13,401,561	13,262,797
FACB Land Sdn. Bhd.	255,237,371	256,377,027
FACB Management Sdn. Bhd.	923,610	926,448
First Holdings Sdn. Bhd.	401,427,614	401,429,310
First Network (M) Sdn. Bhd.	7,307	6,107
First Travel and Tours (M) Sdn. Bhd.	722,052	-
Greagawarni Sdn. Bhd.	544,955	494,955
Hartamas Group Berhad	6,746,703	6,012,489
Ikhlas Perdana Sdn. Bhd.	715,220	714,502
Karambunai Golf Management Berhad	1,700,008	1,705,206
Karambunai Residence (MM2H) Sdn. Bhd. (formerly known as Arosa Development Management Sdn. Bhd.)	11,730	9,555
Karambunai Resorts Sdn. Bhd.	425,531,168	426,001,447
Nexus Resort Karambunai Sdn. Bhd.	-	5,152,837
Nexus Resorts And Hotels International Sdn. Bhd.	8,580	7,770
Norasia Investments Ltd.	28,821,573	28,820,161
Sahara Red Incorporated	13,160	10,608
Scanply Wood Products (Malaysia) Sdn. Bhd.	65,043	64,893
Sunnyland Industries Ltd.	16,527,950	16,601,196
Sunnyland Industries And Investments (Yunfu) Ltd.	2,004	2,004
	1,249,942,533	1,250,406,001

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

16. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES (CONT'D)

Amounts owing to subsidiary companies:-

	COMPANY	
	2006 RM	2005 RM
Alpha Terrace Sdn. Bhd.	13,635,932	13,636,887
Bukit Unggul Golf and Country Resort Sdn. Bhd.	48,777,252	43,502,252
FACBNet Sdn. Bhd.	91,536	92,346
First Multimedia Corporation Sdn. Bhd.	291,190	296,862
First Travel and Tours (M) Sdn. Bhd.	-	113,457
Sunnyland Corporation Ltd.	234,402	235,769
Karambunai Two Golf And Country Club Sdn. Bhd.	2,984,132	2,984,447
Scanply International Wood Products Ltd.	8,143,795	8,143,795
Nexus Bay Resort Karambunai Sdn. Bhd.	85,753	39,700
FACB Marketing And Sales Services Sdn. Bhd.	162,907	190,918
Dapan Holdings Sdn. Bhd.	24,163,005	21,604,479
Nexus Resort Karambunai Sdn. Bhd.	4,608,386	-
Nexus Vacation Club Bhd.	1,120,381	1,121,411
	104,298,671	91,962,323

The above amounts are non-trade in nature, unsecured, interest free and with no fixed term of repayment except for an amount of RM21,023,900/- (2005 : RM18,532,300/-) owing to Dapan Holdings Sdn. Bhd. which bears interest at 10% per annum.

17. AMOUNT OWING BY ASSOCIATED COMPANIES

Amount owing by associated companies:-

Trade

Beribu Ukiran Sdn. Bhd.	15,900,000	15,900,000	-	-
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Non-Trade

Beribu Ukiran Sdn. Bhd.	8,266,137	8,266,137	8,266,137	8,266,137
FSBM DapanNet Sdn. Bhd.	-	6	-	6
CTRM-FACB Consortium Sdn. Bhd.	413,432	310,997	413,432	310,997
	24,579,569	24,477,140	8,679,569	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/- (2005 : RM15,900,000/-) owing by the associated company, Beribu Ukiran Sdn. Bhd. which is assigned as security for Term Loan IV as disclosed in note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

18. CASH ON DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash deposits	4,406,160	4,383,634	237,318	230,419

Cash deposits amounting to RM237,318/- (2005 : RM230,419/-) of the Group and of the Company is placed in the Sinking Fund Account in accordance with the Trust Deed dated 19th 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/-. On 31st March, 2005, the Company entered into a Heads of Agreement with Abrar Discount Berhad ("ADB"), the sole bondholder of the said Bonds 2001/2005 to extend the redemption date of these bonds to 30th November, 2005. On 10th November, 2005, ADB agreed to extend the settlement of the said Bonds 2001/2005 from 30th November, 2005 to 31st May, 2006. Furthermore, on 26th May, 2006, the settlement of the said Bonds 2001/2005 was extended to 31st August, 2006.

Cash deposits of the Group totalling RM4,168,842/- (2005 : RM4,153,215/-) are pledged for bank guarantee facilities granted to certain subsidiary companies of the Group.

The maturity profile and effective interest rates of the cash deposits with licensed banks are as follows:-

	Effective Interest Rate %	Total RM	Maturities		
			Within 1 Year RM	Within 1 - 5 Years RM	Over 5 Years RM
GROUP					
2006					
Financial Assets					
Cash deposits with licensed banks	2.80 - 4.10	4,406,160	4,406,160	-	-
2005					
Financial Assets					
Cash deposits with licensed banks	3.00 - 3.70	4,383,634	4,383,634	-	-

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

18. CASH ON DEPOSITS WITH LICENSED BANKS (CONT'D)

COMPANY	Effective Interest Rate %	Total RM	Maturities		
			Within 1 Year RM	Within 1 - 5 Years RM	Over 5 Years RM
2006					
Financial Assets					
Cash deposits with licensed banks	2.80	237,318	237,318	-	-
2005					
Financial Assets					
Cash deposits with licensed banks	3.70	230,419	230,419	-	-

The foreign currency exposure profile is as follows:-

	GROUP	
	2006 RM	2005 RM
Singapore Dollar	641,857	638,087

19. TRADE PAYABLES

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

The foreign currency exposure profile is as follows:-

	GROUP	
	2006 RM	2005 RM
United States Dollar	2,676,838	4,148,591

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

20. OTHER PAYABLES, ACCRUALS AND PROVISION

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	48,462,735	42,193,290	8,943,609	7,568,806
Refundable deposits	1,953,802	3,750,233	490,500	461,092
Tax penalty accrued	10,687,927	10,259,762	-	-
Accruals	35,055,704	29,202,548	8,206,206	8,693,797
Provision for employee benefits	340,379	299,550	-	-
	96,500,547	85,705,383	17,640,315	16,723,695

The foreign currency exposure profile is as follows:-

	GROUP	
	2006 RM	2005 RM
United States Dollar	69,540	108,269
Singapore Dollar	91,825	111,879
Hong Kong Dollar	2,282,516	1,284,909
Chinese Renminbi	652,370	652,370
	3,096,251	2,157,427

21. 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

31ST MARCH, 2006

22. HIRE PURCHASE AND LEASE PAYABLES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
HIRE PURCHASE PAYABLES				
Payable within 1 year				
Total instalment payments	2,610,854	2,053,161	22,284	22,284
Less: Future finance charges	(140,986)	(215,140)	(3,118)	(4,520)
Present value of hire purchase liabilities	2,469,868	1,838,021	19,166	17,764
Payable after 1 year but not later than 5 years				
Total instalment payments	2,006,373	2,086,133	37,471	59,755
Less: Future finance charges	(209,615)	(312,440)	(2,521)	(5,639)
Present value of hire purchase liabilities	1,796,758	1,773,693	34,950	54,116
	4,266,626	3,611,714	54,116	71,880
LEASE PAYABLES				
Payable within 1 year				
Minimum instalment payments	13,971	13,971	-	-
Less: Future finance charges	(221)	(1,821)	-	-
Present value of lease liabilities	13,750	12,150	-	-
Total principal sum payable				
- within 1 year	2,483,618	1,850,171	19,166	17,764
- after 1 year but not later than 5 years	1,796,758	1,773,693	34,950	54,116
	4,280,376	3,623,864	54,116	71,880

The hire purchase and lease payables of the Group and of the Company bear interest rates ranging from 3.30% to 11.30% (2005 : 7.08% to 10.97%) and 7.08% to 7.47% (2005 : 7.08% to 9.31%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

23. BANK OVERDRAFTS

	GROUP	
	2006 RM	2005 RM
Secured	25,038,281	23,094,250
Unsecured	-	131,686
	25,038,281	23,225,936

The secured bank overdrafts bear effective interest at 8.50% (2005: 7.75%) per annum and are secured as follows:-

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

In previous year, the unsecured bank overdrafts bear effective interest at 9.50% per annum and are supported by corporate guarantees of the Company.

24. BANK BORROWINGS - SECURED

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Term loans, repayable within twelve months (note 28)	89,014,141	80,182,785	-	-
Bridging loan	5,306,549	7,742,375	-	-
Revolving credits	17,000,000	17,000,000	17,000,000	17,000,000
Bills payable	1,444,107	1,567,800	-	-
	112,764,797	106,492,960	17,000,000	17,000,000

The secured bridging loan bears interest at 9.50% (2005 : 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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

24. BANK BORROWINGS - SECURED (CONT'D)

The secured revolving credit facilities bear interest at rates ranging from 6.00% to 6.50% (2005 : 6.00% to 6.50%) per annum and are secured as follows:-

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

The secured bills payable facility bears interest at rates ranging from 5.01% to 7.01% (2005: 3.20% to 4.95%) per annum and is secured as follows:-

- (a) assignment of export credit insurance policies; and
- (b) 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 28 to the financial statements.

The maturity profile and effective interest rates are as follows:-

GROUP	Effective	Total	Maturities		
	Interest Rate		Within	Within	Over
	%		1 Year	1 - 5 Years	5 Years
	RM		RM	RM	RM
2006					
Financial Liabilities					
Bridging loan	9.50	5,306,549	5,306,549	-	-
Revolving credits	6.00 - 6.50	17,000,000	17,000,000	-	-
Bills payable	5.01 - 7.01	1,444,107	1,444,107	-	-
2005					
Financial Liabilities					
Bridging loan	9.50	7,742,375	7,742,375	-	-
Revolving credits	6.00 - 6.50	17,000,000	17,000,000	-	-
Bills payable	3.20 - 4.95	1,567,800	1,567,800	-	-

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

24. BANK BORROWINGS - SECURED (CONT'D)

COMPANY	Effective Interest Rate %	Total RM	Maturities		
			Within 1 Year RM	Within 1 - 5 Years RM	Over 5 Years RM
2006					
Financial Liability					
Revolving credits	6.00 - 6.50	17,000,000	17,000,000	-	-
2005					
Financial Liability					
Revolving credits	6.00 - 6.50	17,000,000	17,000,000	-	-

The foreign currency exposure profile is as follows:-

	GROUP	
	2006 RM	2005 RM
Bills payable		
United States Dollar	1,444,107	1,567,800

25. REDEEMABLE BONDS - SECURED

	GROUP/COMPANY	
	2006 RM	2005 RM
4 years zero coupon redeemable secured bonds 2001/2005 ("Bonds 2001/2005")	420,000,000	420,000,000
Add : Bond interest	12,333,333	-
	432,333,333	420,000,000
Less: Discount on bonds		
Balance brought forward	1,081,245	36,571,397
Less: Amortisation	(1,081,245)	(35,490,152)
	-	(1,081,245)
	432,333,333	418,918,755
Repayment due within twelve months	(432,333,333)	(418,918,755)
Repayment due after twelve months	-	-

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

25. REDEEMABLE BONDS - SECURED (CONT'D)

Bonds 2001/2005 totalling RM420,000,000/- nominal value was issued under a Trust Deed dated 19th 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.

The securities for the bonds are as follow:-

Bonds 2001/2005

- (a) First legal charge on land and buildings of two subsidiary companies, KRSE 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, KRSE;
- (c) A debenture comprising fixed and floating charges on assets of the Company and of four subsidiary companies, BUGCR, KRSE, 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 11th April, 2005. However by virtue of the Heads of Agreement entered between Abrar Discounts Berhad ("ADB") and the Company on 31st March, 2005 the redemption date of these bonds had been extended to 30th November, 2005. On 10th November, 2005, ADB agreed to extend the settlement of these Bonds from 30th November, 2005 to 31st May, 2006. The particular of the extension and the mode of settlement are referred to in note 41 to the financial statements. Furthermore, on the 26th May, 2006, the settlement of the Bonds was extended to 31st August, 2006 as disclosed in note 42 to the financial statements.

The maturity profile and effective interest rates of Bonds 2001/2005 are as follows:-

The Bonds 2001/2005 of the Group and of the Company bear effective interest rate of 9.26% (2005 : 9.26%) per annum respectively.

26. SHARE CAPITAL

	GROUP/COMPANY	
	2006	2005
	RM	RM
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

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

26. SHARE CAPITAL (CONT'D)

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

	Number of Warrants	
	2006 RM	2005 RM
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:-

Exercise Period	Exercise Price Per New Ordinary Share RM
Between 4.1.2002 to 11.1.2005	0.54
Between 12.1.2005 to 3.1.2007	0.66

27. RESERVES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
DISTRIBUTABLE				
Accumulated losses	(312,764,972)	(299,900,076)	(66,585,231)	(17,403,738)
NON-DISTRIBUTABLE				
Share premium	111,535,799	111,535,799	111,535,799	111,535,799
Reserve on consolidation	3,630,037	3,866,709	-	-
Foreign exchange translation reserve	1,030,098	1,556,787	-	-
	116,195,934	116,959,295	111,535,799	111,535,799
	(196,569,038)	(182,940,781)	44,950,568	94,132,061

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28. TERM LOANS - SECURED

	GROUP	
	2006 RM	2005 RM
Term Loan I		
8.50% (2005 : 7.75%) term loan repayable in 28 quarterly instalments commencing on the 39th months from the date of first drawdown	37,690,620	34,827,744
Term Loan II		
7.75% to 8.40% (2005 : 7.75% to 8.40%) term loan repayable in 6 half yearly instalments commencing in September, 1996	18,133,162	18,133,162
Term Loan III		
10% fixed rate term loan repayable in 5 monthly instalments commencing in April, 2004	4,725,165	4,689,493
Term Loan IV		
10% fixed rate term loan repayable in 4 annual instalments commencing September, 2002	24,465,194	23,632,386
Term Loan V		
10% term loan repayable in full at the end of June, 2004	4,000,000	4,000,000
	89,014,141	85,282,785
Repayment due within twelve months (note 24)	(89,014,141)	(80,182,785)
Repayment due after twelve months	-	5,100,000

The term loans are secured as follows:-

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

The term loans of the Group bear interest rates ranging from 7.75% to 10.00% (2005 : 7.75% to 10.00%) per annum and mature within one year.

NOTES TO THE FINANCIAL STATEMENTS

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28. TERM LOANS - SECURED (CONT'D)

The foreign currency exposure profile is as follows:-

	GROUP	
	2006 RM	2005 RM
Hong Kong Dollar	18,133,162	18,133,162

29. DEFERRED TAXATION

	GROUP	
	2006 RM	2005 RM
At beginning of the year	129,112,857	129,724,997
Transferred from/(to) income statement (note 34)	2,702,196	(612,140)
At end of the year	131,815,053	129,112,857

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

	GROUP	
	2006 RM	2005 RM
Differences between the carrying amount of property, plant and equipment and its tax base	14,296,350	13,160,410
Differences between the carrying amount of development properties in subsidiary companies and its tax base	132,297,653	132,451,597
Unrelieved tax losses	(7,310,400)	(6,785,600)
Others	(96,850)	(119,450)
Unabsorbed capital allowances	(7,371,700)	(9,594,100)
	131,815,053	129,112,857

NOTES TO THE FINANCIAL STATEMENTS

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29. DEFERRED TAXATION (CONT'D)

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Property development costs written off	(732,700)	(732,700)	-	-
Differences between the carrying amounts of development properties in subsidiary companies and their tax base	1,343,490	1,357,940	702,300	715,300
Differences between the carrying amount of property, plant and equipment and their tax base	230,720	160,910	64,200	97,200
Unrelieved tax losses	(68,862,657)	(67,871,200)	(5,902,400)	(5,107,700)
Unabsorbed capital allowances	(4,057,503)	(4,098,852)	(825,600)	(800,400)
Others	(42,050)	(28,000)	-	-
Net deferred tax assets	(72,120,700)	(71,211,902)	(5,961,500)	(5,095,600)

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.

30. 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.

31. REVENUE

Revenue comprises the following:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Construction contract revenue	30,285,905	9,547,040	-	-
Revenue from development properties sold	39,421,876	24,440,526	-	-
Revenue arising from acquisition of development property	6,195,222	-	-	-
Sales of goods and services	46,143,143	47,623,745	-	-
Hotel and golfing revenue	73,307,483	63,324,888	-	-
Rental revenue	915,806	966,436	915,806	966,436
	196,269,435	145,902,635	915,806	966,436

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32. DIRECT COSTS

Direct costs comprise the following:-

	GROUP	
	2006 RM	2005 RM
Attributable cost of contract works	18,964,867	8,995,292
Cost attributable to development properties sold	30,100,259	21,860,486
Cost of sales and services	90,833,197	91,648,128
	139,898,323	122,503,906

33. LOSS BEFORE TAXATION

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Allowance for diminution in value of other investment	-	100,000	-	-
Amortisation of discount on bonds	1,081,245	35,490,152	1,081,245	35,490,152
Allowance for doubtful debts	796,403	114,622	-	-
Amortisation of leasehold land	215,034	215,035	59,413	59,413
Amortisation of goodwill on consolidation	2,388,178	2,388,177	-	-
Auditors' remuneration				
- current year	297,728	307,934	38,000	38,000
- underprovision in prior year	-	-	-	-
Bad debts written off	150,436	35,929	-	30,690
Depreciation of property, plant and equipment	11,301,821	10,965,291	290,100	459,985
Impairment loss on investment in subsidiary companies	-	-	22,802,340	-
Interest expense				
- bank overdrafts	1,578,362	1,565,589	-	-
- hire purchase	160,848	126,138	4,520	34,794
- lease	1,600	2,046	-	126
- redeemable bonds	12,333,333	-	12,333,333	-
- term loans and revolving credit	6,819,696	7,265,027	3,880,750	4,514,582
- others	1,214,708	1,326,850	-	-
Loss on disposal of investment in an associated company	57,455	-	497,966	-
Property development cost written off due to revocation of sales and purchase agreement	-	3,017,116	-	-

NOTES TO THE FINANCIAL STATEMENTS

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33. LOSS BEFORE TAXATION (CONT'D)

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Property development costs written off	-	2,616,728	-	-
Property, plant and equipment written off	994,385	411,021	30,653	406,629
Rental of equipment	205,395	65,117	-	-
Rental of motor vehicles	92,693	19,175	-	-
Rental of premises	922,501	1,082,908	29,600	34,570
Sundry deposit written off	-	2,800	-	-
Allowance for doubtful debts no longer required	(158,389)	(8,000)	-	-
Amortisation of reserves on consolidation	(236,672)	(236,672)	-	-
Bad debts recovered	-	(29,955)	-	-
Gain on disposal of property, plant and equipment	(15,661)	(132,606)	-	(90,409)
Gain on disposal of property development	(596,202)	-	-	-
Gain on foreign exchange				
- realised	(147,150)	(239,387)	-	-
- unrealised	(334,201)	-	-	-
Gain on insurance claim	(345,519)	(91,425)	-	-
Interest revenue	(116,698)	(263,458)	(6,899)	(30,419)
Rental of premises revenue	(1,024,161)	(1,001,359)	(915,806)	(966,436)

(b) Employees Information

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Staff costs	25,205,360	23,538,772	756,947	843,615

The number of employees including full-time directors of the Group and of the Company as at financial year end were 1,060 (2005 : 1,020) and 6 (2005 : 12) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

33. LOSS BEFORE TAXATION (CONT'D)

(c) Directors' Remuneration

The Directors of the Company in office since the date of last report are as follows:-

Non-Independent Executive Directors

Tan Sri Dr. Chen Lip Keong
Datuk Loh Hoon Loi
Datuk Abdul Ghani bin Abdul Rashid
Lee Wai Tuck Philip

Independent Non-Executive Directors

Datuk Wan Kassim bin Ahmed
Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir (Appointed on 1.3.06)
Tuan Haji Zainal Abidin bin Ali
Dr. Heng Aik Cheng
Leow Ming Fong @ Leow Min Fong (Appointed on 15.5.06)
Tengku Datuk (Dr.) Zainal Adlin bin Tengku Mahamood (Resigned on 1.4.06)
Tuan Haji Harun bin Haji Faudzar (Resigned on 1.4.06)

The aggregate amount of emoluments receivable by directors of the Company during the financial year are as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-Independent Executive Directors				
- other emoluments	828,749	879,758	338,840	561,678
Independent Non-Executive Directors				
- other emoluments	64,000	170,061	64,000	48,000
- fees	378,000	289,700	252,000	270,000

NOTES TO THE FINANCIAL STATEMENTS

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34. TAXATION

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Taxation for the year	6,071,423	234,000	-	-
Origination/(Reversal) of temporary differences (note 29)	2,702,196	(612,140)	-	-
	8,773,619	(378,140)	-	-
Under/(Over)provision of taxation in prior years	173,003	(2,939,692)	-	-
Tax expense/(credit)	8,946,622	(3,317,832)	-	-

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Loss before taxation	(3,911,722)	(67,757,247)	(49,181,493)	(45,096,779)
Tax at the Malaysian statutory income tax rate at 28%	(1,095,300)	(18,972,000)	(13,770,800)	(12,627,000)
Effect of lower tax rate of Malaysian subsidiary companies with issued and paid-up capital below RM2,500,000/-	(57,200)	97,193	-	-
Depreciation of non-qualifying property, plant and equipment	404,100	94,200	31,100	94,200
Tax effect on non-deductible expenses	8,786,521	17,676,357	12,873,800	12,197,500
Net deferred tax assets not recognised	1,801,838	1,824,610	865,900	406,200
Tax effect on non-taxable revenue	(173,300)	(71,500)	-	(70,900)
Utilisation of deferred tax assets not previously recognised	(893,040)	(1,027,000)	-	-
Under/(Over)provision in prior years	173,003	(2,939,692)	-	-
Tax expense/(credit)	8,946,622	(3,317,832)	-	-

The Company has estimated tax credit of approximately RM27,711,000/- (2005 : RM27,711,000/-) under Section 108 of the Income Tax Act, 1967, to frank future payment of dividends of approximately RM71,256,000/- (2005 : RM71,256,000/-), without incurring additional tax liability, subject to agreement by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS

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34. TAXATION (CONT'D)

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:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Unrelieved tax losses	272,540,400	109,589,862	21,079,900	18,242,000
Unabsorbed capital allowances	40,151,702	14,841,900	2,948,700	2,858,500
	312,692,102	124,431,762	24,028,600	21,100,500

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

35. 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 RM12,846,161/- (2005 : RM63,746,594/-) divided by the number of ordinary share in issue during the financial year of 2,030,059,680 (2005 : 2,030,059,680) ordinary shares of RM0.50 each.

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.

36. ACQUISITION OF SUBSIDIARY COMPANY

In previous 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:-

	GROUP	
	2006 RM	2005 RM
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

NOTES TO THE FINANCIAL STATEMENTS

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36. ACQUISITION OF SUBSIDIARY COMPANY (CONT'D)

(b) Effect on Consolidated Income Statement

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

	GROUP	
	2006 RM	2005 RM
Operating revenue	-	9,547,040
Direct operating costs	-	(8,995,292)
Gross profit	-	551,748
Other operating revenue	-	1,000
	-	552,748
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 on the consolidated financial position of the Group as at year end are as follows:-

	GROUP	
	2006 RM	2005 RM
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

NOTES TO THE FINANCIAL STATEMENTS

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37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM6,268,818/- (2005 : RM5,768,733/-) and RM43,589/- (2005: RM19,788/-) respectively which are satisfied as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Hire purchase financing	1,866,892	1,171,000	-	-
Cash payments	4,401,926	4,597,733	43,589	19,788
	6,268,818	5,768,733	43,589	19,788

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balance sheet amounts:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash held under housing development accounts	27,967	37,113	-	-
Cash and bank balances	3,111,299	12,850,057	124,958	149,642
	3,139,266	12,887,170	124,958	149,642
Cash on deposits with licensed banks	4,406,160	4,383,634	237,318	230,419
Bank overdrafts	(25,038,281)	(23,225,936)	-	-
	(17,492,855)	(5,955,132)	362,276	380,061

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;
- cash deposits of the Group amounting to RM4,168,842/- (2005 : RM4,153,215/-) pledged for bank guarantee facilities granted to certain subsidiary companies. These deposits can only be utilised to repay the said facilities; and
- cash deposits of the Group and of the Company amounting to RM237,318/- (2005: RM230,419/-) are placed in the Sinking Fund Account which shall be utilised solely for the redemption of the Company's Bonds 2001/2005.

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38. CASH AND CASH EQUIVALENTS (CONT'D)

The foreign currency exposure profile is as follows:-

	GROUP	
	2006 RM	2005 RM
Cash and bank balances		
Chinese Renminbi	417,735	417,735
Hong Kong Dollar	11,303	5,191
Singapore Dollar	648,568	435,602
United States Dollar	25,661	-
	1,103,267	858,528

39. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) Significant intra-group transactions are as follows:-

	COMPANY	
	2006 RM	2005 RM
Non-Trade		
Purchases of air tickets and tour		
- First Travel and Tours (M) Sdn. Bhd.	289,351	99,533
Staff cost allocated to subsidiary companies:-		
- Arosa Development Sdn. Bhd.	-	(4,240)
- Bukit Unggul Golf and Country Resort Sdn. Bhd.	-	(958,778)
- Bukit Unggul Tele-Suburb Sdn. Bhd.	(1,302,231)	-
- Dapan Holdings Sdn. Bhd.	-	(3,533)
- FACB Land Sdn. Bhd.	-	(565)
- Karambunai Resorts Sdn. Bhd.	-	(1,128,098)
Term loan interest charges		
- Dapan Holdings Sdn. Bhd.	2,491,600	3,219,050
Management fee received/receivable from subsidiary companies:-		
- Arosa Development Sdn. Bhd.	(25,000)	(25,000)
- FACB Land Sdn. Bhd.	(10,000)	(10,000)

NOTES TO THE FINANCIAL STATEMENTS

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39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONT'D)

- (b) The significant transactions with companies in which certain directors and persons connected to the Directors have substantial financial interests are as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade				
Received and receivable from 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	(300,000)	(250,000)	(300,000)	(250,000)
- Ticketing and tour revenue	(22,348)	(15,521)	-	-
Resourceful Petroleum Ltd.				
- Ticketing and tour revenue	(188,491)	(87,432)	-	-
FACB Industries Incorporated Berhad				
- Ticketing and tour revenue	(39,232)	(19,416)	-	-
Ariston Sdn. Bhd.				
- Office rental revenue	(9,684)	(8,070)	(9,684)	(8,070)
Naga Resorts and Casino Ltd.				
- Ticketing and tour revenue	(490,493)	(417,066)	-	-

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.

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40. TAX EXEMPT INCOME ACCOUNT

The Company has undistributed tax exempt income of RM758,000/- (2005: RM758,000/-), available for distribution by way of tax exempt dividend subject to agreement by the Inland Revenue Board.

41. SIGNIFICANT EVENTS

- (a) On 8th April, 2005, the Company announced that, an application has been made to the Securities Commission ("SC") for the proposed extension of the RM420 million zero coupon redeemable secured bonds 2001/2005 ("Bonds 2001/2005") until 30th November, 2005 pursuant to the Heads of Agreement entered into with Abrar Discounts Berhad ("ADB") the sole bondholder on 31st March, 2005.
- (b) On 29th 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.
- (c) On 13th June, 2005, the Company entered into a Sale and Purchase Agreement to dispose 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.
- (d) On 10th November, 2005, ADB has agreed to extend the settlement of the Bonds 2001/2005 from 30th November, 2005 to 31st May, 2006 ("Proposed Extension") with an extension fee of RM1.5 million payable by 30th November, 2005. An application on the said extension was made to the SC on 16th November, 2005.
- (e) On 20th January, 2006, the SC has approved the Proposed Extension of Bonds 2001/2005 from 11th April, 2005 to 31st May, 2006 subject to the following terms and conditions:-
 - (i) all relevant parties to the Bonds 2001/2005 including, but not limited to, the trustee and rating agency, be fully informed of the Proposed Extension and, where required, consented to them;
 - (ii) prior to implementation of the Proposed Extension, Affin Merchant Bank Berhad ("Affin Merchant") to submit the revised principal terms and conditions for the Bonds 2001/2005 to SC,
 - (iii) Affin Merchant and KCB have undertaken all necessary due diligence in relation to the Proposed Extension; and
 - (iv) Affin Merchant and KCB to obtain all other regulatory approvals for the Proposed Extension, if any.

NOTES TO THE FINANCIAL STATEMENTS

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41. SIGNIFICANT EVENTS (CONT'D)

(f) ADB had vide its letter dated 24th February, 2006 accepted KCB's proposal to address the settlement of the Bonds 2001/2005 by 31st May, 2006 as follows:-

(i) upfront cash settlement of RM100 million is to be paid to ADB by 31st May, 2006;

(ii) the remaining settlement balance outstanding shall be satisfied by issuing the following to ADB:-

- RM245 million Class B Junior Notes to be issued by a Special Purpose Vehicle relative to an Assets Backed Securitisation exercise; and
- RM90 million Redeemable Secured Loan Stocks ("RSLs Notes") to be issued by the Company.

Hereby collectively referred to as the "Settlement Balance Outstanding".

(iii) payment of the Settlement Balance Outstanding shall be addressed by the Company in the following manner:-

- Under Option Agreement for RSLs Notes, for the Company to acquire the RSLs Notes outstanding on or after 31st January, 2007;
- Under the Option Agreement for Class B Notes:-
 - for the Company to acquire up to RM60 million Class B Notes from ADB on or after 31st January, 2007; and
 - for the Company to acquire up to RM185 million Class B Notes outstanding from ADB on or after the Expected Maturity Date.

(g) On 27th March, 2006, the Company acquired an additional 6,552 ordinary shares of RM1/- each representing 0.01% in Hartamas Group Berhad ("HGB") for a total consideration of RM6,552/-. After the aforesaid acquisition, HGB became a wholly-owned subsidiary of KCB being held through the Company (42.91%), FACB Land Sdn. Bhd. (4.06%) and First Holdings Sdn. Bhd. (53.03%).

NOTES TO THE FINANCIAL STATEMENTS

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42. SUBSEQUENT EVENTS

- (a) On 29th May, 2006, the Company announced that a letter has been submitted to the SC on compliance of all the terms and conditions imposed by the SC on the Proposed Extension of Bonds 2001/2005 as stipulated in its approval letter dated 20th January, 2006.
- (b) ADB had vide its letter dated 26th May, 2006 agreed to further extend the Bonds 2001/2005 from 31st May, 2006 to 31st August, 2006 ("Proposed Second Extension") with an extension fee of RM200,000/-. An application to SC for the Proposed Second Extension of Bonds 2001/2005 was made on 31st May, 2006.

The Proposed Second Extension is to allow KCB sufficient time to finalise the redemption of the Bonds 2001/2005.

KCB is pursuing an alternative fund-raising exercise, in the form of bank borrowings, to address the redemption of the Bonds 2001/2005 as an alternative to the proposed securitisation exercise as announced by the Company on 31st March, 2005. Further, KCB still has the intention to proceed with the said proposed securitisation exercise should the said alternative fund-raising exercise not materialise.

43. 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.

NOTES TO THE FINANCIAL STATEMENTS

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43. SEGMENT INFORMATION - GROUP (CONT'D)

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

	MANAGEMENT SERVICES, VENTURE CAPITAL & INVESTMENT HOLDINGS & OTHERS RM	PROPERTY DEVELOPMENT & CONSTRUCTION RM	LEISURE & TOURISM RM	TRADING RM	ELIMINATIONS RM	CONSOLIDATED RM
2006						
REVENUE						
External revenue	1,204,895	78,000,271	90,914,691	26,149,578	-	196,269,435
Inter-segment revenue	-	-	-	-	-	-
Total revenue	1,204,895	78,000,271	90,914,691	26,149,578	-	196,269,435
RESULT						
Segment result	(10,608,204)	21,279,455	9,762,342	408,835	-	20,842,428
Amortisation of discount on bonds						(1,081,245)
Amortisation of goodwill on consolidation	(159,564)	(1,404,437)	(140,081)	(684,096)	-	(2,388,178)
Interest revenue	7,491	72,660	16,861	19,686	-	116,698
Interest expenses	(16,232,433)	(5,764,140)	(111,974)	-	-	(22,108,547)
Balance carried down						(4,618,844)

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

43. SEGMENT INFORMATION - GROUP (CONT'D)

(a)	MANAGEMENT SERVICES, VENTURE CAPITAL & INVESTMENT HOLDINGS & OTHERS	PROPERTY DEVELOPMENT & CONSTRUCTION	LEISURE & TOURISM	TRADING	ELIMINATIONS	CONSOLIDATED
	RM	RM	RM	RM	RM	RM
2006						
Balance brought down						(4,618,844)
Share of results of associated companies	-	527,905	-	-	-	527,905
Loss on disposal of investment in an associated company						(57,455)
Amortisation of reserve on consolidation						236,672
Taxation						(8,946,622)
Loss after taxation but before minority interest						(12,858,344)
Minority interest						12,183
Net loss for the year						(12,846,161)

OTHER INFORMATION

Segment Assets	83,583,131	1,368,726,717	367,018,433	9,288,940	-	1,828,617,221
Amount owing by associated companies	-	24,579,569	-	-	-	24,579,569
Interest in associated companies	-	2,184,052	-	-	-	2,184,052
Unallocated corporate assets						31,190,018
Consolidated total assets						1,886,570,860

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

43. SEGMENT INFORMATION - GROUP (CONT'D)

(a)	MANAGEMENT SERVICES, VENTURE CAPITAL & INVESTMENT HOLDINGS & OTHERS	PROPERTY DEVELOPMENT & CONSTRUCTION	LEISURE & TOURISM	TRADING	ELIMINATIONS	CONSOLIDATED
	RM	RM	RM	RM	RM	RM
2006						
Segment liabilities	32,538,395	159,089,685	22,007,300	4,529,882	-	218,165,262
Taxation	2,986,967	149,134,600	6,583,707	38,714	-	158,743,988
Deferred taxation	-	124,905,053	6,910,000	-	-	131,815,053
Unallocated corporate liabilities						559,385,755
Consolidated total liabilities						<u>1,068,110,058</u>
Capital expenditure	206,470	1,275,314	4,777,002	10,032	-	<u>6,268,818</u>
Depreciation of property, plant and equipment	497,026	762,924	10,162,495	94,410	-	<u>11,516,855</u>
Significant Non-cash expenses other than depreciation						
Property, plant and equipment written off	31,088	10,131	949,957	3,209	-	<u>994,385</u>
Amortisation of goodwill on consolidation	159,564	1,404,437	140,081	684,096	-	<u>2,388,178</u>
Amortisation of discount on bonds	1,081,245	-	-	-	-	<u>1,081,245</u>
Bad debts written off	-	-	150,436	-	-	<u>150,436</u>
Allowance for doubtful debts	-	-	796,403	-	-	<u>796,403</u>

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

43. SEGMENT INFORMATION - GROUP (CONT'D)

(a)	MANAGEMENT SERVICES, VENTURE CAPITAL & INVESTMENT HOLDINGS & OTHERS RM	PROPERTY DEVELOPMENT & CONSTRUCTION RM	LEISURE & TOURISM RM	TRADING RM	ELIMINATIONS RM	CONSOLIDATED RM
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)
Minority interest						692,821
Net loss for the year						(63,746,594)

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

43. SEGMENT INFORMATION - GROUP (CONT'D)

(a)	MANAGEMENT SERVICES, VENTURE CAPITAL & INVESTMENT HOLDINGS & OTHERS	PROPERTY DEVELOPMENT & CONSTRUCTION	LEISURE & TOURISM	TRADING	ELIMINATIONS	CONSOLIDATED
	RM	RM	RM	RM	RM	RM
2005						
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

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

43. SEGMENT INFORMATION - GROUP (CONT'D)

(a)	MANAGEMENT SERVICES, VENTURE CAPITAL & INVESTMENT HOLDINGS & OTHERS	PROPERTY DEVELOPMENT & CONSTRUCTION	LEISURE & TOURISM	TRADING	ELIMINATIONS	CONSOLIDATED
	RM	RM	RM	RM	RM	RM
2005						
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

31ST MARCH, 2006

43. SEGMENT INFORMATION - GROUP (CONT'D)

(b) Secondary Reporting Format - Geographical Segments

	MALAYSIA RM	ASIA PACIFIC RM	EUROPE RM	ELIMINATIONS RM	CONSOLIDATED RM
2006					
Total revenue from external customers	170,119,857	26,149,578	-	-	196,269,435
Segment assets	1,819,328,281	9,288,940	-	-	1,828,617,221
Amount owing by associated companies	24,579,569	-	-	-	24,579,569
Interest in associated companies	2,184,052	-	-	-	2,184,052
Unallocated corporate assets					31,190,018
Consolidated total assets					1,886,570,860
Capital expenditure	6,258,786	10,032	-	-	6,268,818
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

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

44. 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

31ST MARCH, 2006

45. SINKING FUND DEPOSITS COMMITMENT

This arises pursuant to the Second Supplementary Trust Deed dated 27th June, 2004 on the 4 years zero coupon redeemable secured bonds 2001/2005 totalling RM420,000,000/-

Deposits payable within 1 year

GROUP/COMPANY	
2006	2005
RM	RM
-	419,800,000

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

Pursuant to the Heads of Agreement dated 31st March, 2005, the due date for the redemption of the Bonds 2001/2005 has been restructured and rescheduled to 30th November, 2005.

On 26th May, 2006, ADB agreed to further extend the settlement of the 2001/2005 Bonds to 31st August, 2006.

46. CONTINGENT LIABILITIES - UNSECURED

Corporate guarantee given by the Company to financial institutions and third parties for banking and outstanding credit facilities of the following subsidiary companies:-

	COMPANY	
	2006	2005
	RM	RM
- Dapan Holdings Sdn. Bhd.	34,496,900	36,456,600
- FACB Charter Sdn. Bhd.	-	131,700
- First Travel & Tours (M) Sdn. Bhd.	1,500,000	1,565,800
- Karambunai Resorts Sdn. Bhd.	62,728,900	57,922,000
- Scanply International Wood Products (Singapore) Pte. Ltd.	1,444,100	1,567,800
- Composites Technology Development Corporation Sdn. Bhd.	4,000,000	4,000,000
- Nexus Resort Karambunai Sdn. Bhd.	-	265,200
- Karambunai Golf Management Berhad	897,900	862,000
- Sunnyland Industries Ltd.	18,133,000	18,133,000
	123,200,800	120,904,100
Corporate guarantee given by the Company to Amway Korea Ltd.	-	6,329,456

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

47. 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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

47. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iv) Liquidity and Cash Flow Risks

The Group's major exposure to liquidity and cash flow risks arises from its redeemable bonds which are due for redemption on or before 31st August, 2006. The Company has embarked on an assets backed securitisation exercise to raise funds for the redemption of the said bonds. This assets backed securitisation exercise is subject to approval from the relevant authorities. The Company has also, subsequent to the financial year, pursue an alternative funding-raising exercise, in the form of bank borrowings, to address the bonds redemption requirements should the assets backed securitisation exercise did not materialised. Furthermore, 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.

(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, term loans, bank overdrafts, bridging loan, revolving credit and bills payable approximate fair values due to the relatively short term maturities of these financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 2006

47. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values (cont'd)

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

	GROUP		COMPANY	
	Carrying Amount RM	Fair Values RM	Carrying Amount RM	Fair Values RM
2006				
Financial Asset				
Other investments	522,001	# -	310,000	# -
Financial Liabilities				
Hire purchase and lease payables	4,280,376	4,299,487	54,116	66,895
2005				
Financial Asset				
Other investments	522,001	# -	310,000	# -
Financial Liability				
Hire purchase and lease payables	3,623,864	3,638,375	71,880	75,921

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.

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

	Nominal Amount RM	Fair Value RM
2006		
Contingent liabilities	123,200,800	# -
2005		
Contingent liabilities	127,233,556	# -

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

GROUP PROPERTIES

AS AT 31ST MARCH, 2006

Location	Area (Hectares)	Description	Tenure	Year of Expiry	Age of Building	Carrying 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	364.10	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 31ST JULY, 2006

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	255	0.3669	9,277	0.0005
100 - 1,000	13,470	19.3796	13,205,555	0.6505
1,001 - 10,000	42,314	60.8782	196,734,662	9.6911
10,001 - 100,000	12,199	17.5510	374,524,532	18.4489
100,001 to less than 5% of issued shares	1,265	1.8200	726,041,825	35.7645
5% and above of issued shares	3	0.0043	719,543,829	35.4445
Total	69,506	100.0000	2,030,059,680	100.0000

Top Thirty Shareholders as at 31 July, 2006

Name of Shareholders	No. of Shares	%
1. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account for 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	102,814,430	5.0646
4. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Dr Chen Lip Keong	95,000,000	4.6797
5. Hwang-DBS Securities Berhad IVT (SFS)	26,667,428	1.3136
6. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Lipkland Holdings Sdn Bhd	20,911,321	1.0301
7. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lipkland Holdings Sdn Bhd	19,000,000	0.9359

SHAREHOLDERS' INFORMATION

AS AT 31ST JULY, 2006

Top Thirty Shareholders as at 31 July, 2006 (Cont'd)

Name of Shareholders	No. of Shares	%
8. Batu Bara Resources Corporation Sdn Bhd	15,620,000	0.7694
9. HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	13,839,000	0.6817
10. CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB-GK Securities Pte Ltd	12,716,313	0.6264
11. HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for River Estates Incorporated	10,000,000	0.4926
12. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Lip Keong	10,000,000	0.4926
13. Menteri Kewangan Malaysia	8,912,374	0.4390
14. Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuan	7,670,000	0.3778
15. Yeoh Kean Hua	7,000,000	0.3448
16. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Ban Song Long	5,000,000	0.2463
17. Lembaga Tabung Angkatan Tentera	4,594,000	0.2263
18. Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kwee Eng	4,467,400	0.2201
19. TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chai Hock	3,815,000	0.1879
20. Hon Fook Shu @ Hun Gim Hock	3,750,000	0.1847
21. Ng Chee Peng	3,550,000	0.1749
22. Lim Kim Hock	3,500,000	0.1724
23. OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Tow Fock	3,405,000	0.1677

SHAREHOLDERS' INFORMATION

AS AT 31ST JULY, 2006

Top Thirty Shareholders as at 31 July, 2006 (Cont'd)

Name of Shareholders	No. of Shares	%
24. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koay Ley Hee	3,200,000	0.1576
25. Lim Kim Chai	3,044,700	0.1500
26. Lee Yoon Sing	3,005,000	0.1480
27. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sherman Lam Yuen Suen	3,000,000	0.1478
28. A.A. Assets Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Soo Chai	2,800,000	0.1379
29. Chow Siew Fong	2,751,000	0.1355
30. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Tiong Ghee	2,620,000	0.1291
Total	1,019,382,365	50.2142

Substantial Shareholdings

Register of Substantial Shareholders as at 31 July, 2006

Name of Substantial Shareholder	Direct No. of Ordinary Shares Held	%	Indirect No. 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 31ST JULY, 2006

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 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 1997/2007 warrant holders

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	20	0.6390	1,228	0.0166
100 - 1,000	2,306	73.6741	1,765,840	23.9378
1,001 - 10,000	722	23.0671	2,471,685	33.5062
10,001 - 100,000	76	2.4281	1,970,397	26.7107
100,001 to less than 5% of outstanding warrants	5	0.1597	746,200	10.1155
5% and above of outstanding warrants	1	0.0320	421,450	5.7132
Total	3,130	100.0000	7,376,800	100.0000

Top Thirty Warrantholders as at 31 July, 2006

Name of Warrantholders	No. of Warrants	%
1. Abdul Aziz Bin Mohd Hassan	421,450	5.7132
2. Surinder Kaur a/p Gurdial Singh	299,900	4.0654
3. Hasbullah Bin Hassan	133,100	1.8043
4. Mayban Nominees (Tempatan) Sdn Bhd Heng Su Kiang	110,000	1.4912
5. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Nai Kooi @ Gah Mai Kwai	102,000	1.3827
6. CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB-GK Securities Pte Ltd	101,200	1.3719
7. Nge Ma Liah	100,000	1.3556
8. Maruthamuthu a/l Doraisamy Kavundan	100,000	1.3556
9. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noeh Niqmann Bin Zainal Abidin	97,900	1.3271
10. Ang Lay Chin	70,100	0.9503
11. Mahfoz Bin Abdullah	53,500	0.7252

WARRANTHOLDERS' INFORMATION

AS AT 31ST JULY, 2006

Top Thirty Warrantholders as at 31 July, 2006 (Cont'd)

Name of Warrantholders	No. of Warrants	%
12. HLG Nominee (Asing) Sdn Bhd IBB Securities Sdn Bhd	50,000	0.6778
13. Kong Sin Ming	50,000	0.6778
14. Lim Kai Siang	50,000	0.6778
15. Mereek Singh a/l Delip Singh	50,000	0.6778
16. Mayban Nominees (Tempatan) Sdn Bhd Teddy Ho Pang Hin	48,400	0.6561
17. Mayban Securities Nominees (Asing) Sdn Bhd OCBC Securities Private Limited for Kam Choe Beng	42,000	0.5694
18. Tan Ke Huat	40,200	0.5450
19. Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd	40,000	0.5422
20. Adlina Ho Binti Abdullah	37,931	0.5142
21. RHB Nominees (Tempatan) Sdn Bhd UOB Kay Hian Private Limited	37,000	0.5016
22. Neo Hock Chin	37,000	0.5016
23. Aniqah Tong Abdullah @ Tong Saw Foong	33,800	0.4582
24. Tan Soo Gek	30,000	0.4067
25. Cartaban Nominees (Asing) Sdn Bhd DBSVICKERS for Ambernathan Govindasamy	30,000	0.4067
26. Ooi Eng Hong	29,700	0.4026
27. Sabtu Bin Jasin	26,200	0.3552
28. Sim See Mong	25,000	0.3389
29. Ke-Zan Nominees (Asing) Sdn Bhd Kim Eng Securities Pte. Ltd. for Shun Sing Trading Pte Ltd	25,000	0.3389
30. Hendon binti Abdul Latiff	25,000	0.3389
Total	2,296,381	31.1299

WARRANTHOLDERS' INFORMATION

AS AT 31ST JULY, 2006

No. of 2002/2007 Warrants (Warrants 'B')	: 852,739,964 outstanding
Exercise Price	: RM0.54 - stage 1 / RM0.66 - stage 2
Exercise Period	: 4 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	210	2.9130	10,365	0.0012
100 - 1,000	1,071	14.8564	828,813	0.0972
1,001 - 10,000	4,381	60.7713	17,588,390	2.0626
10,001 - 100,000	1,233	17.1036	42,876,647	5.0281
100,001 to less than 5% of outstanding warrants	311	4.3141	286,671,568	33.6177
5% and above of outstanding warrants	3	0.0416	504,764,181	59.1932
Total	7,209	100.0000	852,739,964	100.0000

Top Thirty Warrantholders as at 31 July, 2006

Name of Warrantholders	No. of Warrants	%
1. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account for 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. Lipkland Holdings Sdn Bhd	25,557,216	2.9971
5. Innosabah Nominees (Tempatan) Sdn Bhd For Wong Teng An	24,911,600	2.9214
6. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Khim Taik	24,721,500	2.8991
7. Hwang-DBS Securities Berhad IVT (SFS)	20,000,050	2.3454
8. Ang Bee Kean	10,000,000	1.1727

WARRANTHOLDERS' INFORMATION

AS AT 31ST JULY, 2006

Top Thirty Warrantholders as at 31 July, 2006 (Cont'd)

Name of Warrantholders	No. of Warrants	%
9. CIMSEC Nominees (Asing) Sdn Bhd ING Asia Private Bank Ltd for Chilin Limited	10,000,000	1.1727
10. Lipkland Holdings Sdn Bhd	8,700,000	1.0202
11. A.A. Assets Nominees (Tempatan) Sdn Bhd Dasburan Sdn Bhd	7,625,000	0.8942
12. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Aing Joo	7,371,000	0.8644
13. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hwang Ai Mor	6,000,000	0.7036
14. Chen Lip Keong	4,440,000	0.5207
15. Chen Tong Seng	4,030,000	0.4726
16. Wong Kee Leung	3,209,400	0.3764
17. Liew Kim Hong	3,000,000	0.3518
18. Mohamad Husaini Bin Otoh	2,379,100	0.2790
19. Yap Chee Lung	2,300,000	0.2697
20. Chan Peng Leong	2,250,000	0.2639
21. Lee Yoon Sing	2,189,000	0.2567
22. Nor Bie Binti Haris	2,040,900	0.2393
23. Chan Chin Sun	2,000,000	0.2345
24. Poh Ah Lek	2,000,000	0.2345
25. Cheow Woon San	2,000,000	0.2345
26. S. Sumathy a/p Suppiah	1,891,500	0.2218
27. Saroja a/p Ganapathy	1,760,000	0.2064
28. Heng Hun Suan	1,505,250	0.1765
29. Mayban Nominees (Tempatan) Sdn Bhd Teddy Ho Pang Hin	1,500,000	0.1759
30. Lau Ching Kui	1,500,000	0.1759
Total	689,645,697	80.8741

DIRECTORS' SHAREHOLDINGS AND WARRANTHOLDINGS

AS AT 31ST JULY, 2006

Name of Directors	Number of Shares			Percentage of Issued Capital		Number of 1997/2007 Warrants (Warrants A)		Percentage of 1997/2007 Warrants (Warrants A)		Number of 2002/2007 Warrants (Warrants B)		Percentage of 2002/2007 Warrants (Warrants B)	
	Direct	Deemed	Capital	Direct	Deemed	Direct	Deemed	(Warrants A)		Direct	Deemed	(Warrants B)	
1. Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	-	-	-	-	-	-	-	-	-	-	-	-	-
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 Zainal Abidin bin Ali	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Datuk Loh Hoon Loi	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Dr Heng Aik Cheng	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Datuk Abdul Ghani bin Abdul Rashid, J.P	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Leow Ming Fong @ Leow Min Fong	-	-	-	-	-	-	-	-	-	-	-	-	-

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

(c) Partly held through Bumiputra-Commerce (Tempatan) Sdn Bhd and HDM Nominees (Tempatan) Sdn Bhd

(d) 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.	
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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 _____ 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 Fortieth 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 Thursday, 28 September 2006 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.

No.	Ordinary Resolutions	For	Against
No. 1	Adoption of audited financial statements and reports		
No. 2	Approval of Directors' fees		
No. 3	Re-election of Tan Sri Dr Chen Lip Keong as Director		
No. 4	Re-election of Datuk Wan Kassim bin Ahmed as Director		
No. 5	Re-election of Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir as Director		
No. 6	Re-election of Mr Leow Ming Fong @ Leow Min Fong as Director		
No. 7	Re-appointment of Messrs Moore Stephens as Auditors		
No. 8	Authority pursuant to Section 132D of the Companies Act, 1965		

Signed this _____ day of _____, 2006

Signature/Seal of Shareholder

Telephone No. (during office hours)

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specified the proportions of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under seal, or the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power or authority, shall be deposited at the Company's Registered Office, No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

AFFIX STAMP

THE COMPANY SECRETARIES

KARAMBUNAI CORP BHD
1 NEXUS DRIVE EAST, KARAMBUNAI
P O Box 200, MENGGATAL
88450 KOTA KINABALU
SABAH, MALAYSIA