financial statements





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directors' report

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in construction related activities, property development and provision of management services to its subsidiaries.

The Group is principally engaged in property development and investment, engineering, infrastructure, building services and construction related activities.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit from ordinary activities after taxation	**16,672**	**5,142**
Minority interests	**(2,906)**	**–**
Net profit attributable to shareholders	**13,766**	**5,142**

DIVIDENDS

No dividend has been paid or declared by the Company since 31 December 2004. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2005.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Malaysian Resources Corporation Berhad's Employees' Share Option Scheme ('ESOS' or the 'Scheme') was approved by the shareholders at an Extraordinary General Meeting held on 12 August 2002 and became effective on 5 September 2002.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are set out in Note 37 to the financial statements.

During the financial year, the number of ordinary shares of RM1.00 each covered under options granted, exercised and lapsed were as follows:

			No. of ordinary shares of RM1.00 each covered under options				
Tranche	**Date**	**Price**	**At 1.1.2005**	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2005**
1	6 Sep 2002	RM1.06	**26,170,000**	–	–	**(2,625,000)**	**23,545,000**
2	26 May 2003	RM1.00	**8,553,449**	–	–	**(963,625)**	**7,589,824**
3	2 Apr 2004	RM1.00	**10,017,492**	–	–	**(1,048,500)**	**8,968,992**
			44,740,941	–	–	**(4,637,125)**	**40,103,816**

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of the option holders who were granted less than 200,000 options as at 31 December 2005.

The names and the number of options granted in respect of the ESOS, in excess of 200,000 options are as follows:

Name	**No. of options granted**
Shahril Ridza Ridzuan	500,000
Dato' Ibrahim Abu Bakar	360,000
Wong Dor Loke	316,250
Mohd Nor Abdul Karim	309,500
Chan Chee Meng	280,000
Dr. Shaharizuan Shafiei	280,000
Sabariah Mohamed Amin	221,250
Chong Chin Ann	216,000
Hussin Mohd Ali	209,250
Mohamed Noor Rahim Yahaya	202,500

DIRECTORS

The Directors who have held office during the period since the date of the last report are:

Datuk Azlan Mohd Zainol (Chairman)	
Shahril Ridza Ridzuan (Group Managing Director/Chief Executive Officer)	
Dato' Ahmad Hj. Ibnihajar	
Dato' Dr. Mohd Shahari Ahmad Jabar	
Abdul Rahman Ahmad	
Dr. Roslan A Ghaffar	
Ahmad Zaki Zahid	
Mohamad Lotfy Mohamad Noh	(appointed on 20.7.2005)
Datuk Zahari Omar (Executive Vice President)	(resigned on 26.5.2005)

In accordance with Article 106 of the Company's Articles of Association, Mohamad Lotfy Mohamad Noh who was appointed to the Board during the period subsequent to the last Annual General Meeting of the Company, retires from office at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

In accordance with Article 101 of the Company's Articles of Association, Shahril Ridza Ridzuan and Dato' Dr. Mohd Shahari Ahmad Jabar retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options over shares granted by the Company to Executive Directors of the Group pursuant to the ESOS.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits disclosed in Note 11 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 he is a member, or with a company in which he has a substantial financial interest.

According to the Register of Directors' Shareholdings, particulars of the interests of Directors who held office at the end of the financial year in shares and options over shares in the Company and its related corporations were as follows:

	Number of options over ordinary shares of RM1.00 each				
	At 1.1.2005	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2005**
Company					
Shahril Ridza Ridzuan	**500,000**	–	–	–	**500,000**

The other Directors in office at the end of the financial year did not hold any interest in shares in or debentures of the Company and its related corporations.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had 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:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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.

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

At the date of this report, there does not exist:

(a) 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 liability of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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 which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the income statement; and

(b) 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 likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

In accordance with a resolution of the Board of Directors dated 10 April 2006.

SHAHRIL RIDZA RIDZUAN
Group Managing Director/
Chief Executive Officer

DR. ROSLAN A GHAFFAR
Director

statement by directors

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

We, **SHAHRIL RIDZA RIDZUAN** and **DR. ROSLAN A GHAFFAR,** two of the Directors of **MALAYSIAN RESOURCES CORPORATION BERHAD,** state that, in the opinion of the Directors, the financial statements set out on pages 94 to 158 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 10 April 2006.

SHAHRIL RIDZA RIDZUAN
Group Managing Director/
Chief Executive Officer

DR. ROSLAN A GHAFFAR
Director

statutory declaration

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

I, **CHONG CHIN ANN,** the Officer primarily responsible for the financial management of **MALAYSIAN RESOURCES CORPORATION BERHAD,** do solemnly and sincerely declare that the financial statements set out on pages 94 to 158 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHONG CHIN ANN

Subscribed and solemnly declared by the abovenamed **CHONG CHIN ANN** at **KUALA LUMPUR,** Malaysia on 10 April 2006.

Before me,

MOHD RADZI BIN YASIN (No. W327)
No. 86, Tingkat Bawah
Jalan Putra
50350 Kuala Lumpur

COMMISSIONER FOR OATHS

report of the auditors

to the members of Malaysian Resources Corporation Berhad
(Company No. 7994-D)

We have audited the financial statements set out on pages 94 to 158. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on 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 to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that 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 MASB 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; and

  (ii) the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries have been properly kept in accordance with the provisions of the Act.

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

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

THAYAPARAN A/L S. SANGARAPILLAI
(No. 2085/09/06 (J))
Partner of the firm

Kuala Lumpur
10 April 2006

income statements

for the financial year ended 31 December 2005

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Revenue	6	**323,825**	188,301	**216,785**	42,374
Cost of sales	7	**(217,059)**	(104,956)	**(174,998)**	(25,954)
Gross profit		**106,766**	83,345	**41,787**	16,420
Other operating income:					
– gain on disposal of investments	8	**1,059**	21,014	**1,059**	34,624
– others	8	**26,844**	23,763	**5,737**	4,687
Selling and distribution costs		**(3,001)**	(3,752)	**(293)**	(92)
Administrative expenses		**(43,613)**	(45,120)	**(10,811)**	(12,265)
Other operating expenses:					
– (impairment losses)/reversal of impairment losses		**(8,873)**	7,117	**(21,033)**	(16,480)
– (allowance for)/write back of doubtful debts					
• subsidiaries		**–**	–	**67**	(47,445)
• others		**(164)**	6,323	**2,898**	8,542
– others		**(11,899)**	(18,148)	**(4,497)**	(9,190)
Profit/(loss) from operations	9	**67,119**	74,542	**14,914**	(21,199)
Finance costs	12	**(57,079)**	(65,697)	**(9,772)**	(14,054)
Share of results of associates		**12,670**	8,567	**–**	–
Share of results of a jointly controlled entity		**2,241**	4,926	**–**	–
Profit/(loss) from ordinary activities before taxation		**24,951**	22,338	**5,142**	(35,253)
Taxation	13				
• Company and subsidiaries (2004: including tax refunds which were deemed irrecoverable in prior years of RM16,831,000 at both Group and Company)		**(1,896)**	24,801	**–**	16,831
• associates		**(6,383)**	(6,338)	**–**	–
• jointly controlled entity		**–**	(2,530)	**–**	–
Profit/(loss) from ordinary activities after taxation		**16,672**	38,271	**5,142**	(18,422)
Minority interests		**(2,906)**	(4,662)	**–**	–
Net profit/(loss) attributable to shareholders		**13,766**	33,609	**5,142**	(18,422)
Earnings per share (sen):					
– Basic	14	**1.8**	4.4		

balance sheets

as at 31 December 2005

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
NON CURRENT ASSETS					
Property, plant and equipment					
– operational property, plant and equipment	15(a)	**22,869**	20,624	**1,242**	1,038
– investment properties	15(b)	**174,004**	176,912	**–**	–
		196,873	197,536	**1,242**	1,038
Land held for property development	16(a)	**869,576**	823,962	**3,800**	3,800
Expressway development expenditure	17	**–**	–	**–**	–
Subsidiaries	18	**–**	–	**331,587**	340,634
Associates	19	**272,626**	266,592	**12,600**	4,500
Jointly controlled entity	20	**5,364**	5,299	**–**	–
Other investments	21	**8,172**	9,405	**8,172**	9,405
Goodwill on consolidation		**10,000**	10,000	**–**	–
Deferred tax assets	22	**3,877**	3,193	**–**	–
		1,366,488	1,315,987	**357,401**	359,377
CURRENT ASSETS					
Inventories	23	**24,236**	32,155	**7,707**	8,842
Property development costs	16(b)	**173,202**	164,217	**138,247**	28,002
Trade and other receivables	24	**181,043**	140,733	**90,008**	44,179
Amounts due from subsidiaries	24	**–**	–	**202,562**	212,427
Tax recoverable		**7,364**	19,853	**1,748**	10,472
Marketable securities	26	**26,482**	86,468	**26,447**	86,233
Bank balances and deposits	27	**251,707**	151,320	**63,460**	9,990
		664,034	594,746	**530,179**	400,145
CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**3,231**	9,064	**–**	–
Trade and other payables	29	**257,597**	217,398	**54,700**	34,745
Amounts due to subsidiaries	29	**–**	–	**240,589**	211,904
Taxation		**805**	89	**–**	–
Short term borrowings	31	**104,127**	235,018	**35,516**	100,987
Bonds	32	**80,000**	–	**–**	–
		445,760	461,569	**330,805**	347,636
NET CURRENT ASSETS		**218,274**	133,177	**199,374**	52,509

balance sheets
as at 31 December 2005 (continued)

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
NON CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**705**	–	**–**	–
Bonds	32	**714,684**	793,672	**–**	–
Post-employment benefit obligations	33	**7,964**	7,001	**2,521**	2,201
Long term borrowings	34	**293,703**	95,555	**159,549**	20,000
Long term liabilities	35	**1,675**	785	**25**	147
Deferred tax liabilities	22	**3,043**	2,161	**–**	–
		1,021,774	899,174	**162,095**	22,348
		562,988	549,990	**394,680**	389,538
CAPITAL AND RESERVES					
Share capital	36	**768,186**	768,186	**768,186**	768,186
Reserves		**(288,190)**	(301,077)	**(373,506)**	(378,648)
Shareholders' equity		**479,996**	467,109	**394,680**	389,538
MINORITY INTERESTS		**82,992**	82,881	**–**	–
		562,988	549,990	**394,680**	389,538

consolidated statement of changes in equity

for the financial year ended 31 December 2005

	Share capital Nominal value (Note 36) RM'000	Reserves on consolidation (Note 38) RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2005	**768,186**	**79,332**	**(380,409)**	**467,109**
Deferred tax liability on revaluation surplus	**–**	**–**	**(879)**	**(879)**
Net profit for the financial year	**–**	**–**	**13,766**	**13,766**
At 31 December 2005	**768,186**	**79,332**	**(367,522)**	**479,996**
At 1 January 2004	768,171	79,332	(411,868)	435,635
Issuance of share capital	15	–	–	15
Deferred tax liability on revaluation surplus	–	–	(2,150)	(2,150)
Net profit for the financial year	–	–	33,609	33,609
At 31 December 2004	768,186	79,332	(380,409)	467,109

company statement of changes in equity

for the financial year ended 31 December 2005

	Share capital Nominal value (Note 36) RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2005	**768,186**	**(378,648)**	**389,538**
Net profit for the financial year	**–**	**5,142**	**5,142**
At 31 December 2005	**768,186**	**(373,506)**	**394,680**
At 1 January 2004	768,171	(360,226)	407,945
Issuance of share capital	15	–	15
Net loss for the financial year	–	(18,422)	(18,422)
At 31 December 2004	768,186	(378,648)	389,538

cash flow statements

for the financial year ended 31 December 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) from ordinary activities after taxation and minority interests	**13,766**	33,609	**5,142**	(18,422)
Adjustments for:				
Taxation	**8,279**	(15,933)	**–**	(16,831)
Minority interests	**2,906**	4,662	**–**	–
Share of results of:				
– associates	**(12,670)**	(8,567)	**–**	–
– a jointly controlled entity	**(2,241)**	(4,926)	**–**	–
Dividend income	**–**	–	**(6,334)**	(2,125)
Interest expense	**51,906**	62,452	**7,808**	13,403
Impairment losses/(reversal of impairment losses) on:				
– subsidiaries	**–**	–	**14,047**	30,972
– associates	**–**	7,089	**–**	–
– land held for property development	**1,687**	286	**–**	–
– marketable securities	**7,186**	(14,492)	**6,986**	(14,492)
Goodwill written off	**–**	145	**–**	–
Allowance for/(write back of) doubtful debts	**164**	(6,323)	**(2,965)**	38,903
Write back of expressway development expenditure	**(30)**	–	**–**	–
Operational property, plant and equipment:				
– depreciation	**4,593**	5,297	**689**	1,010
– written off	**8**	205	**–**	198
– net (gain)/loss on disposal	**(412)**	(1,468)	**8**	(39)
Depreciation for investment properties	**2,908**	4,016	**–**	–
Allowance for inventories obsolescence	**–**	405	**–**	85
(Write back of)/provision for:				
– liabilities and charges	**(1,917)**	38	**–**	–
– post-employment benefits	**1,488**	1,318	**324**	365
Amortisation of bonds issuance expenses	**1,012**	1,012	**–**	–
Bad debts written off/(recovered)	**–**	3,242	**(32)**	3,025
Waiver of interest	**–**	(3,777)	**–**	–
Write back of accrual no longer required	**(4,290)**	–	**–**	–

cash flow statements

for the financial year ended 31 December 2005 (continued)

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Gain on disposal/dilution of investments in				
– subsidiaries	**–**	(21,014)	**–**	(34,624)
– marketable securities	**(1,059)**	–	**(1,059)**	–
Interest income	**(4,857)**	(5,417)	**(3,530)**	(4,690)
Unrealised gains on transactions with associate	**–**	26,244	**–**	–
	68,427	68,103	**21,084**	(3,262)
Changes in working capital:				
(Increase)/decrease in property development costs	**(17,661)**	38,954	**(107,283)**	(28,002)
Decrease in other investments	**1,233**	883	**1,233**	867
Decrease/(increase) in inventories	**7,919**	(12,199)	**1,135**	(8,927)
(Increase)/decrease in receivables	**(37,536)**	69,640	**(42,607)**	13,399
Decrease/(increase) in amounts due from subsidiaries (net)	**–**	–	**39,777**	(86,568)
Increase in amounts due from associates (net)	**(273)**	(895)	**(292)**	–
Decrease/(increase) in amount due from a jointly controlled entity (net)	**1,052**	(9,068)	**–**	–
Increase in amounts due from other related parties (net)	**(6,501)**	–	**–**	–
Increase in marketable securities	**–**	(16)	**–**	–
Increase/(decrease) in payables	**52,527**	(11,941)	**19,058**	25,295
Net cash from operations	**69,187**	143,461	**(67,895)**	(87,198)
Interest received	**4,857**	5,417	**3,530**	4,690
Dividends received from:				
– subsidiaries	**–**	–	**1,020**	1,530
– an associate	**5,069**	5,069	**–**	–
Taxation refunded	**12,397**	19,593	**9,877**	17,621
Taxation paid	**(1,770)**	(2,654)	**–**	–
Interest paid	**(91,581)**	(104,748)	**(6,994)**	(10,149)
Retirement benefits paid	**(525)**	(202)	**(4)**	(10)
Provision for liability and charges paid	**(3,211)**	(2,450)	**–**	–
(Pledged)/released of bank balances and fixed deposits as security value	**(95,657)**	(5,871)	**(50,434)**	16,824
Net cash flow from operating activities	**(101,234)**	57,615	**(110,900)**	(56,692)

cash flow statements

for the financial year ended 31 December 2005 (continued)

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of marketable securities		**54,000**	–	**54,000**	–
Handling charges paid in relation to disposal of marketable securities		**(141)**	–	**(141)**	–
Proceeds from disposal of operational property, plant and equipment		**1,629**	14,734	**157**	90
Net cash flow from disposal of interest in subsidiaries	5	**–**	41,983	**–**	42,924
Subscription of shares in a subsidiary		**–**	–	**(5,000)**	–
Purchase of operational property, plant and equipment		**(8,063)**	(5,267)	**(1,058)**	(364)
Purchase of investment properties		**–**	(766)	**–**	–
Subscription of shares in associates		**(8,100)**	(3,000)	**(8,100)**	(3,000)
Net cash flow from investing activities		**39,325**	47,684	**39,858**	39,650
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from:					
– term loans		**142,700**	8,608	**131,596**	–
– issue of shares		**–**	15	**–**	15
Repayment of term loans		**(75,632)**	(114,112)	**(57,518)**	–
Dividends paid by a subsidiary to minority interest		**(2,794)**	(1,469)	**–**	–
Profit distribution from joint venture		**2,176**	2,355	**–**	–
Net cash flow from financing activities		**66,450**	(104,603)	**74,078**	15
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,541**	696	**3,036**	(17,027)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**73,378**	72,682	**9,485**	26,512
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39	**77,919**	73,378	**12,521**	9,485

1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in construction related activities, property development and provision of management services to its subsidiaries.

The Group is principally engaged in property development and investment, engineering, infrastructure, building services and construction related activities.

The principal activities of the subsidiaries and associates are described in Note 43 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Bhd.

The address of the registered office of the Company is as follows:

Aras 10, Menara MRCB
No. 2, Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

The number of persons employed by the Group and by the Company at the end of the financial year amounted to 650 (2004: 555) and 95 (2004: 90) respectively.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified for the revaluation of certain investment properties and development properties, and unless otherwise indicated in the summary of significant accounting policies below. The financial statements comply with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Actual results could differ from those estimates.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

Financial statements of subsidiaries are consolidated using the acquisition method of accounting, commencing from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition and the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill or reserves on consolidation. See accounting policy Note 3(b) on goodwill.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the accounting policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with the goodwill/reserves on consolidation (net of accumulated impairment losses).

(b) Goodwill on consolidation

Goodwill represents the excess of the cost of acquisition of subsidiaries, associates and jointly controlled entities over the Group's share of the fair value of their identifiable net assets at the date of acquisition. Goodwill is stated at cost less any accumulated impairment losses. At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy on impairment of assets as set out in Note 3(v).

Reserves on consolidation represent the excess of the Group's share of the fair value of identifiable net assets acquired over the cost of acquisition. Negative goodwill is stated as a reserves on consolidation.

(c) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including joint venture arrangements) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are stated in the Company's financial statements at cost. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of assets as set out in Note 3(v).

(d) Associates

Associates are enterprises in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are stated at cost. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of assets as set out in Note 3(v).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates (continued)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising in the income statement the Group's share of the results of associates for the financial year and its share of post acquisition movements within reserves in reserves. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition (net of accumulated impairment losses). Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

(e) Jointly controlled entities

Jointly controlled entities are corporations, partnership or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties over the financial and operating policy decisions.

Investments in jointly controlled entities are stated at cost. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of assets as set out in Note 3(v).

Results and interests in jointly controlled entities are equity accounted in the consolidated financial statements of the Group.

Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities in the income statement and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment losses).

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence on a reduction in the net realisable value of current assets or impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(f) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are converted into Ringgit Malaysia at the rates of exchange ruling on that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statements.

(g) Other investments

Long term investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is based on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business at the balance sheet date. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement.

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

(i) Property, plant and equipment

Operational property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for freehold land which is not depreciated. Freehold land is not depreciated as it has an infinite life.

Other operational property, plant and equipment are depreciated on a straight line basis to write off the cost of assets to their residual values over their estimated useful lives or the lease term, whichever is shorter, at the following annual rates:

Buildings	2%
Plant and machinery	5% – 20%
Furniture, fittings, office equipment and computers	5% – 33 1/3%
Motor vehicles	20% – 33 1/3%

Investment properties held as property, plant and equipment are stated at cost or Directors' valuation which is based on a valuation by professional valuers in 1982 using the fair market value basis, less accumulated depreciation and impairment losses.

The Directors have applied the transitional provisions issued by the Malaysian Accounting Standards Board on adoption of FRS 116 'Property, Plant and Equipment' which allows the leasehold land to be stated at its previous year's valuation less depreciation. Accordingly, the valuation has not been updated.

Leasehold land under investment properties are amortised over the period of the respective leases which range from 66 years to 99 years. Depreciation is computed on the straight line method to write off the cost of each asset over its estimated useful life. The principal annual depreciation rate for building under investment properties is 2% per annum.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of assets as set out in Note 3(v).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

Repairs and maintenance are charged to the income statement during the year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(j) Finance lease and hire purchase

Leases of property, plant and equipment where substantially all the benefits and risks of ownership are transferred to the Group and the Company are classified as finance leases.

Property, plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments and are depreciated in accordance with the accounting policy as set out in Note 3(i). The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The interest element of the finance charges is allocated to the income statements over the periods of the respective agreements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property development activities

(i) Land held for property development

Land held for property development consists of land or such portion thereof on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogated cost as allowed by FRS 201 'Property Development Activities'. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of assets as set out in Note 3(v).

Land held for property development is transferred to property development costs (under current assets) (Note k(ii)) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle of two (2) to three (3) years.

Borrowing costs are capitalised in accordance with Note 3(w). All other borrowing costs are expensed to income statement.

(ii) Property development costs

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

Property development costs are transferred from land held for property development (Note k(i)) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle of two (2) to three (3) years.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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

Borrowing costs are capitalised in accordance with Note 3(w). All other borrowing costs are expensed to income statement.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Expressway development expenditure

Expressway development expenditure represents cost incurred, which includes borrowing cost relating to the financing of the development, in connection with the Ipoh-Lumut Expressway Project.

The total development expenditure incurred for the project will be amortised over the remaining concession period upon completion of the construction of the expressway and commencement of collection of toll revenues. The amount capitalised is charged as an expense in the income statement in the financial year in which it is identified that no future economic benefits are expected to flow from the expressway development expenditure.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocation costs attributable to property development activities.

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

(n) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end and when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off during the financial year in which they are identified.

(o) Construction contract

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the financial year of the contract as revenue and expenses respectively.

The Group uses the percentage of completion method to determine the appropriate amount of contract revenue and contract costs to recognise in a given period; the stage of completion of a construction contract is measured by reference to the value of work done incurred to the estimated contract sum of the contract; the stage of completion of an engineering contract on the other hand is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract. Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses when incurred.

No profit is recognised where contract works is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the contract with reasonable accuracy.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as 'Amounts due from customers on contracts' under trade and other receivables. Conversely, where progress billings exceed costs incurred and recognised profit, the balance is shown as 'Amounts due to customers on contracts' under trade and other payables.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices. These benefits plans are either defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Defined benefit plans

The Group provides for unfunded retirement benefits to eligible employees that have been in the service of the Group for a continuous period of at least ten (10) years.

The Group determines the present value of defined benefit obligation with sufficient regularity such that the liability recognised in the financial statements does not differ materially from the amount that would have been determined as at that date. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified independent actuary after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 27 December 2005.

The current service cost recognised in the income statement is calculated based on the present value of the benefits accruing over the financial year following the valuation date with reference to the number of eligible employees and projected final salaries.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. Net actuarial gains and losses are recognised in the income statements based on the expected average remaining working lives of the employees participating in the plan.

(iii) Equity compensation benefits

Details of the Group's Employees' Share Option Scheme are set out in Note 37 to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received are credited to share capital and share premium.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Provisions

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

(i) Guaranteed rental scheme and liquidated ascertained damages

The Group provides for estimated liability on projects still under progress/guarantee period at the balance sheet date. This provision is calculated based on contract agreements/past histories.

(ii) Other provisions

The Group also recognises the estimated concession fees that is payable to the Government of Malaysia at the balance sheet date in relation to the concession to operate, manage and maintain the Kuala Lumpur central railway station by a subsidiary. The provision is calculated based on the effective date as stated in the Concession Agreement.

(r) Bonds

Bonds issued by the Group are stated at net proceeds received on issue. The bonds issuance expenses which represents the difference between the gross proceeds and the total amount of the payment of the bonds are allocated to periods over the term of the bonds at a constant rate on the carrying amounts and are charged to the income statement.

(s) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented within borrowings in current liabilities on the balance sheet.

(t) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(v) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

(w) Interest capitalisation

Interest incurred on borrowings relating to the purchase of property, plant and equipment is capitalised as part of the cost of the asset until the assets is ready for its intended use. Interest relating to property development activities is capitalised during the periods in which the activities to prepare and develop the properties are carried out.

(x) Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services, net of sales taxes, rebates and discounts, and after eliminating sales within the Group.

Revenue is recognised upon delivery of products and customer acceptance, where significant risks and rewards of ownership of the goods are transferred to the buyer or upon completion of the performance of services rendered to customers.

Revenue relating to long term engineering contracts and property development activities are accounted for using the percentage of completion method; the stage of completion is measured by reference to the actual costs incurred to date to estimated total costs for each of the contract and property development activity. For construction contract, the stage of completion is measured by reference to the value of work done incurred to the estimated contract sum of the contract.

Other revenues earned by the Group are recognised on the following bases:

Rental income	–	on the accrual basis
Interest income	–	on the accrual basis
Dividend income	–	when the shareholder's right to receive payment is established

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) Financial instruments recognised on the balance sheet

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy associated with each item.

(ii) Financial instruments not recognised on the balance sheet

The Group does not have any off balance sheet financial instruments.

(z) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises with a single segment.

4 FINANCIAL RISK MANAGEMENT

(a) The Group's activities expose it to a variety of financial risks, including interest rate risk, liquidity and cash flow risks and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Group does not trade in financial instruments.

(i) Interest rate risk

The Group finances its operations through operating cash flows and borrowings which are principally denominated in Ringgit Malaysia. The Group's policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities and private debt securities.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity and cash flow risk

The Group manages its liquidity risk by maintaining sufficient levels of cash or cash convertible investments and available credit facilities to meet its working capital requirements.

(iii) Credit risk

Credit risk is the potential loss from a transaction in the event of default by the counterparty during the term or upon settlement of the transaction. The Group seeks to control credit risk by setting counterparty limits and/or obtaining bank guarantees where appropriate, and ensuring that the sale of products and services are made to customers with appropriate credit histories, and through application of other stringent credit policies.

(b) Fair values for disclosure purposes

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to/from group companies) and short term borrowings.

The fair values of the non-current quoted investments are represented by their market values as disclosed in Notes 19 and 21 to the financial statements.

The fair values of long term borrowings (including Bonds) are estimated using discounted cash flow analysis. The carrying values of the long term borrowings (including Bonds) approximate their fair values based on the prevailing borrowing rates of similar borrowings obtainable by the Group and the Company.

5 DISPOSAL OF SUBSIDIARIES

The effects of the disposals on the financial positions of the Group were as follows:

	At date of disposal 2004 RM'000
Net assets disposed:	
Property, plant and equipment	165
Associate	2,606
Jointly controlled entities	102
Trade and other receivables	66,339
Cash and bank balances	941
Trade and other payables	(33,511)
Term loan	(10,308)
Net assets	26,334
Minority interests	(21,017)
Goodwill on consolidation	333
Net assets disposed	5,650
Gain on disposal	37,274
Total consideration received/receivable from disposal	42,924
Less: Cash and bank balances	(941)
Net cash from disposal of interest in subsidiaries	41,983

5 DISPOSAL OF SUBSIDIARIES (CONTINUED)

Financial year ended 31 December 2004

(i) On 30 June 2004, the Company completed the disposal of its 70% equity interest in Zelleco (M) Sendirian Berhad ('ZMSB') Group for a total consideration of RM41.8 million. As part of the terms of the disposal, the Company has assumed certain assets and liabilities of both ZMSB and Zelleco Construction Sdn. Bhd., a subsidiary of ZMSB.

(ii) On 2 December 2004, the Company completed the disposal of its 22.48% equity interest in MRCB Multimedia Consortium Sdn. Bhd. ('MMCSB') for a cash consideration of RM1.124 million. The Company's equity interest in MMCSB was reduced from 71.48% to 49.00% and consequently MMCSB became an associate of the Company.

The effects of disposals on the results of the Group were as follows:

	2004 RM'000
Revenue	7,409
Operating cost	(5,082)
Profit from operations	2,327
Finance cost	(412)
Profit before taxation	1,915
Taxation	935
Profit after taxation	2,850
Minority interests	(1,453)
	1,397

6 REVENUE

	Group		**Company**	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Property development	**232,481**	120,084	**149,715**	20,173
Construction contracts	**60,424**	29,085	**51,468**	8,305
Investment property income	**14,973**	13,780	**–**	–
Building services	**10,558**	9,816	**–**	–
Rental income	**2,682**	1,892	**–**	–
Rendering of other services	**2,687**	7,349	**–**	–
Information technology contracts	**–**	6,295	**–**	–
Management fees	**–**	–	**8,054**	10,554
Dividend income from subsidiaries (gross)	**–**	–	**6,334**	2,125
Interest income from loan stock	**–**	–	**1,214**	1,217
Others	**20**	–	**–**	–
	323,825	188,301	**216,785**	42,374

7 COST OF SALES

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost of inventories sold	**14,073**	341	**–**	–
Property development costs	**137,435**	60,612	**126,655**	18,393
Construction contract costs	**47,354**	20,940	**48,343**	7,641
Building services	**5,417**	4,052	**–**	–
Others	**12,780**	19,011	**–**	(80)
	217,059	104,956	**174,998**	25,954

8 OTHER OPERATING INCOME

	Group 2005	Group 2004	Company 2005	Company 2004
Gain on disposal/dilution of investments in:				
• subsidiaries	**–**	21,014	**–**	34,624
• marketable securities	**1,059**	–	**1,059**	–
	1,059	21,014	**1,059**	34,624

Other operating income is arrived at after crediting:

	Group 2005	Group 2004	Company 2005	Company 2004
Rental income on land and buildings	**3,033**	4,104	**1,322**	1,125
Rental income on other assets	**890**	688	**–**	–
Interest income from:				
– subsidiaries	**–**	–	**1,163**	1,166
– fixed deposits	**3,472**	3,522	**290**	1,043
– others	**1,385**	1,895	**863**	1,264
Bad debts recovered	**32**	1,023	**32**	–
Write back of accrual no longer required	**4,290**	–	**–**	–
Forfeiture of progress billings and deposits *	**3,290**	208	**–**	–
Compensation income	**171**	–	**–**	–
Waiver of interest	**–**	3,777	**–**	–

* Included in this amount in 2005 is the proposed disposal of office block, Menara MRCB for a cash consideration of RM55.0 million has been terminated with the 5% deposit duly forfeited.

9 PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit/(loss) from operations is arrived at after charging/(crediting):				
Auditors' remuneration				
– statutory audit	**391**	363	**73**	50
– non-statutory audit	**111**	132	**104**	125
Staff costs (including remuneration of directors) (Note 10)	**40,555**	42,137	**8,244**	8,982
Operational property, plant and equipment:				
– depreciation	**4,593**	5,297	**689**	1,010
– written off	**8**	205	**–**	198
– net (gain)/loss on disposals	**(412)**	(1,468)	**8**	(39)
Depreciation for investment properties	**2,908**	4,016	**–**	–
Write back of expressway development expenditure	**(30)**	–	**–**	–
Allowance for inventories obsolescence	**–**	405	**–**	85
Rental of:				
– premises	**12**	–	**2,095**	2,225
– motor vehicles	**4**	15	**–**	1
– office equipment	**225**	211	**37**	100
Hire of plant and machinery/equipment	**–**	12	**–**	–
Bad debts written off	**–**	3,242	**–**	3,025
(Write back of)/provision for liabilities and charges	**(1,917)**	38	**–**	–
Amortisation of bonds issuance expenses	**1,012**	1,012	**–**	–
Net realised gain on foreign exchange	**–**	(4)	**–**	(4)
Impairment losses/(reversal of impairment losses) on:				
• subsidiaries	**–**	–	**14,047**	30,972
• associates	**–**	7,089	**–**	–
• land held for property development	**1,687**	286	**–**	–
• marketable securities	**7,186**	(14,492)	**6,986**	(14,492)
Goodwill written off	**–**	145	**–**	–

10 STAFF COSTS

Wages, salaries and bonus	**30,849**	32,012	**5,742**	6,396
Defined contribution plan	**3,376**	3,781	**864**	875
Defined benefit plan (Note 33)	**1,488**	1,318	**324**	365
Termination benefits	**54**	8	**54**	8
Other employee benefits	**4,788**	5,018	**1,260**	1,338
	40,555	42,137	**8,244**	8,982

11 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year were as follows:

Non-executive Directors
Datuk Azlan Mohd Zainol (Chairman)
Abdul Rahman Ahmad
Dato' Ahmad Hj. Ibnihajar
Dato' Dr. Mohd Shahari Ahmad Jabar
Dr. Roslan A Ghaffar
Ahmad Zaki Zahid
Mohamad Lotfy Mohamad Noh (appointed on 20.7.2005)
Dato' Seri Syed Anwar Jamalullail (Chairman) (resigned on 12.1.2005)

Executive Directors
Shahril Ridza Ridzuan (Group Managing Director/Chief Executive Officer)
Datuk Zahari Omar (Executive Vice President) (resigned on 26.5.2005)

The aggregate amounts of remuneration received/receivable by Directors of the Company for the financial year are:

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Non-executive Directors:				
– fees	**279**	176	**279**	169
– emoluments	**92**	72	**92**	72
	371	248	**371**	241
Executive Directors:				
– salaries and bonus	**588**	466	**588**	466
– defined contribution plan	**146**	154	**146**	154
– other employee benefits	**183**	200	**183**	200
	917	820	**917**	820
	1,288	1,068	**1,288**	1,061
Benefits-in-kind				
Non-executive Directors	**4**	40	**4**	40
Executive Directors	**14**	14	**14**	14
	18	54	**18**	54

11 DIRECTORS' REMUNERATION (CONTINUED)

Executive Director(s) of the Company at the end of the financial year have been granted options under the Malaysian Resources Corporation Berhad's Employees' Share Option Scheme as follows:

Year ended 31.12.2005

Grant date	Expiry date	Exercise price RM/share	At 1.1.2005	Granted	Exercised	Resigned	At 31.12.2005
6 Sep 2002	4 Sep 2007	1.06	**475,000**	**–**	**–**	**(225,000)**	**250,000**
26 May 2003	4 Sep 2007	1.00	**430,000**	**–**	**–**	**(180,000)**	**250,000**
			905,000	**–**	**–**	**(405,000)**	**500,000**

Year ended 31.12.2004

Grant date	Expiry date	Exercise price RM/share	At 1.1.2004	Granted	Exercised	At 31.12.2004
6 Sep 2002	4 Sep 2007	1.06	475,000	–	–	475,000
26 May 2003	4 Sep 2007	1.00	430,000	–	–	430,000
			905,000	–	–	905,000

12 FINANCE COSTS

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Arrangement fees for borrowings	**5,173**	3,245	**1,964**	651
Interest expense on:				
– term loans	**18,433**	26,613	**4,774**	10,303
– bank overdraft, trust receipts and bills payable	**33**	328	**–**	–
– hire purchase	**109**	813	**33**	22
– loan stock	**671**	673	**–**	–
– intercompany advances	**–**	–	**3,001**	3,078
– others	**839**	1,256	**–**	–
Finance charges on bonds issued	**31,821**	32,769	**–**	–
	57,079	65,697	**9,772**	14,054

13 TAXATION

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
(a) Tax charge for the financial year				
In Malaysia:				
Current taxation	**4,559**	5,589	**–**	–
Under/(over) accrual in prior years	**4,401**	(23,508)	**–**	(16,831)
Deferred taxation (Note 22)	**(681)**	1,986	**–**	–
	8,279	(15,933)	**–**	(16,831)
Current tax				
Current year	**4,559**	5,589	**–**	–
Under/(over) accrual in prior years (net)	**4,401**	(23,508)	**–**	(16,831)
Deferred tax				
Origination and reversal of temporary differences	**9,820**	13,119	**–**	–
Benefit from previously unrecognised tax losses	**(10,501)**	(11,133)	**–**	–
	8,279	(15,933)	**–**	(16,831)

b) Numerical reconciliation of income tax expense

The explanation of the relationship between tax expense and profit/(loss) from ordinary activities before taxation is as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Profit/(loss) from ordinary activities before taxation	**24,951**	22,338	**5,142**	(35,253)
Tax calculated at the Malaysian tax rate of 28% (2004: 28%)	**6,986**	6,255	**1,440**	(9,871)
Tax effects of:				
Control transfer	**–**	352	**–**	–
Income not subject to tax	**(5,546)**	(25,216)	**(3,058)**	(1,917)
Expenses not deductible for tax purposes	**10,187**	30,718	**2,315**	12,935
Utilisation of previously unrecognised tax losses	**(15,091)**	(354)	**(271)**	–
Utilisation of previously unrecognised deductible temporary differences	**(707)**	(11,925)	**–**	–
Under/(over) accrual of tax in prior years	**3,967**	(32,651)	**–**	(24,893)
Tax credit	**(3,263)**	(2,566)	**–**	–
Effect of tax rates for small and medium enterprises	**(47)**	(80)	**–**	–
Current year tax losses not recognised	**11,272**	15,908	**–**	4,790
Other deductible temporary differences not recognised	**521**	3,626	**(426)**	2,125
Tax charge/(refund)	**8,279**	(15,933)	**–**	(16,831)

14 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2005	**2004**
Net profit attributable to shareholders (RM'000)	**13,766**	33,609
Weighted average number of ordinary shares in issue ('000)	**768,186**	768,183
Basic earnings per share (sen)	**1.8**	4.4

(b) Diluted earnings per share

The diluted earnings per share is not presented in the financial statements as the effect of the assumed conversion of the Options under the Malaysian Resources Corporation Berhad's Employees' Share Option Scheme during the financial year is anti-dilutive as per FRS 133 'Earnings Per Share'.

15 PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2005 **RM'000**	**2004** **RM'000**	**2005** **RM'000**	**2004** **RM'000**
Net book value				
Operational property, plant and equipment (Note 15(a))	**22,869**	20,624	**1,242**	1,038
Investment properties (Note 15(b))	**174,004**	176,912	**–**	–
	196,873	197,536	**1,242**	1,038

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
2005					
Cost					
At 1.1.2005	11,116	7,663	27,554	2,682	49,015
Additions	220	432	4,709	2,702	8,063
Disposals	–	(3,204)	(78)	(999)	(4,281)
Written off	–	(1,255)	(593)	(1)	(1,849)
At 31.12.2005	11,336	3,636	31,592	4,384	50,948
Accumulated depreciation					
At 1.1.2005	317	2,451	21,360	1,565	25,693
Charge for the financial year	98	767	3,146	582	4,593
Released on disposal	–	(675)	(60)	(799)	(1,534)
Written off	–	(543)	(301)	(1)	(845)
At 31.12.2005	415	2,000	24,145	1,347	27,907
Accumulated impairment losses					
At 1.1.2005	–	2,404	294	–	2,698
Released on disposal	–	(1,530)	–	–	(1,530)
Written off	–	(711)	(285)	–	(996)
At 31.12.2005	–	163	9	–	172

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
2004					
Cost					
At 1.1.2004	23,464	21,768	30,327	3,712	79,271
Additions	–	2,006	2,997	264	5,267
Disposals	(1,455)	(16,111)	(3,188)	(1,294)	(22,048)
Transferred to inventory	(10,893)	–	–	–	(10,893)
Written off	–	–	(837)	–	(837)
Disposal of subsidiaries	–	–	(1,745)	–	(1,745)
At 31.12.2004	11,116	7,663	27,554	2,682	49,015
Accumulated depreciation					
At 1.1.2004	1,088	12,863	21,907	2,287	38,145
Charge for the financial year	98	464	4,276	459	5,297
Released on disposal	(89)	(10,876)	(2,611)	(1,181)	(14,757)
Transferred to inventory	(780)	–	–	–	(780)
Written off	–	–	(632)	–	(632)
Disposal of subsidiaries	–	–	(1,580)	–	(1,580)
At 31.12.2004	317	2,451	21,360	1,565	25,693
Accumulated impairment losses					
At 1.1.2004	1,572	4,970	294	–	6,836
Transferred to inventory	(1,185)	–	–	–	(1,185)
Released on disposal	(387)	(2,566)	–	–	(2,953)
At 31.12.2004	–	2,404	294	–	2,698
Net book value					
At 31.12.2005	**10,921**	**1,473**	**7,438**	**3,037**	**22,869**
At 31.12.2004	10,799	2,808	5,900	1,117	20,624

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Detailed land and buildings of the Group are as follows:

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
2005			
Cost			
At 1.1.2005	**6,269**	**4,847**	**11,116**
Additions	**–**	**220**	**220**
At 31.12.2005	**6,269**	**5,067**	**11,336**
Accumulated depreciation			
At 1.1.2005	**–**	**317**	**317**
Charge for the financial year	**–**	**98**	**98**
At 31.12.2005	**–**	**415**	**415**
2004			
Cost			
At 1.1.2004	7,777	15,687	23,464
Disposals and transfer to inventory	(1,508)	(10,840)	(12,348)
At 31.12.2004	6,269	4,847	11,116
Accumulated depreciation and impairment losses			
At 1.1.2004	–	2,660	2,660
Charge for the financial year	–	98	98
Released on disposal and transfer to inventory	–	(2,441)	(2,441)
At 31.12.2004	–	317	317

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Net book value			
At 31.12.2005	**6,269**	**4,652**	**10,921**
At 31.12.2004	6,269	4,530	10,799

	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
Company			
2005			
Cost			
At 1.1.2005	**8,539**	**620**	**9,159**
Additions	**1,058**	**–**	**1,058**
Disposals	**(37)**	**(405)**	**(442)**
At 31.12.2005	**9,560**	**215**	**9,775**
Accumulated depreciation			
At 1.1.2005	**7,780**	**341**	**8,121**
Charge for the financial year	**606**	**83**	**689**
Released on disposal	**(34)**	**(243)**	**(277)**
At 31.12.2005	**8,352**	**181**	**8,533**

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
Company			
2004			
Cost			
At 1.1.2004	9,022	810	9,832
Additions	364	–	364
Disposals	(40)	(190)	(230)
Written off	(807)	–	(807)
At 31.12.2004	8,539	620	9,159
Accumulated depreciation			
At 1.1.2004	7,539	359	7,898
Charge for the financial year	886	124	1,010
Released on disposal	(36)	(142)	(178)
Written off	(609)	–	(609)
At 31.12.2004	7,780	341	8,121
Net book value			
At 31.12.2005	**1,208**	**34**	**1,242**
At 31.12.2004	759	279	1,038

Operational property, plant and equipment with net book values amounting to RM6,269,002 (2004: RM7,574,745) of certain subsidiaries have been charged as security for borrowings and term loan facilities (Note 31).

Included in operational property, plant and equipment of the Group and of the Company are the net book values of the following assets acquired under hire purchase terms:

	Net book value 2005 RM'000	Net book value 2004 RM'000
Group		
Furniture, fittings, office equipment and computers	**627**	443
Motor vehicles	**1,537**	746
	2,164	1,189
Company		
Motor vehicles	**6**	242

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(b) INVESTMENT PROPERTIES

	At 1.1.2005/ 31.12.2005 RM'000
Group	
2005	
At cost/valuation	
Long leasehold land:	
At 1982 valuation	10,823
At cost	32,595
	43,418
Buildings and improvements:	
At cost	229,462
Total	272,880

	At 1.1.2005 RM'000	Charge for the financial year RM'000	At 31.12.2005 RM'000
Accumulated depreciation			
Long leasehold land:			
At 1982 valuation	3,372	186	3,558
At cost	1,443	271	1,714
	4,815	457	5,272
Buildings and improvements:			
At cost	33,243	2,451	35,694
Total	38,058	2,908	40,966

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(b) INVESTMENT PROPERTIES (CONTINUED)

	At 1.1.2005/ 31.12.2005 RM'000
Group	
2005 (continued)	
Accumulated impairment losses	
Long leasehold land:	
At 1982 valuation	**515**
At cost	**8,035**
	8,550
Buildings and improvements:	
At cost	**49,360**
Total	**57,910**

	At 1.1.2004 RM'000	Addition RM'000	At 31.12.2004 RM'000
Group			
2004			
At cost/valuation			
Long leasehold land:			
At 1982 valuation	10,823	–	10,823
At cost	32,595	–	32,595
	43,418	–	43,418
Buildings and improvements:			
At cost	228,696	766	229,462
Total	272,114	766	272,880

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(b) INVESTMENT PROPERTIES (CONTINUED)

Group	At 1.1.2004 RM'000	Charge for the financial year RM'000	At 31.12.2004 RM'000
2004 (continued)			
Accumulated depreciation			
Long leasehold land:			
At 1982 valuation	3,193	179	3,372
At cost	1,172	271	1,443
	4,365	450	4,815
Buildings and improvements:			
At cost	29,677	3,566	33,243
Total	34,042	4,016	38,058

	At 1.1.2004/ 31.12.2004 RM'000
Accumulated impairment losses	
Long leasehold land:	
At 1982 valuation	515
At cost	8,035
	8,550
Buildings and improvements:	
At cost	49,360
Total	57,910

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15(b) INVESTMENT PROPERTIES (CONTINUED)

	2005 RM'000	2004 RM'000
Group		
Net book value		
Long leasehold land:		
At 1982 valuation	**6,750**	6,936
At cost	**22,846**	23,117
	29,596	30,053
Buildings and improvements:		
At cost	**144,408**	146,859
Total	**174,004**	176,912

The leasehold land and buildings of subsidiaries with net book values of RM174,003,456 (2004: RM176,912,130) are charged as security for term loan facilities (Note 34).

The net book value of the revalued land, had this asset been carried at cost less accumulated depreciation and impairment losses, is as follows:

	2005 RM'000	2004 RM'000
Group		
Long leasehold land	**1,959**	2,065

The leasehold land of a subsidiary is stated at Directors' valuation based on a valuation by independent valuers in 1982 using the fair market value basis.

The leasehold investment properties consist of three leasehold land and buildings with unexpired periods of leases ranging from 39 years to 88 years.

16 PROPERTY DEVELOPMENT ACTIVITIES

16(a) LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Freehold land, at cost	**283,462**	270,580	**3,785**	3,785
Freehold land, at valuation	**7,357**	7,357	**–**	–
Leasehold land, at cost	**16,355**	–	**–**	–
Leasehold land, at valuation	**42,356**	42,356	**–**	–
Development expenditure	**561,048**	542,984	**319**	319
	910,578	863,277	**4,104**	4,104
Less: Accumulated impairment losses	**(41,002)**	(39,315)	**(304)**	(304)
	869,576	823,962	**3,800**	3,800
At start of year	**823,962**	816,258	**3,800**	3,800
Acquisition of freehold land	**60,077**	9,777	**68,796**	32,000
Disposal of freehold land	**(15,529)**	(20,348)	**–**	–
Development expenditure incurred	**50,919**	28,338	**–**	–
Transfer to property development costs (Note 16(b))	**(72,706)**	(9,777)	**(68,796)**	(32,000)
Reclassification from property development costs – current	**24,540**	–	**–**	–
Impairment losses recognised in the income statement during the year	**(1,687)**	(286)	**–**	–
At end of year	**869,576**	823,962	**3,800**	3,800

Land held for property development comprises land cost, deemed land cost in respeect of KL Central development project and infrastructure costs incurred to date in respect of future development projects.

Included in the carrying value of land held for property development is an amount of RM809,393,508 relating to the KL Central development project undertaken by Kuala Lumpur Sentral Sdn. Bhd, a subsidiary of the Company. This development comprises commercial, residential, recreational properties and transportation hub. The expected completion date of the entire development is 2012. The subsidiary's directors have reviewed and approved a seven year period cash flow projection in deriving the value in use calculation. The cash flow projections were based on financial budgets approved by the subsidiary's directors. Key assumptions used for cash flows/value in use calculations are as follows:

(i) Discount rate 8%

(ii) The projects will be launched on the assumed due dates and the project cash flows will occur as projected.

(iii) Proceeds from sales will be received as projected.

Based on the value in use calculation, the subsidiary's directors have concluded that no impairment loss is required.

The Group reviews annually whether the land held for property development has suffered any impairment in accordance with the accounting policy stated in Note 3(v).

16 PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)

16(a) LAND HELD FOR PROPERTY DEVELOPMENT (CONTINUED)

Title to freehold land of Kuala Lumpur Sentral Sdn. Bhd. is in the process of being registered in its name.

The freehold land and leasehold land of certain subsidiaries have been charged as security for term loan facilities (Note 34).

16(b) PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At start of year				
– land, at cost	**82,468**	52,855	**32,000**	–
– land, at valuation	**3,982**	3,982	**–**	–
– development costs	**507,534**	447,986	**14,395**	–
– accumulated costs charged to income statement	**(429,767)**	(334,467)	**(18,393)**	–
	164,217	170,356	**28,002**	–
Costs incurred during the year				
– transfer from land (at cost) held under property development (Note 16(a))				
– land, at cost	**63,421**	9,777	**68,796**	32,000
– development costs	**9,285**	–	**–**	–
	72,706	9,777	**68,796**	32,000
– development costs	**98,371**	59,930	**168,104**	14,395
	171,077	69,707	**236,900**	46,395
Reclassification to property development cost – non-current				
– land, at cost	**(1,990)**	–	**–**	–
– development costs	**(22,550)**	–	**–**	–
	(24,540)	–	**–**	–
Costs charged to income statement	**(137,435)**	(75,451)	**(126,655)**	(18,393)
Transfer to inventories				
– land, at cost	**(1)**	(13)	**–**	–
– development costs	**(116)**	(382)	**–**	–
	(117)	(395)	**–**	–
Reversal upon completion of projects				
– land, at cost	**(64,476)**	19,849	**–**	–
– development costs	**(316,754)**	–	**–**	–
– accumulated costs charged to income statement	**381,230**	(19,849)	**–**	–
	173,202	164,217	**138,247**	28,002
At end of year				
– land, at cost	**79,422**	82,468	**100,796**	32,000
– land, at valuation	**3,982**	3,982	**–**	–
– development costs	**275,770**	507,534	**182,499**	14,395
– accumulated costs charged to income statement	**(185,972)**	(429,767)	**(145,048)**	(18,393)
	173,202	164,217	**138,247**	28,002

16 PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)

16(b) PROPERTY DEVELOPMENT COST (CONTINUED)

Included in development expenditure are the following charges made during the financial year:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest capitalised	**42,911**	40,805	**2,962**	–

	Group	
	2005 %	2004 %
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation in a subsidiary	**5.0**	5.1

The interest capitalised by the Company is in relation to a loan specifically obtained for property development activities.

17 EXPRESSWAY DEVELOPMENT EXPENDITURE

	Group	
	2005 RM'000	2004 RM'000
Expressway development expenditure	**18,173**	18,203
Less: Accumulated impairment losses	**(18,173)**	(18,203)
	–	–

18 SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares at cost in Malaysia	**535,677**	530,677
Less: Accumulated impairment losses	**(221,423)**	(207,376)
Loan stocks at cost	**17,333**	17,333
	331,587	340,634

The loan stocks issued by a subsidiary pursuant to a Joint Venture Agreement dated 18 April 1996 was due for redemption on 1 January 2002 at 100% of its nominal value for all loan stocks not previously redeemed or purchased together with all accrued interest thereon. The joint venture parties have consented to extend the redemption to 31 December 2016, or within 6 months from the completion of joint venture project, whichever shall be earlier under the Joint Venture Agreement dated 19 February 2003.

The fair value of the loan stocks as at 31 December 2005 was approximately RM17,333,000 (2004: RM17,333,000).

18 SUBSIDIARIES (CONTINUED)

The Group's effective equity interest in the subsidiaries, their respective principal activities and country of incorporation are set out in Note 43.

The Company had on 17 January 2005 entered into three (3) separate share sale agreements with other shareholders of Sibexlink Sdn. Bhd. ('Sibexlink') namely Malaysia South-South Corporation Berhad, Telekom Malaysia Berhad and South Investment, Trade and Technology Data Exchange Centre for the acquisition of 1,000,000, 1,450,000 and 1,000,000 ordinary shares of RM1.00 each respectively. The purchase consideration for each acquisition is RM1.00. The acquisitions were completed on 27 July 2005 and as a result, Sibexlink has become a wholly owned subsidiary of the Company.

19 ASSOCIATES

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
In Malaysia				
Unquoted investments at cost	**27,167**	19,067	**20,050**	11,950
Share of post-acquisition accumulated losses	**(6,705)**	(7,413)	**–**	–
Unrealised gains	**(4,680)**	(1,394)	**–**	–
	15,782	10,260	**20,050**	11,950
Less: Accumulated impairment losses	**(7,869)**	(7,869)	**(7,450)**	(7,450)
	7,913	2,391	**12,600**	4,500
Quoted investments at cost	**299,332**	299,332	**–**	–
Share of post-acquisition accumulated losses	**(9,769)**	(10,281)	**–**	–
Unrealised gains	**(24,850)**	(24,850)	**–**	–
	264,713	264,201	**–**	–
	272,626	266,592	**12,600**	4,500
Market value of quoted investments	**174,239**	131,119	**–**	–

Analysis of associates is as follows:

	2005 RM'000	**2004 RM'000**
Group's share of tangible assets	**272,399**	266,364
Group's share of intangible assets	**74**	75
Group's share of net assets	**272,473**	266,439
Premium on acquisition	**153**	153
	272,626	266,592

The Group's effective equity interest in the associates, their respective principal activities and country of incorporation are set out in Note 43.

20 JOINTLY CONTROLLED ENTITY

	Group 2005 RM'000	Group 2004 RM'000
Share of net assets of the jointly controlled entity	**5,364**	5,299

The Group has a 50% interest in a jointly controlled entity, TTSB-SPK Consortium, which was formed on 18 July 2001 to undertake the design, manufacture, test, supply, delivery, installation commissioning and maintenance of the 275kV Sabah East-West Grid Interconnection Transmission Line Segaliud, Sandakan-Kasigui, Kota Kinabalu.

The Group's share of the assets and liabilities of the jointly controlled entity are as follows:

Property, plant and equipment	**21**	48
Current assets	**17,647**	22,965
Current liabilities	**(12,304)**	(17,714)
	5,364	5,299

The Group's share of the revenue and expenses of the jointly controlled entity are as follows:

Revenue	**25,507**	43,492
Other operating income	**169**	181
Other operating expense	**(23,435)**	(38,747)
Profit from ordinary activities before taxation	**2,241**	4,926

21 OTHER INVESTMENTS

	Group and Company 2005 RM'000	Group and Company 2004 RM'000
At cost:		
Shares in a corporation, quoted outside Malaysia	**910**	910
Less: Accumulated impairment losses	**(840)**	(840)
	70	70
Unquoted investments	**12,627**	13,860
Less: Accumulated impairment losses	**(4,525)**	(4,525)
	8,102	9,335
	8,172	9,405
Market value of quoted shares	**158**	118

22 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group 2005 RM'000	Group 2004 RM'000
Deferred tax assets	**3,877**	3,193
Deferred tax liabilities	**(3,043)**	(2,161)
	834	1,032

The movements during the financial year relating to deferred tax are as follows:

	2005 RM'000	2004 RM'000
At start of financial year	**1,032**	5,168
Charged from/(to) income statement (Note 13)		
– property, plant and equipment	**44**	38
– development property	**(1,075)**	(2,491)
– accruals	**(141)**	197
– provisions	**1,169**	249
– tax losses	**684**	21
	681	(1,986)
Charged to equity	**(879)**	(2,150)
At end of financial year	**834**	1,032

Subject to income tax

Deferred tax assets (before offsetting)

	2005 RM'000	2004 RM'000
Property, plant and equipment	**86**	–
Development property	**2,734**	2,734
Accruals	**56**	197
Provisions	**1,418**	249
Tax losses	**705**	21
	4,999	3,201
Offsetting	**(1,122)**	(8)
Deferred tax asset (after offsetting)	**3,877**	3,193

22 DEFERRED TAXATION (CONTINUED)

	Group 2005 RM'000	Group 2004 RM'000
Deferred tax liabilities (before offsetting)		
Property, plant and equipment	**(3,090)**	(2,169)
Revaluation surplus on development property	**(1,075)**	–
	(4,165)	(2,169)
Offsetting	**1,122**	8
Deferred tax liabilities (after offsetting)	**(3,043)**	(2,161)

The amounts of deductible temporary differences and unused tax losses (which have no expiry date) for which no deferred tax assets are recognised in the balance sheet are as follow:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deductible temporary differences	**87,741**	88,580	**2,994**	4,516
Tax losses	**375,878**	389,539	**109,745**	110,713

23 INVENTORIES

At cost:				
Equipment in transit	**7,172**	–	**–**	–
Completed properties for sale	**8,590**	22,546	**–**	–
At net realisable value:				
Land held for sale	**2,007**	2,007	**1,509**	1,509
Completed properties for sale	**6,467**	7,602	**6,198**	7,333
	24,236	32,155	**7,707**	8,842

24 TRADE AND OTHER RECEIVABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Trade receivables	**78,405**	55,499	**41,169**	6,789
Less: Allowance for doubtful debts	**(20,830)**	(17,866)	**(2,477)**	(2,477)
	57,575	37,633	**38,692**	4,312
Amounts due from customers on contracts (Note 25)	**26,110**	5,836	**3,621**	274
Accrued billings in respect of property development	**29,561**	18,296	**15,958**	–
Amounts due from associates	**1,853**	1,580	**1,342**	1,051
Amounts due from other related parties	**70**	639	**–**	–
Amount due from jointly controlled entity	**7,658**	8,710	**–**	–
Deposits	**3,011**	6,333	**145**	2,473
Prepayments	**3,323**	5,244	**–**	–
Other receivables	**77,544**	85,001	**48,743**	60,350
Less: Allowance for doubtful debts	**(25,662)**	(28,539)	**(18,493)**	(24,281)
	58,216	68,039	**30,395**	38,542
	181,043	140,733	**90,008**	44,179

	Company 2005 RM'000	Company 2004 RM'000
Amounts due from subsidiaries	**494,024**	503,956
Less: Allowance for doubtful debts	**(291,462)**	(291,529)
	202,562	212,427

All the trade and other receivables for the Group and the Company are denominated in Ringgit Malaysia.

The Group's normal credit terms range from 7 days to 180 days (2004: 7 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

25 CONSTRUCTION CONTRACTS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Aggregate costs incurred to date	**649,404**	1,597,137	**55,983**	7,641
Attributable profits on contract works performed to date	**203,823**	301,074	**3,789**	664
Less: Provision for foreseeable losses	**–**	(43)	**–**	–
	853,227	1,898,168	**59,772**	8,305
Less: Progress billings	**(841,944)**	(1,899,408)	**(65,656)**	(8,031)
	11,283	(1,240)	**(5,884)**	274
Amounts due from customers on contracts (Note 24)	**26,110**	5,836	**3,621**	274
Amounts due to customers on contracts (Note 29)	**(14,827)**	(7,076)	**(9,505)**	–
	11,283	(1,240)	**(5,884)**	274
Retention sum on contracts, included under trade receivables	**279**	3,967	**–**	–

26 MARKETABLE SECURITIES

At cost

Shares in corporations, quoted in Malaysia	**23,388**	23,388	**23,153**	23,153
Less: Allowance for diminution in value	**(200)**	–	**–**	–
	23,188	23,388	**23,153**	23,153
Other marketable securities, quoted in Malaysia	**39,802**	99,802	**39,802**	99,802
Less: Allowance for diminution in value	**(36,508)**	(36,722)	**(36,508)**	(36,722)
	3,294	63,080	**3,294**	63,080
	26,482	86,468	**26,447**	86,233
Market value of quoted shares	**36,416**	36,766	**36,290**	36,503
Market value of other quoted securities	**3,600**	65,458	**3,600**	65,458
	40,016	102,224	**39,890**	101,961

27 BANK BALANCES AND DEPOSITS

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**187,746**	87,918	**42,123**	504
Deposits with licensed financial institutions	**8,456**	17,195	**1,406**	8,270
Cash held under Housing Development Accounts	**17,930**	32,185	**–**	–
Cash and bank balances	**37,575**	14,022	**19,931**	1,216
	251,707	151,320	**63,460**	9,990

Included in the Group's and the Company's cash and bank balances and deposits with licensed banks and licensed financial institutions are restricted monies amounting to RM172,965,997 (2004: RM77,308,962) and RM50,939,040 (2004: RM504,654) respectively, (Note 39) representing:

– collateral pledged with licensed banks and/or licensed financial institutions by the Group and the Company for credit facilities granted and bank guarantee facilities issued to third parties.

– proceeds from the issue of Bonds by a subsidiary net of permitted withdrawal at date of issue of Bonds have been channelled to Designated Accounts for the Kuala Lumpur central railway station development project as provided under the terms and conditions of the Project Account Agreement (Note 32).

– first memorandum of deposits of fixed deposits of certain subsidiaries held as security for the term loan facility and guarantee facilities (Notes 31 and 41).

Cash held under Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

All the deposits, cash and bank balances of the Group and the Company are denominated in Ringgit Malaysia.

The weighted average period effective interest rates per annum of deposits, cash and bank balances that were effective at the end of the financial year were as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	%	**%**	**%**	**%**
Deposits with licensed banks	**2.56**	2.68	**2.60**	3.70
Deposits with licensed financial institutions	**2.68**	2.64	**2.82**	2.61

The maturity periods of deposits with licensed banks and licensed financial institutions as at the financial year end were as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	days	**days**	**days**	**days**
Deposits with licensed banks	**1 – 365**	7 – 83	**18 – 365**	7
Deposits with licensed financial institutions	**7 – 12**	7 – 12	**7**	7

Bank balances are deposits held at call with banks.

28 PROVISIONS FOR LIABILITIES AND CHARGES

	Group			
	Guaranteed rental scheme RM'000	Liquidated ascertained damages RM'000	Others RM'000	Total RM'000
At 1 January 2005	**4,537**	**2,282**	**2,245**	**9,064**
Charged to income statement	**190**	**–**	**60**	**250**
Utilised during the financial year	**(1,968)**	**(1,243)**	**–**	**(3,211)**
Unused amounts reversed	**–**	**(167)**	**(2,000)**	**(2,167)**
At 31 December 2005	**2,759**	**872**	**305**	**3,936**
At 1 January 2004	6,229	6,418	2,185	14,832
Charged to income statement	146	(168)	60	38
Utilised during the financial year	(1,838)	(612)	–	(2,450)
Disposal of a subsidiary	–	(3,356)	–	(3,356)
At 31 December 2004	4,537	2,282	2,245	9,064
At 31 December 2005				
Current	**2,054**	**872**	**305**	**3,231**
Non-current	**705**	**–**	**–**	**705**
	2,759	**872**	**305**	**3,936**
At 31 December 2004				
Current	4,537	2,282	2,245	9,064

(a) Guaranteed rental scheme

Provisions for guaranteed rental scheme are made for anticipated losses on contracts undertaken by a subsidiary.

(b) Liquidated ascertained damages

Provision for liquidated ascertained damages and provision for guarantee reserve are in respect of projects undertaken by the subsidiaries. Provision for liquidated ascertained damages ('LAD') is recognised for expected LAD claims based on the contract agreement.

(c) Others

Other provisions relate to:

(i) provision by a subsidiary for remedial works to complete the rehabilitation of the hill slope due to a landslide on the freehold land held by the subsidiary based on the estimation made by consultants.

(ii) provision made by a subsidiary for concession fees payable to the Government of Malaysia in relation to the concession to operate, manage and maintain the Kuala Lumpur central railway station based on the effective date as stated in the Concession Agreement.

29 TRADE AND OTHER PAYABLES

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	**123,545**	74,921	**21,108**	3,162
Amounts due to customers on contracts (Note 25)	**14,827**	7,076	**9,505**	–
Progress billings in respect of property development	**25,866**	26,204	**12,943**	14,565
Amounts due to other related parties	**14**	7,114	**–**	5,963
Hire purchase creditors due within 12 months (Note 30)	**1,025**	591	**19**	87
Other payables	**39,347**	44,174	**7,555**	8,307
Accruals	**18,106**	25,687	**2,211**	2,077
Accrued interest payable	**34,867**	31,631	**1,359**	584
	257,597	217,398	**54,700**	34,745

	Company	
	2005	**2004**
	RM'000	**RM'000**
Amount due to subsidiaries	**240,589**	211,904

The amounts due to subsidiaries are unsecured, have no fixed terms of repayment and carry average interests ranging from 0% to 3.75% (2004: 0% to 3.75%) per annum at end of the financial year.

The amounts due to other related parties are unsecured, interest free and have no fixed terms of repayment.

The above trade and other payables balances are denominated in Ringgit Malaysia.

Credit terms of trade payables for the Group ranged from 30 days to 60 days (2004: 30 days to 60 days).

Credit terms of other payables for the Group ranged from 14 days to 60 days (2004: 30 days to 60 days).

30 HIRE PURCHASE CREDITORS

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Analysis of hire purchase creditors:				
Payable within one year	**1,149**	654	**27**	110
Payable between one and two years	**1,013**	454	**27**	110
Payable between two and five years	**864**	472	**9**	76
Payable after five years	**21**	8	**–**	–
	3,047	1,588	**63**	296
Less: Finance charges	**(347)**	(212)	**(19)**	(62)
	2,700	1,376	**44**	234
Present value of hire purchase creditors liabilities:				
Payable within one year	**1,025**	591	**19**	87
Payable between one and two years	**896**	349	**19**	87
Payable between two and five years	**761**	430	**6**	60
Payable after five years	**18**	6	**–**	–
	2,700	1,376	**44**	234
Representing hire purchase creditors:				
Due within 12 months (Note 29)	**1,025**	591	**19**	87
Due after 12 months (Note 35)	**1,675**	785	**25**	147
	2,700	1,376	**44**	234

(a) The weighted average year end effective interest rates of hire purchase creditors ranged from 3.01% to 5.37% (2004: 3.50% to 5.38%) per annum.

(b) The hire purchase creditors are denominated in Ringgit Malaysia.

31 SHORT TERM BORROWINGS

	Group		Company	
	2005	2004	**2005**	2004
	RM'000	RM'000	**RM'000**	RM'000
Secured:				
Bank overdrafts (Note 39)	**822**	633	**–**	–
Short term borrowings and other credit facilities	**24,758**	27,000	**24,758**	27,000
Term loans due within 12 months (Note 34)	**71,375**	207,385	**10,758**	73,987
	96,955	235,018	**35,516**	100,987
Unsecured:				
Short term borrowings and other credit facilities	**7,172**	–	**–**	–
Total	**104,127**	235,018	**35,516**	100,987

The secured short term borrowings of the Group are secured by:

– legal charges over certain assets of the subsidiaries (Note 15(a))

– a charge over the entire share capital of a subsidiary

– assignment of the Privatisation Agreement and insurance policies of a subsidiary

– first memorandum of deposit of fixed deposits of certain subsidiaries (Note 27)

– debenture incorporating first fixed and floating charges over all present and future assets of a subsidiary

The secured short term borrowings of the Company are secured by:

– first party legal charge over shares of certain subsidiaries, and shares and Irredeemable Convertible Unsecured Loan Stocks of Media Prima Berhad

– charge over the property of a subsidiary

	Group		Company	
	2005	2004	**2005**	2004
	%	%	**%**	%
Weighted average year end effective interest rates				
Bank overdrafts	**7.25**	7.50	**–**	–
Short term borrowings and other credit facilities	**5.80**	5.63	**5.80**	5.63
Term loan	**7.84**	7.17	**6.23**	5.63

As at 31 December 2005, MRCB Selborn Corporation Sdn. Bhd. (‘MSCSB’) has an outstanding loan of RM35,262,952 which was due on 15 December 2005. As at the date of this report MSCSB is in the process of discussion with the bankers to reschedule the repayment period.

32 BONDS

	Group 2005 RM'000	Group 2004 RM'000
Al-Bai Bithaman Ajil Bonds (BaIDS) (nominal value)	**800,000**	800,000
Less: Unamortised cost of issue	**(5,316)**	(6,328)
	794,684	793,672
BaIDS	**800,000**	800,000
Less: Bonds issuance expenses	**(10,125)**	(10,125)
Net proceeds	**789,875**	789,875
Cumulation of amortisation of Bonds issuance expenses	**4,809**	3,797
	794,684	793,672
Representing Bonds:		
Due within 12 months	**80,000**	–
Due after 12 months	**714,684**	793,672
	794,684	793,672

(a) In 2001, a subsidiary issued RM920 million Al-Bai Bithaman Ajil Bonds ('Bonds') in a total of six tranches with face values of RM120 million, RM80 million, RM200 million, RM220 million and two of the six tranches with a face value of RM150 million each to the primary subscribers. Tenure of the Bonds ranges from 2 to 10 years from the date of issue and carry profit rates, which have been fixed in accordance with the Syariah principals, at rates ranging from 7.70% to 9.25% per annum and are payable semi annually from its respective issue dates. The Bonds are traded on the Scriptless Securities Trading System operated and managed by Bank Negara Malaysia.

(b) The Bonds are secured against land titles of the sub-divided plots of land that has been and are to be effected in stages based on the physical progress of the construction works on the Kuala Lumpur central railway station pursuant to the Supplementary Agreement to the Concession Agreement with the Government of Malaysia and Syarikat Harta dan Tanah Sdn. Bhd. The Kuala Lumpur central railway station has been completed since 1 March 2001.

(c) Proceeds from the issue of Bonds are channelled to Designated Accounts. Permitted withdrawals relating to the KL Central development project from these Designated Accounts are subject to terms and conditions of the Project Account Agreement (Note 27).

(d) The maturity structure of the Bonds are as follows:

	Group 2005 RM'000	Group 2004 RM'000
Payable within one year	**80,000**	–
Payable between one and two years	**200,000**	80,000
Payable between two and five years	**300,000**	350,000
Payable after five years	**220,000**	370,000
	800,000	800,000

	Group 2005 RM'000	Group 2004 RM'000
(e) Fair value	**863,473**	876,376

(f) The Bonds are denominated in Ringgit Malaysia.

33 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group provides for unfunded retirement benefits to eligible employees that have been in the service of the Group for a continuous period of at least ten (10) years.

The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified actuary on the basis of a triennial valuation and after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 27 December 2005.

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Defined benefit plan				
At 1 January	**7,001**	6,107	**2,201**	1,846
Charged to income statement	**1,551**	1,318	**324**	365
Utilised during the financial year	**(525)**	(202)	**(4)**	(10)
Disposal of subsidiary	**–**	(222)	**–**	–
Unutilised amounts reversed	**(63)**	–	**–**	–
At 31 December	**7,964**	7,001	**2,521**	2,201

The amounts recognised in the Group's and Company's balance sheets are analysed as follows based on valuation carried out on 27 December 2005:

Present value of unfunded obligations	**7,964**	7,001	**2,521**	2,201

The expenses recognised in the Group's and Company's income statement are analysed as follows:

Current service cost	**891**	853	**206**	251
Interest cost	**506**	465	**118**	114
Actuarial loss recognised	**91**	–	**–**	–
Total included in staff costs (Note 10)	**1,488**	1,318	**324**	365

The above charge to the income statement was included in the administrative expenses of the year.

	Group RM'000	**Company RM'000**
Net actuarial (losses) or gains not recognised in the balance sheet	**(627,886)**	**177,661**

33 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The principal actuarial assumptions used by the valuers in the valuation carried out on 27 December 2005 in respect of the Group's and Company's defined benefit plan are as follows:

	Defined benefit plan Group and Company %
Discount rate	**6.25**
Expected rate of salary increases	**4.00**

34 LONG TERM BORROWINGS – SECURED

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Analysis of term loans:				
Payable within one year	**71,375**	207,385	**10,758**	73,987
Payable between one and two years	**11,825**	95,555	**11,825**	20,000
Payable between two and five years	**281,878**	–	**147,724**	–
	365,078	302,940	**170,307**	93,987
Representing term loans:				
Due within 12 months (Note 31)	**71,375**	207,385	**10,758**	73,987
Due after 12 months	**293,703**	95,555	**159,549**	20,000
	365,078	302,940	**170,307**	93,987

(a) The long term loans are secured by:

– first fixed charge over properties of certain subsidiaries (Notes 15(b) and 16(a))

– assignment of proceeds from disposal of Media Prima Berhad shares and Irredeemable Convertible Unsecured Loan Stocks standing in a designated accounts of the Company, to be ranked after the Company's lenders for the banking facilities

(b)

	Group		Company	
	2005 %	**2004 %**	**2005 %**	**2004 %**
Weighted average year end effective interest rates per annum				
Term loan	**5.37**	7.27	**5.37**	5.63

34 LONG TERM BORROWINGS – SECURED (CONTINUED)

(c)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Fair value				
Term loan	**295,343**	95,421	**160,151**	20,000

(d) All borrowings are denominated in Ringgit Malaysia.

35 LONG TERM LIABILITIES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Hire purchase creditors due after 12 months (Note 30)	**1,675**	785	**25**	147
Fair value of hire purchase creditors due after 12 months	**1,652**	763	**25**	147

36 SHARE CAPITAL

	Group and Company 2005 RM'000	Group and Company 2004 RM'000
Authorised:		
2,000,000,000 ordinary shares of RM1.00 each	**2,000,000**	2,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each:		
At start of year	**768,186**	768,171
Issuance of share capital: – exercise of share options	**–**	15
At end of year	**768,186**	768,186

During the previous financial year, the issued and paid-up share capital of the Company was increased from RM768,170,868 to RM768,185,868 by the issuance of 15,000 new ordinary shares of RM1.00 each.

37 EMPLOYEES' SHARE OPTION SCHEME

The Malaysian Resources Corporation Berhad's Employees' Share Option Scheme ('ESOS' or the 'Scheme') was approved by the shareholders at an Extraordinary General Meeting held on 12 August 2002 and became effective on 5 September 2002.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are as follows:

(a) The Scheme is set up for the participation in the ordinary share capital of the Company only.

The total number of shares to be offered under the ESOS shall not exceed 10% of the total number of issued and fully paid ordinary shares of the Company at any time during the tenure of the Scheme, which shall be in force for a period of five (5) years commencing 5 September 2002.

(b) Eligible employees (including Executive Directors) are those who must have been confirmed in his/her position as an employee with a minimum of six (6) months continuous service on or prior to the date of offer of the ESOS.

(c) The Scheme is administered by an Option Committee which comprises senior management staff appointed by the Board of Directors.

(d) An option granted under the ESOS is capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer and expiring on 4 September 2007.

(e) Options granted for each year may be exercised in full or in such lesser number of shares provided that the number shall be in multiples of and not less than 1,000 shares.

(f) The option price of each share shall be at a discount of not more than 10% from the weighted average market price of the shares of the Company as stated in the Daily Official Listing issued by the Malaysia Securities Exchange Berhad for the five (5) market days immediately preceding the date of offer and shall not be less than the par value of the share.

(g) An eligible employee can only participate in one ESOS implemented by any company in the Group at any one time.

(h) All the new ordinary shares issued arising from the ESOS shall rank pari-passu in all respects with the existing ordinary shares of the Company.

Set out below are details of options over the ordinary shares of the Company granted under the ESOS:

			No. of ordinary shares of RM1.00 each covered under options				
Tranche	**Date**	**Price**	**At 1.1.2005**	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2005**
1	6 Sep 2002	RM1.06	**26,170,000**	**–**	**–**	**(2,625,000)**	**23,545,000**
2	26 May 2003	RM1.00	**8,553,449**	**–**	**–**	**(963,625)**	**7,589,824**
3	2 Apr 2004	RM1.00	**10,017,492**	**–**	**–**	**(1,048,500)**	**8,968,992**
			44,740,941	**–**	**–**	**(4,637,125)**	**40,103,816**

All options were vested during the year when the ESOS was granted.

38 RESERVES ON CONSOLIDATION

	Group	
	2005 RM'000	2004 RM'000
Reserves on consolidation	**79,332**	79,332

The reserves on consolidation represent the short fall of the purchase consideration for a subsidiary over the Group's share of the fair value of the subsidiary's separable net assets at the date of acquisition.

39 CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Bank balances and deposits (Note 27)	**251,707**	151,320	**63,460**	9,990
Secured bank overdrafts (Note 31)	**(822)**	(633)	**–**	–
	250,885	150,687	**63,460**	9,990
Less: Cash and bank balances and fixed deposits held as security value (Note 27)	**(172,966)**	(77,309)	**(50,939)**	(505)
	77,919	73,378	**12,521**	9,485

40 RELATED PARTY DISCLOSURES

The related parties with whom the Group and the Company transacted with during the financial year included the following:

Related parties	Nature of relationship
The New Straits Times Press (Malaysia) Berhad ('NSTP')	An associate of Media Prima Berhad, which is deemed to be related by virtue of Encik Abdul Rahman Ahmad and Encik Shahril Ridza Ridzuan being common Directors of both NSTP and the Company.
Sistem Televisyen Malaysia Berhad ('STMB')	A subsidiary of Media Prima Berhad, which is deemed to be related by virtue of Encik Abdul Rahman Ahmad being common Directors of both STMB and the Company.

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Significant related party transactions other than mentioned elsewhere in the financial statements are as follows:				
Rental income from STMB	**1,025**	936	**1,025**	936
Discount given by NSTP on purchase of advertisement in prior years	**255**	–	**255**	–
Purchase of advertisement from NSTP	**136**	208	**3**	12
Professional fees charged by corporate shareholders of MRCB Multimedia Consortium Sdn. Bhd., an associate of the Company, pertaining to the provision of information technology services	**–**	735	**–**	–

41 CONTINGENT LIABILITIES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Secured performance guarantees extended to third parties	**782**	822	**–**	–
Unsecured corporate guarantees given to financial institutions for:				
– credit facilities granted to subsidiaries	**–**	–	**146,648**	135,686
– trade and performance guarantees extended to third parties	**60,640**	59,076	**–**	–
– litigations arising from businesses	**59,927**	61,929	**5,922**	5,923

The secured performance guarantees of RM782,000 (2004: RM822,000) are secured by way of deposits of the corresponding amounts with interest thereon pledged to and deposited with the Guarantor Bank pursuant to the memorandum of deposit (Note 27).

The outstanding legal claims have not been provided for in the financial statements as the Board of Directors, having taking advice from its legal counsel, are of the opinion that the above claims are not likely to succeed and thus would not have a material effect on the financial position or the business of the Group and of the Company.

42 CAPITAL COMMITMENTS

	Group 2005 RM'000	Group 2004 RM'000
Authorised capital expenditure not contracted for:		
– property, plant and equipment	**70**	220

43 SUBSIDIARIES AND ASSOCIATES

The Group's effective equity interest in the subsidiaries and associates as at 31 December 2005, their respective principal activities and country of incorporation are as follows:

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2005 %	Effective equity interest 2004 %
SUBSIDIARIES:				
Kuala Lumpur Sentral Sdn. Bhd.	Property development	Malaysia	**64.38**	64.38
Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.				
– Unity Portfolio Sdn. Bhd.	Property management	Malaysia	**64.38**	64.38
Landas Utama Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
MRCB Utama Sdn. Bhd.	Property development	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Utama Sdn. Bhd.				
– Country Annexe Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
MRCB Selborn Corporation Sdn. Bhd.	Property development and property holding	Malaysia	**60.00**	60.00
MRCB Engineering Sdn. Bhd.	Engineering services and construction	Malaysia	**100.00**	100.00
MRCB Environmental Services Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00
Held through 55% ownership by MRCB Environmental Services Sdn. Bhd.				
– MRCB Environment Sdn. Bhd.	Infrastructure 'design and build' construction works	Malaysia	**55.00**	55.00
MRCB Prasarana Sdn. Bhd.	Infrastructure 'design and build' construction works	Malaysia	**100.00**	100.00
MRCB Technologies Sdn. Bhd.	Information technology services and professional outsourcing	Malaysia	**100.00**	100.00
Malaysian Resources Development Sdn. Bhd.	Property development and investment holding	Malaysia	**100.00**	100.00

43 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2005 %	Effective equity interest 2004 %
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.				
– Bitar Enterprises Sdn. Bhd.*	Property investment	Malaysia	**100.00**	100.00
– Golden East Corporation Sdn. Bhd.	Property development and management	Malaysia	**100.00**	100.00
– MR Properties Sdn. Bhd.*	Property development	Malaysia	**100.00**	100.00
– Seri Iskandar Utilities Corporation Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
– Sunrise Properties Sdn. Bhd.*	Property development	Malaysia	**100.00**	100.00
– Taiyee Development Sdn. Bhd.*	Property development	Malaysia	**100.00**	100.00
– MRCB Property Development Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MRCB Property Development Sdn. Bhd.				
– MRCB Cahaya Mutiara Sdn. Bhd.*	Property development and management	Malaysia	**100.00**	100.00
Held through 70% ownership by Malaysian Resources Development Sdn. Bhd.				
– Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	**70.00**	70.00
– Kejuruteraan Dan Pembinaan Seri Lumut Sdn. Bhd.	Pre-operating	Malaysia	**70.00**	70.00
Malaysian Resources Sentral Sdn. Bhd.	Provision of facility management	Malaysia	**100.00**	100.00
Mafira Holdings Sdn. Bhd.	Investment holding	Malaysia	**100.00**	100.00

43 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2005 %	2004 %
Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.				
– Zen Concrete Industries Sdn. Bhd.	Manufacturing and sale of pre-stressed spun concrete poles	Malaysia	**38.60**	38.60
Onesentral Park Sdn. Bhd.	Property development	Malaysia	**51.00**	51.00
Semasa Sentral Sdn. Bhd.	Operation, management and maintenance of the Kuala Lumpur central railway station	Malaysia	**100.00**	100.00
Semasa Services Sdn. Bhd. *(formerly known as MRCB Project Management Sdn. Bhd.)*	Building services	Malaysia	**100.00**	100.00
Superview Development Sdn. Bhd.	Property development, management and shares trading	Malaysia	**100.00**	100.00
Transmission Technology Sdn. Bhd.	Engineering, construction and commissioning services to power transmission systems	Malaysia	**55.00**	55.00
Milmix Sdn. Bhd.	Civil and infrastructure building contractor	Malaysia	**100.00**	100.00
MR Securities Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Held through 100% ownership by MR Securities Sdn. Bhd.				
– Semasa Security Sdn. Bhd. *(formerly known as Bintara Guard Force Security Sdn. Bhd.)*	Security guard services	Malaysia	**100.00**	100.00
MR Construction Sdn. Bhd.*	Construction	Malaysia	**51.00**	51.00
MR Enterprises Sdn. Bhd.*	Construction	Malaysia	**100.00**	100.00
MR Management Sdn. Bhd.*	Investment holding and management services	Malaysia	**100.00**	100.00

43 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2005 %	2004 %
MRC Management (BVI) Ltd.# *	Investment trading	British Virgin Island	**100.00**	100.00
MR-H Piling and Civil Engineering (M) Sdn. Bhd.*	Piling and civil engineering	Malaysia	**51.00**	51.00
MRCB Ceramics Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	**100.00**	100.00
MRCB Dotcom Sdn. Bhd.*	Planning and management services	Malaysia	**100.00**	100.00
MRCB Intelligent System and Control Sdn. Bhd.*	System maintenance and application services and other technological applications	Malaysia	**100.00**	100.00
MRCB Smart Sdn. Bhd.*	One-stop card technology service provider	Malaysia	**100.00**	100.00
MRCB Land Sdn. Bhd.*	Project management and development services	Malaysia	**100.00**	100.00
MRCB Property Management Sdn. Bhd.*	Property investment and management	Malaysia	**100.00**	100.00
MRCB Trading Sdn. Bhd.*	Trading in building materials	Malaysia	**100.00**	100.00
MRCB (Terengganu) Sdn. Bhd.*	Property development	Malaysia	**100.00**	100.00
Region Resources Sdn. Bhd.*	Quarry operations	Malaysia	**80.00**	80.00

43 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest 2005 %	2004 %
Held through 100% ownership by Region Resources Sdn. Bhd.				
– Syarikat Gemilang Quarry Sdn. Bhd.*	Quarry operations	Malaysia	**80.00**	80.00
Sibexlink Sdn. Bhd.*	Sale of business information and website development	Malaysia	**100.00**	59.65
Malaysian Resources International Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
Cheq Point (M) Sdn. Bhd.*	Charge card services and investment holding	Malaysia	**75.00**	75.00
Harmonic Fairway Sdn. Bhd.*	Investment holding	Malaysia	**100.00**	100.00
MRCB Lingkaran Selatan Sdn. Bhd. *(formerly known as Estroman Sdn. Bhd.)*	Pre-operating	Malaysia	**100.00**	100.00
MRCB Energy International Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Malaysian Resources Technology Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Multimedia Base Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
MRCB Transmission & Distribution Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
Trans Peninsula Crude Oil Transaction Sdn. Bhd.	Pre-operating	Malaysia	**100.00**	100.00
ASSOCIATES:				
UDA Holdings Berhad	Property development, property investment and investment holding	Malaysia	**24.93**	24.93
Suasana Sentral Two Sdn. Bhd.	Property development	Malaysia	**30.00**	30.00
Nuzen Corporation Sdn. Bhd.	Investment holding	Malaysia	**30.00**	30.00
MRCB Multimedia Consortium Sdn. Bhd.	Applications services relating to information and technologies	Malaysia	**49.00**	49.00
Kota Francais (M) Sdn. Bhd.*	Franchising property management and consultancy	Malaysia	**20.00**	20.00

* Dormant
\# Subsidiary incorporated outside Malaysia having their accounting records prepared and maintained in Ringgit Malaysia

44 SEGMENT REPORTING

The Group is organised into five main business segments:

- Engineering and construction
- Property development
- Infrastructure
- Building services
- Investment holding

Other operations of the Group mainly comprise multimedia, which is at present of insufficient size to be reported separately.

Inter-segment revenue comprise mainly of construction contracts, property sales, building services, information technology contracts, management fees and dividend income between the various segments.

	Engineering and Construction RM'000	Property Development RM'000	Infrastructure RM'000	Building Services RM'000	Investment Holding & Others RM'000	Group RM'000
Year ended 31 December 2005						
Revenue						
Total revenue	171,554	254,959	12,680	12,302	24,274	475,769
Inter-segment revenue	(123,810)	(3,303)	–	(1,743)	(23,088)	(151,944)
External revenue	47,744	251,656	12,680	10,559	1,186	323,825
Results						
Segment results	(5,461)	73,726	201	1,938	(8,142)	62,262
Interest income						4,857
Profit from operations						67,119
Finance costs						(57,079)
Share of results of a jointly controlled entity and of associates	2,241	13,149	(479)	–	–	14,911
Profit from ordinary activities before taxation						24,951
Taxation						(8,279)
Profit from ordinary activities after taxation						16,672
Minority interests						(2,906)
Net profit for the financial year						13,766

44 SEGMENT REPORTING (CONTINUED)

	Engineering and Construction RM'000	Property Development RM'000	Infrastructure RM'000	Building Services RM 000	Investment Holding & Others RM'000	Group RM'000
At 31 December 2005						
Other information						
Assets						
Segment assets	67,805	1,457,333	17,076	7,925	191,152	1,741,291
Jointly controlled entity and associates	5,364	264,713	7,913	–	–	277,990
Tax recoverable and deferred tax assets						11,241
Total assets						2,030,522
Liabilities						
Segment liabilities	68,651	116,108	10,755	9,959	62,999	268,472
Interest bearing instruments						1,195,214
Provision for taxation and deferred tax liabilities						3,848
Total liabilities						1,467,534
Other disclosures						
Capital expenditure	3,588	1,351	1,163	550	1,411	8,063
Depreciation and amortisation	1,692	4,202	199	647	761	7,501
Impairment loss	–	1,687	–	–	–	1,687

44 SEGMENT REPORTING (CONTINUED)

Year ended 31 December 2004	Engineering and Construction RM'000	Property Development RM'000	Infrastructure RM'000	Building Services RM'000	Investment Holding & Others RM'000	Group RM'000
Revenue						
Total revenue	59,646	140,928	10,286	9,895	35,901	256,656
Inter-segment revenue	(40,848)	(3,606)	–	(79)	(23,822)	(68,355)
External revenue	18,798	137,322	10,286	9,816	12,079	188,301
Results						
Segment results	(5,236)	39,743	(54)	396	34,276	69,125
Interest income						5,417
Profit from operations						74,542
Finance costs						(65,697)
Share of results of a jointly controlled entity and of associates	4,926	9,619	(443)	–	(609)	13,493
Profit from ordinary activities before taxation						22,338
Taxation						15,933
Profit from ordinary activities after taxation						38,271
Minority interests						(4,662)
Net profit for the financial year						33,609

44 SEGMENT REPORTING (CONTINUED)

At 31 December 2004	Engineering and Construction RM'000	Property Development RM'000	Infrastructure RM'000	Building Services RM'000	Investment Holding & Others RM'000	Group RM'000
Other information						
Assets						
Segment assets	39,119	1,385,976	5,135	9,949	175,616	1,615,795
Jointly controlled entity and associates	5,299	264,201	2,391	–	–	271,891
Tax recoverable and deferred tax assets						23,047
Total assets						1,910,733
Liabilities						
Segment liabilities	30,617	137,557	1,706	11,194	51,798	232,872
Interest bearing instruments						1,125,621
Provision for taxation and deferred tax liabilities						2,250
Total liabilities						1,360,743
Other disclosures						
Capital expenditure	3,507	601	17	755	387	5,267
Depreciation and amortisation	1,325	5,355	103	1,462	1,068	9,313
Impairment loss	–	286	–	–	–	286

Capital expenditure consists of additions to operational property, plant and equipment (Note 15(a)).

The Group's business segments operate in Malaysia only.

45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 10 April 2006.

analysis of shareholdings
as at 3 April 2006

Authorised Share Capital	:	2,000,000,000
Paid-up Share Capital	:	768,185,868
Type of Shares	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	55,174
Voting Rights	:	One vote for every share

Size of Shareholdings	No. of Holders Shareholders	Percentage of Shareholders (%)	No. of Shares Held	Percentage of Share Capital (%)
Less than 100	3,404	6.17	153,248	0.02
100 to 1,000	16,838	30.52	9,810,272	1.28
1,001 to 10,000	28,840	52.27	105,536,720	13.74
10,001 to 100,000	5,575	10.11	157,655,592	20.52
100,001 to less than 5% of issued shares	515	0.93	260,267,874	33.88
5% and above of issued shares	2	0.00	234,762,162	30.56
TOTAL	**55,174**	**100.00**	**768,185,868**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)
AS AT 3 APRIL 2006

Name	No. of Shares Held	Percentage of Shareholding (%)
1. Employees Provident Fund Board	234,762,162	30.56

Share held in CDS account as follows:-

- *EPF account – 233,652,829*
- *RHB Nominees (Tempatan) Sdn. Bhd. – 1,109,333*

DIRECTORS' SHAREHOLDINGS
AS AT 3 APRIL 2006

None of the Directors of the Company has any direct and indirect interest in shares in the Company or its related corporation.

list of thirty (30) largest shareholders

as at 3 April 2006
(without aggregating the securities from different securities account belonging to the same Depositor)

Name		Shareholdings	(%)
1.	EMPLOYEES PROVIDENT FUND BOARD	233,652,829	30.42
2.	RHB NOMINEES (TEMPATAN) SDN BHD < RHB ASSET MANAGEMENT SDN BHD FOR TELEKOM MALAYSIA BERHAD (C) >	8,957,252	1.17
3.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD < GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1) >	8,735,800	1.14
4.	GREEN COUNTRY VALLEY SDN BHD	6,523,600	0.85
5.	MINISTER OF FINANCE	6,369,273	0.83
6.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD < PUBLIC ISLAMIC OPPORTUNITIES FUND >	5,484,700	0.71
7.	CITIGROUP NOMINEES (ASING) SDN BHD < CBNY FOR DFA EMERGING MARKETS FUND >	5,176,900	0.67
8.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD < PUBLIC ISLAMIC BALANCED FUND >	4,973,000	0.65
9.	ABB NOMINEE (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH >	4,831,000	0.63
10.	CARTABAN NOMINEES (ASING) SDN BHD < INVESTORS BANK AND TRUST COMPANY FOR ISHARES, INC. >	4,755,400	0.62
11.	CARTABAN NOMINEES (ASING) SDN BHD < STATE STREET AUSTRALIA FUND Q3VD FOR FULLERTON (PRIVATE) LIMITED >	4,500,000	0.59
12.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD < GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2) >	4,500,000	0.59
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD < EXEMPT AN FOR PRUDENTIAL ASSURANCE MALAYSIA BERHAD >	4,083,667	0.53
14.	KHAZANAH NASIONAL BERHAD	3,239,333	0.42
15.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD < MALAYSIAN ASSURANCE ALLIANCE BHD >	3,200,000	0.42

list of thirty (30) largest shareholders

as at 3 April 2006 (continued)

(without aggregating the securities from different securities account belonging to the same Depositor)

Name	Shareholdings	(%)
16. CIMSEC NOMINEES (ASING) SDN BHD < EXEMPT AN FOR CIMB-GK SECURITIES PTE LTD (RETAIL CLIENTS) >	2,953,480	0.38
17. AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD < PUBLIC ISLAMIC EQUITY FUND >	2,878,700	0.37
18. CITIGROUP NOMINEES (ASING) SDN BHD < CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES >	2,874,067	0.37
19. AM NOMINEES (TEMPATAN) SDN BHD < PERTUBUHAN KESELAMATAN SOSIAL >	2,706,422	0.35
20. MAYBAN NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR TAY ONG NGO @ TAY BOON FANG (178AW0025) >	2,250,000	0.29
21. PURNAMA PELANGI SDN BHD	2,227,100	0.29
22. HSBC NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN >	2,224,000	0.29
23. CITIGROUP NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR CHOCK KOK HUAT (474091) >	1,856,200	0.24
24. CIMSEC NOMINEES (TEMPATAN) SDN BHD < CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD FOR BUMIPUTRA-COMMERCE HOLDINGS BERHAD >	1,838,000	0.24
25. CARTABAN NOMINEES (ASING) SDN BHD < INVESTORS BANK AND TRUST COMPANY FOR MSCI EQUITY INDEX FUND B MALAYSIA (BARCLAYS G (NV) >	1,827,168	0.24
26. TAY BOON TECK	1,823,233	0.24
27. RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD < RHB SAKURA MERCHANT BANKERS BERHAD (CB) >	1,803,500	0.23
28. HSBC NOMINEES (TEMPATAN) SDN BHD < HSBC (MALAYSIA) TRUSTEE BERHAD FOR AMANAH SAHAM SARAWAK >	1,769,104	0.23
29. AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD < PB ISLAMIC EQUITY FUND >	1,719,600	0.22
30. TEO KIN SWEE	1,711,100	0.22
TOTAL	**341,444,428**	**44.44**

properties of the group

– 31 December 2005

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/12/2005 (RM'000)	DATE/YEAR OF LAST REVALUATION/ ACQUISITION	TENURE	APPROXIMATE AGE OF BUILDING	ENCUMBRANCE
Resource Complex – 6 storey industrial buildings/flatted factories and warehouse	33, Jalan Segambut Atas, Segambut, 51200 Kuala Lumpur, Wilayah Persekutuan.	72,098 sq. metres	39,212	1982	Leasehold 66 years expiring on 2.2.2044	20 years	YES
Land for proposed mixed housing development	P.T. No. 35730, 33745, 33746, 33747, 35759, 33632, 33653, 33654, 33468 and 6748 (part), Mukim Kajang, District of Hulu Langat, Selangor Darul Ehsan.	4.76 hectares	8,853	1987	Freehold	–	NIL
Land for proposed mixed housing development	Lot 6061 (part) and 69 (part), Mukim Ulu Kelang, District of Gombak, Selangor Darul Ehsan.	7.06 hectares	11,760	1989	Freehold	–	YES
Land for proposed condominium development	Country lease No. 015146120, Minicipality and District of Kota Kinabalu, Sabah.	1.10 hectares	1	1989	Leasehold 999 years expiring on 4.7.2918	–	NIL
Land for proposed industrial development	Lot 10836 to 10868, 10870 to 10981, 10984 to 11015, Mukim Rantau, District of Seremban, Negeri Sembilan Darul Khusus.	5.20 hectares	3,800	1.4.1984	Freehold	–	NIL
Land for proposed mixed commercial development	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	1.21 hectares	11,230	1992	Leasehold 99 years expiring on 15.9.2092	–	YES
Alam Sentral Plaza – 7 level shopping complex	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	68,233 sq. metres	91,691	1992	Leasehold 99 years expiring on 15.9.2092	6 years	YES
Menara MRCB – 23 level office block	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	25,641 sq. metres	42,008	1992	Leasehold 99 years expiring on 15.9.2092	6 years	YES
Sentral Plaza Corporate Office Suite	CS/3A/11, Block C, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur, Wilayah Persekutuan.	727 sq. metres	3,600	27.6.1997	Freehold	5 years	YES
Business Office	Level 22, No. 1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur, Wilayah Persekutuan.	1,812 sq. metres	2,598	21.8.1995	Leasehold 99 years expiring on 22.7.2090	8 years	YES

properties of the group
– 31 December 2005 (continued)

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/12/2005 (RM'000)	DATE/YEAR OF LAST REVALUATION/ ACQUISITION	TENURE	APPROXIMATE AGE OF BUILDING	ENCUMBRANCE
Development land and infrastructure surrounding Kuala Lumpur central station	Lot 69, 70, 71, 72, 73 74 and 77 Sek. 70 and Lot 364 Sek. 72, Mukim Bandar Kuala Lumpur, District of Kuala Lumpur, Jalan Damansara, Kuala Lumpur, Wilayah Persekutuan.	14.37 hectares	809,394	10.3.1999	Freehold	–	YES
Industrial land	Plot No. 143 & 145, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	1,692 sq. metres	6,269	2.12.1997	Freehold	–	YES
Vacant industrial land	Lot no. IL-1946, Bukit Beruntung, Mukim Serendah, District of Hulu Selangor, P.T. No. 1939, H.S.D. No. 8651, Selangor Darul Ehsan.	5,913 sq. metres	498	22.6.1999	Freehold	–	NIL
4 storey shop office	Sub Lot No. 4, 5 & 6 H.S.(D) 49729, Lot PT 33487, Taman Kajang Utama, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan.	1,485 sq. metres	1,279	28.12.1999	Freehold	6 years	NIL
Several parcels of land for proposed mixed development	PT 2967-2971, PT 2974-2977, PT 2980-2997, PT 2999-3001, PT 3003-3005, PT 3030-3066, 3077 & 3080, PT 7432-7552, PT 7556-7653, KM 36, Jalan Ipoh Lumut, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzwan.	57.36 hectares	24,540	2001/2002	Leasehold 99 years expiring between 13.3.2100 to 18.3.2102	–	YES
Bungalow lots	Lot 147, 148, 149 and 150, Phase 1B, Sek. 32, Bukit Rimau, 40460 Shah Alam, Selangor Darul Ehsan.	3,047 sq. metres	1,509	31.12.2003	Freehold	–	NIL
4 storey shop offices	Lot No. 60107-2B, Lot No. 60107-1B, Lot No. 60106-3B, Lot No. 60106-3A, Lot No. 60106-2A, Lot No. 60106-2B, Lot No. 60106-1B, Jalan Trompet 14, Bandar Bukit Beruntung, Selangor Darul Ehsan.	532 sq. metres	269	21.12.1999	Freehold	7 years	NIL
2 storey shop office	Lot 55, HS (D) No. 6101, PT No. 7709 within Phase 1A of Dataran Iskandar, Bandar Seri Iskandar, Bota, District of Perak Tengah, Perak Darul Ridzwan.	156 sq. metres	219	27.5.2005	Leasehold 99 years expiring on 18.3.2102	3	NIL