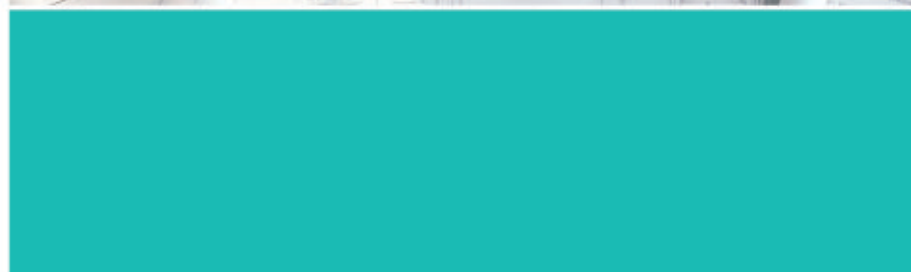
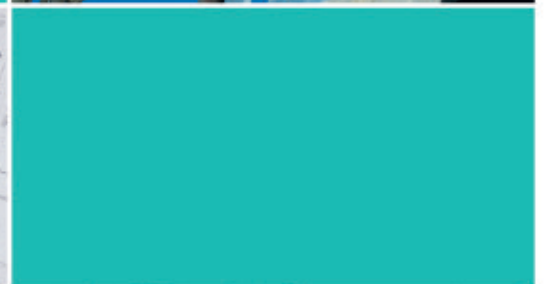


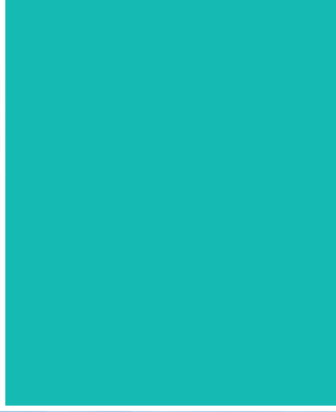


annual report **2006**

**PETALING TIN BERHAD**  
INCORPORATED IN MALAYSIA (32446)



# PETALING TIN BERHAD



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir • *Chairman*

Datuk Haji Jaafar bin Abu Bakar • *Deputy Chairman*

Tan Sri Dr Chen Lip Keong • *Chief Executive Officer*

Datuk Wan Kassim bin Ahmed

Dato' Nik Kamaruddin bin Ismail

Mr Tiang Chong Seong

Mr John Pius Shuman Chong

Mr Leow Ming Fong @ Mr Leow Min Fong

## COMPANY SECRETARIES

Mr Lam Hoi Khong  
MIA 18848

Mdm Wong Poh Choo  
MAICSA 7013838

## AUDIT COMMITTEE

Datuk Haji Jaafar bin Abu Bakar • *Chairman*

Datuk Wan Kassim bin Ahmed

Mr Leow Ming Fong @ Mr Leow Min Fong

## NOMINATION COMMITTEE

Datuk Haji Jaafar bin Abu Bakar • *Chairman*

Datuk Wan Kassim bin Ahmed

## REMUNERATION COMMITTEE

Datuk Haji Jaafar bin Abu Bakar • *Chairman*

Datuk Wan Kassim bin Ahmed

Mr Leow Ming Fong @ Mr Leow Min Fong

## AUDITORS

Moore Stephens  
8A, Jalan Sri Semantan Satu  
Damansara Heights  
50490 Kuala Lumpur

## BANKERS

Malayan Banking Berhad  
Alliance Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad

## SOLICITORS

Zaid Ibrahim & Co.  
Zul Rafique & Partners  
KH Tan & Chua  
Megat Najmuddin Leong & Co.

## PRINCIPAL PLACE OF BUSINESS

1<sup>st</sup> Floor, No. 118, Jalan Semangat  
46300 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 603 7968 1222  
Facsimile : 603 7954 1155

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

## REGISTERED OFFICE

1<sup>st</sup> Floor, No. 118, Jalan Semangat  
46300 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 603 7968 1222  
Facsimile : 603 7954 1155

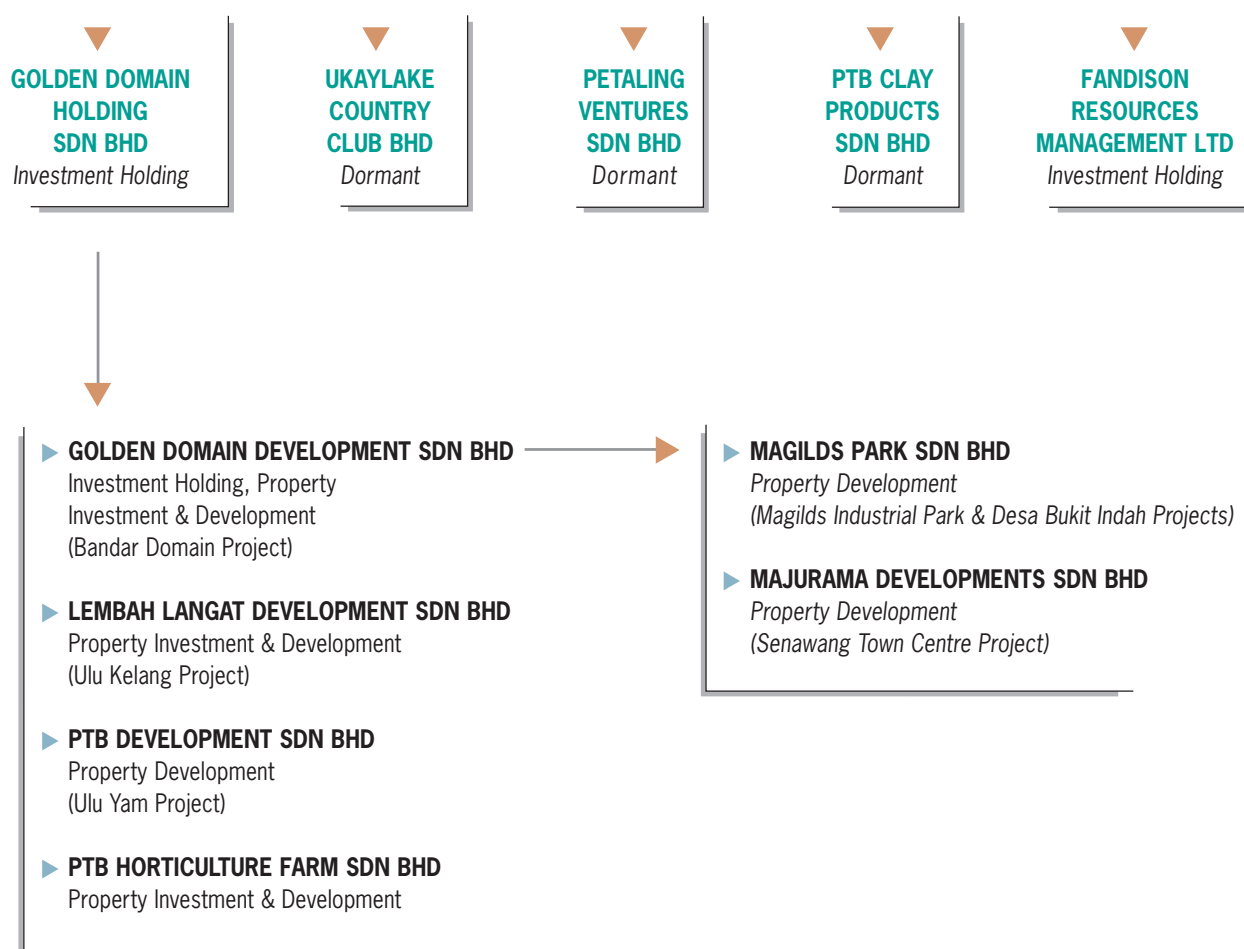
## SHARE REGISTRAR

Semangat Corporate Resources Sdn Bhd  
2<sup>nd</sup> Floor, No. 118, Jalan Semangat  
46300 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 603 7968 1001  
Facsimile : 603 7958 8013

# CORPORATE STRUCTURE

## PETALING TIN BERHAD

PROPERTY DEVELOPMENT, INVESTMENT HOLDING & MANAGEMENT SERVICES



◀ 3

All the above companies are wholly-owned subsidiaries of Petaling Tin Berhad except for Fandison Resources Management Ltd which is a 40% owned associated company.





## A FRESH PERSPECTIVE

DEAR SHAREHOLDERS,  
ON BEHALF OF THE BOARD OF DIRECTORS,  
IT IS MY PLEASURE TO PRESENT THE  
ANNUAL REPORT AND AUDITED FINANCIAL  
STATEMENTS OF PETALING TIN BERHAD  
("PTB" OR "THE COMPANY" OR "THE  
GROUP") FOR THE FINANCIAL YEAR ENDED  
31 OCTOBER 2006.

# CHAIRMAN'S STATEMENT

## FINANCIAL RESULTS

For the fiscal year under review, the Group registered an operating revenue of RM20.1 million and a loss before taxation of RM6.0 million as compared to previous year's revenue of RM86.6 million and pre-tax loss of RM17.1 million respectively.

The property development activities undertaken by the Group at Taman Kelab Ukay, Ampang had contributed RM15.7 million in revenue. The balance revenue of RM4.5 million was mainly from sales of development land and industrial lots located at Taman Kelab Ukay, Ampang and Magilds Industrial Park, Sungai Buloh.

## DIVIDEND

No dividend was paid during the year and the Board does not recommend any dividend payment for the financial year under review.

## CORPORATE DEVELOPMENTS

During the year, the Group has undertaken the following corporate activity:-

### Acquisition of Development Land

The Company has on 14 October 2005, entered into a Conditional Sale and Purchase Agreement and subsequently on 24 May 2006, entered into a Supplemental Agreement to acquire the rights, title, interests and obligations for the remaining term of 87 years of Terus Idaman Sdn Bhd's sublease for a parcel of leasehold land situated at Mukim of Menggatal, District of Kota Kinabalu, Sabah measuring approximately 61.96 acres for cash consideration of RM38.0 million.

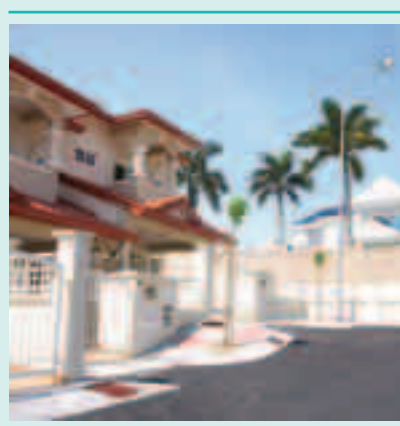
The acquisition was deemed a related party transaction by virtue of Tan Sri Dr. Chen Lip Keong being a Director and a major shareholder of Terus Idaman Sdn Bhd. An Extraordinary General Meeting was convened on 28 June 2006 to pass the resolution to approve the acquisition. All the conditions precedent in the Principal Agreement and the Supplemental Agreement were fulfilled and the acquisition was deemed completed on 28 June 2006.

The acquisition would enable the Group to develop up-market exclusive hill-side resort villas with private beach frontage to be marketed overseas under the Malaysia My Second Home Program and these exclusive villas may be serviced by a proposed 6-star boutique resort hotel.

## FUTURE OUTLOOK

The financial year 2007 is set to be on an uptrend, with a projected GDP growth of 6% and the implementation of the Government's 9<sup>th</sup> Malaysian Plan which is expected to stimulate the economy and enhance consumers' buying power. With the allocations of close to RM220 billion under the 9<sup>th</sup> Malaysian Plan over the next five years, the property sector will expect a boost, and the residential property sector will remain as the main catalyst of the industry.

The Group will continue to focus on residential property developments at choice locations with the planned roll-out of its follow-up phases for its developments at Desa Bukit Indah, Sungai Buloh and high-end niche projects such as super-links, semi-detached houses and bungalows at Taman Kelab Ukay, Ampang.



## ACKNOWLEDGEMENT

The Board would like to take this opportunity to express its sincere appreciation and gratitude to the management and staff of the Group for their continuous contribution, confidence and unwavering support to the Group.

On behalf of the Board, I would like to extend our heartfelt thanks to all shareholders, valued customers, bankers, business associates and various regulatory authorities for their continued support and confidence in the Group.

The Board of Directors would like to express its gratitude for the past services of its previous Board member, Mr. Lee Wai Tuck, Philip who has resigned on 3 January 2007.

On behalf of the Board of Directors, I would also like to welcome Mr. Leow Ming Fong @ Leow Min Fong who joined the Board on 15 May 2006. I am confident that he will provide invaluable support to the Group with his wealth of experience.

**Datuk Seri Panglima Abdul Kadir  
bin Haji Sheikh Fadzir**  
Chairman  
6 March 2007



## GROWING POTENTIAL

DEAR VALUED  
SHAREHOLDERS,  
IT IS MY PLEASURE TO REPORT ON THE  
GROUP'S PERFORMANCE AND  
OPERATIONS FOR THE FINANCIAL YEAR  
ENDED 31 OCTOBER 2006.



# CHIEF EXECUTIVE OFFICER'S STATEMENT

## FINANCIAL REVIEW

The Group recorded lower operating revenue of RM20.1 million as compared to the previous year's revenue of RM86.6 million. Despite the lower operating revenue, the Group registered a loss before taxation of RM6.0 million as compared to the preceding year's loss of RM17.1 million. The current year's pre-tax loss was arrived at after taking into account impairment loss on land held for property development amounted to RM4.9 million and goodwill on consolidation written off amounted to RM2.0 million.

The Group's shareholders' funds have declined from RM368.3 to RM361.8 million with a slight corresponding drop in net tangible assets backing per share from RM1.06 to RM1.05.

## OPERATIONAL REVIEW

For the year under review, the Group had successfully developed and delivered vacant possession of its prime residential development at Taman Kelab Ukay, Ampang. The Group has recognized revenue of approximately RM15.7 million for its residential development activities at Taman Kelab Ukay and the balance revenue were contributed from sales of industrial lots and residential properties. The success of the Taman Kelab Ukay project will provide the impetus for the Group to roll out more up market and high-end residential properties from its remaining development land at that particular prime location.

## FUTURE PROSPECTS

Our residential projects in the Klang Valley have always enjoyed exceptionally good response from the consumers. We foresee better times ahead on the domestic front with the implementation of the Government's Ninth Malaysia Plan and the recently improved market activities.

For the year 2007, the Group intends to launch its follow-up residential development at Sungai Buloh which comprises affordable landed properties which is expected to contribute revenue of approximately RM 22.0 million. In addition, the Group intends to also launch its subsequent phases of landed residential properties located at the prime location of Taman Kelab Ukay, Ampang. This is in line with the increasing demand by the consumers for higher end landed properties and themed developments at choice locations within Klang Valley.

We are also looking at the potential development of exclusive up market hill-side villas at our land bank in Karambunai, Sabah to take advantage of the current tourism boom in Sabah, and the existing resort infrastructures and facilities within the vicinity. The proposed development will be timely in view of the recent launch of Malaysia My Second Home (MM2H) program by the Tourism Ministry and the relaxation of foreign home ownership regulations.



## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my sincere appreciation and thanks to all our customers, shareholders and business associates for their continued trust, confidence and support to the Group. I would also like to extend my heartfelt thanks to the management and staff for their unwavering loyalty, support and dedication towards bringing the Group to a higher level.

**Dr Chen Lip Keong**  
Chief Executive Officer  
6 March 2007

# DIRECTORS' PROFILE

## DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR

Chairman

- Aged 67, Malaysian
- Non-executive & Independent
- Appointed to the Board and as Chairman on 1 March 2006
- Barrister-At-Law, Lincoln's Inn, London
- Datuk Seri had been holding full-time positions with the Federal Government since 1970 beginning as political secretary, parliamentary secretary, deputy minister and minister in various ministries almost continuously until his resignation as Minister of Information on 14 February 2006. He was Minister of Culture,

Arts and Tourism for 5 years before his appointment as Minister of Information in 2004. During his tenure as Minister of Culture, Arts and Tourism, Datuk Seri was also the Chairman of Tourism Promotion Board Malaysia. Datuk Seri is a lawyer by profession, having practiced as a partner in the legal firms Hisham, Sobri & Kadir and Kadir, Khoo & Aminah from 1974 to 1982 and 1987 to 1990 respectively

- Currently, he is also the Chairman and Director of Karambunai Corp Bhd and FACB Industries Incorporated Bhd

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## DATUK HAJI JAAFAR BIN ABU BAKAR

Deputy Chairman

- Aged 60, Malaysian
- Non-executive & Independent
- Appointed to the Board on 1 August 1997
- Appointed as Deputy Chairman on 1 March 2006
- Chairman of the Audit, Nomination and Remuneration Committees
- Graduated with a Bachelor of Arts (Honours) from University of Malaya in 1969; obtained a Masters in Public Policy and Administration from University of Wisconsin, Madison, U.S.A. in 1980 and is a Fellow member of the Economic Development Institute of the World Bank, Washington D.C.
- Started his career as a Land Administrator in FELDA before joining the Malaysian civil service in 1970; has since served in various senior positions within the Government Departments which included State Development Officer in Penang, Pahang and Kelantan, Deputy General Manager of Central Terengganu

Development Authority and South Kelantan Development Authority, Director of Kelantan Land Development Board, General Manager of Kelantan State Economic Development Corporation, Deputy Secretary General of the Ministry of Domestic Trade and Consumer Affairs and Council Member of Malaysian Industrial Development Authority; opted for early retirement from the civil service in 1991; joined Koperasi Usaha Bersatu as Group General Manager of KUB Holdings Berhad ; subsequently took up a position as Executive Director of Damansara Realty Berhad and a year later, served as Managing Director; served as Executive Chairman of Cold Storage (Malaysia) Berhad from 1996 to 1998 and a director of Uniphoenix Corporation Berhad since 1998

- Currently, he is also a director of FELCRA Berhad

## TAN SRI DR CHEN LIP KEONG

Chief Executive Officer

- Aged 59, Malaysian
- Executive & Non-independent
- Appointed to the Board as Chief Executive Officer on 15 April 1997
- A major shareholder of Petaling Tin Berhad ("PTB"). His brother, Mr Chin Chee Kuang is deemed a major shareholder of PTB by virtue of his interest in Emden Investment Limited

- Graduated in medicine and surgery from University of Malaya in 1973 (M.B.B.S. Malaya)
- Has more than 30 years of corporate, managerial and business experience since 1976
- Currently, he is also the President, Chief Executive Officer and director of Karambunai Corp Berhad and FACB Industries Incorporated Berhad

## DATUK WAN KASSIM BIN AHMED

Director

- Aged 58, Malaysian
- Non-executive & Independent
- Appointed to the Board on 2 July 2001
- A member of the Audit, Nomination and Remuneration Committees
- Graduated with a Bachelor of Economics (Honours) from University of Malaya in 1973
- Began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad; joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn Bhd in 1984; served as a Councillor for the Petaling Jaya Town Council between 1987 and

1991; served as a Board member of the Malaysian Tourist Development Board from 1991 to 1995; served as an Executive Chairman of Inter-Fresh (Malaysia) Sdn Bhd between 1988 to 2001; worked as a Consultant and Advisor for several companies due to his experience in financial, marketing, management and wide business contacts and served as Chairman of Kawalan Warisan Rantau Sdn Bhd

- Currently, he is also an independent and non-executive director of Karambunai Corp Berhad, FACB Industries Incorporated Berhad and Octagon Consolidated Berhad

## DATO NIK KAMARUDDIN BIN ISMAIL

Director

- Aged 53, Malaysian
- Non Executive & Non-independent
- Appointed to the Board on 1 December 2005
- Graduated with a Bachelor of Science (Finance)
- Worked for a period of 14 years (1973-1987) in 3M Corporation. He served as a director of 3M Corporation from 1983 to 1987, being the first Malaysian appointed to its Board. He was also a

director of TV3 from 1987 to 1991, an Executive Director of Karambunai Corp Bhd from November 1994 to November 2004 and a Non-Executive Director of Tebrau Teguh Berhad from December 2002 to November 2004

- Currently, he also serves on the board of trustee of Yayasan Pemadam

## MR TIANG CHONG SEONG

Executive Director

- Aged 51, Malaysian
- Executive & Non-independent
- Appointed to the Board on 28 October 2002
- Graduated with a Diploma in building technology from Tunku Abdul Rahman College in 1979
- Has served as Managing Director of the Property Division of PTB since January 2000. Prior to joining PTB, he had a total of 13

years' experience in property development and another 6 years as a manager in charge of project management services in an international management consulting firm

- Currently, he is also a director of Ukaylake Country Club Bhd, a wholly-owned subsidiary of PTB

## MR JOHN PIUS SHUMAN CHONG

Executive Director

- Aged 45, American Chinese
- Executive & Non-independent
- Appointed to the Board on 1 December 2004
- Graduated with Bachelor of Science from University of Southern California
- Started his career with MCI, Inc., and has his career grow along with major US firms such as Merrill Lynch and Arthur Andersen. Subsequent to that, in the capacity as a management consultant, he consulted with major American and Asian corporations, and advised numerous governments and government linked companies

## LEOW MING FONG @ LEOW MIN FONG

Director

- Aged 57, Malaysian
- Non-executive & Independent
- Appointed to the Board on 15 May 2006
- A member of the Audit and Remuneration Committees
- Fellow of Institute of Chartered Accountants in England and Wales and Member of Malaysian Institute of Certified Public Accountants, Malaysian Institute of Chartered Accountants and Malaysian Institute of Management
- Has extensive experience in the field of audit and had worked in KPMG for 32 years since 1974. He also served as an Audit Partner in KPMG since 1980 and concurring partner for portfolio of clients including several public listed companies and multinational companies. He is a retired Audit Partner of KPMG, Malaysia since 31 December 2005
- Currently, he is also an independent and non-executive director of Karambunai Corp Bhd, FACB Industries Incorporated Bhd and Kurnia Asia Bhd

### Other Information

1. *Saved as disclosed, none of the directors have any family relationship with any director and/or major shareholder.*
2. *Except for the following directors, none of the directors have any conflict of interest with the Group:*
  - *Tan Sri Dr Chen Lip Keong by virtue of his interests in privately owned companies and in Karambunai Corp Berhad, of which some of its subsidiaries are also involved in property development.*
  - *Datuk Haji Jaafar bin Abu Bakar by virtue of his interests in privately owned companies, of which some are also involved in property development. However, the said companies are not in direct competition with the business of the Group.*
3. *None of the directors have been convicted for any offences within the past 10 years other than traffic offences.*

# STATEMENT ON CORPORATE GOVERNANCE

## PREAMBLE

This statement sets out the commitment of the Board to ensure good corporate governance principles within Petaling Tin Berhad, the recommendations of which are set out in the Malaysian Code on Corporate Governance ("the Code"). The Company has complied with the Best Practices in Corporate Governance embodied in Part 2 of the Code and the statement below narrates how the Company has throughout the financial year ended 31 October 2006 applied the principles set out in Part 1 of the Code.

## DIRECTORS

### The Board

The Company is led and managed by an experienced Board with a wide range of expertise. The Board has the overall responsibility for corporate governance, charting strategic directions and overseeing the operations of the Group. The Board meets at least four (4) times a year with additional meetings convened as and when necessary. During the financial year, the Board met four (4) times and the attendance record for each director is as follows:-

Directors	Attendance
Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir (Appointed on 01.03.06)	3/3
Datuk Haji Jaafar bin Abu Bakar	4/4
Tan Sri Dr Chen Lip Keong	3/4
Datuk Wan Kassim bin Ahmed	4/4
Dato' Nik Kamaruddin bin Ismail	3/4
Mr Tiang Chong Seong	4/4
Mr Lee Wai Tuck, Philip (Resigned on 03.01.07)	4/4
Mr John Pius Shuman Chong	3/4
Mr Leow Ming Fong @ Leow Min Fong (Appointed on 15.05.06)	2/2

### Board Balance

The Board currently has eight (8) members comprising three (3) executive directors and five (5) non-executive directors of whom four (4) are independent. Hence, the Board's composition meets the Listing Requirements of BMSB of having at least one third (1/3) of the membership of the Board comprising independent directors.

Executive directors have direct responsibilities for business operations whilst non-executive directors have the necessary skills and experience to bring an independent judgement to bear on the issues relating to strategy, performance and resources. Collectively, the Board possesses a wide range of business, commercial and financial experience essential in the management and direction of the Group. The profile of each Director is set out on pages 8 to 10 of the Annual Report.

The roles of the Chairman and the Chief Executive Officer are distinct and separate with their responsibilities clearly defined to ensure a balance of power and authority.

Datuk Haji Jaafar bin Abu Bakar has been identified as the senior independent non-executive director to whom any concerns may be conveyed.

### Directors' Training

The new Board members have completed the Mandatory Accreditation Programme. The Board has continued to evaluate and determine its training needs to keep abreast with latest developments in the industry.

During the financial year, the Directors attended the following seminar and conference:-

- Seminar on the New Financial Reporting Standards
- National Accountants Conference



# STATEMENT ON CORPORATE GOVERNANCE

- continued

## Supply of Information

The directors have full and unrestricted access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specially reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands. Prior to the Board meetings, the directors are provided with the agenda together with Board papers containing reports and information relevant to the business of the meeting.

All directors have access to the advice and services of the company secretaries and under appropriate circumstances may obtain independent professional advice at the Company's expense, in furtherance of their duties.

## Appointments to the Board

The Board had established a Nomination Committee which is responsible for the assessment of the mix of skills and experience possessed by the Board members and the review of the Board size and composition on an ongoing basis to ensure effectiveness of the Board and the contribution of each director. The Nomination Committee is also responsible for assessing the suitability of proposed candidates for directorships and making recommendations to the Board on new appointments including Board Committees.

The Nomination Committee consists wholly of non-executive and independent directors. The Committee is made up as follows:-

Chairman:

Datuk Haji Jaafar bin Abu Bakar

Member:

Datuk Wan Kassim bin Ahmed

The Committee shall meet at least once a year. Additional meetings will be held if considered necessary by the Committee or Chairman. During the financial year, the Committee met three (3) times.

## Re-election

In accordance with the provisions of the Articles of Association of the Company, all directors are subject to retirement from office at least once in every three (3) years, but shall be eligible for re-election. The Articles also provide that any director appointed during the year is required to retire and seek re-election at the following Annual General Meeting immediately after such appointment.

## DIRECTORS' REMUNERATION

### The Level and Make-up of Remuneration

The remuneration framework for executive directors has an underlying objective of attracting and retaining directors needed to run the Company successfully. Remuneration packages of executive directors are structured to commensurate with corporate and the individual's performance. In respect of non-executive directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual concerned.

### Procedure

The Board had established a Remuneration Committee to review and recommend to the Board the remuneration package of the executive directors and the determination of remuneration packages of non-executives is a matter for consideration by the Board as a whole. The individuals concerned are required to abstain from discussions pertaining to their own remuneration packages.

The Remuneration Committee currently comprises wholly non-executive directors. The composition of the Committee is as follows:-

Chairman:

Datuk Haji Jaafar bin Abu Bakar

Members:

Datuk Wan Kassim bin Ahmed

Mr Lee Wai Tuck, Philip (*Resigned on 03.01.07*)

Mr Leow Ming Fong @ Leow Min Fong (*Appointed on 03.01.07*)

The Remuneration Committee considers information available from surveys conducted by human resource consultants in reviewing the individual elements of remuneration packages and has also considered packages offered by comparable companies.

The Committee shall meet at least once a year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. During the financial year, the Committee met two (2) times.

# STATEMENT ON CORPORATE GOVERNANCE

- continued

## Disclosure

Details of the directors' remuneration for the financial year are as follows:

*The aggregate remuneration of directors categorised into appropriate components*

	Fees RM	Salaries RM	Others RM	Total RM
Executive	-	436,800	125,812	562,612
Non-Executive	262,194	-	160,000	422,194
	262,194	436,800	285,812	984,806

The number of directors whose total remuneration falls within the following bands.

Range of Remuneration (RM)	Executive	Non-Executive
0 - 50,000	2	1
50,001 - 100,000	-	2
100,001 - 150,000	1	1
150,001 - 200,000	-	1
200,001 - 250,000	-	-
250,001 - 300,000	-	-
300,001 - 350,000	-	-
350,001 - 400,000	1	-
	4	5

The above disclosure is in compliance with the Listing Requirements of BMSB. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code which prescribes individual disclosure of directors' remuneration packages. The Board is of the view that the transparency and accountability aspects of corporate governance in respect of directors' remuneration have been appropriately served by the band disclosure made.

## SHAREHOLDERS

### Dialogue between Company and Investors

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via annual reports, quarterly financial results, circulars to shareholders and the various announcements released from time to time.

### The Annual General Meeting ("AGM")

The AGM serves as a principal forum for dialogues with shareholders where the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business and performance. The Chairman and members of the Board are available to respond to shareholders' queries during the AGM.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Group's position and prospects through the annual financial statements and quarterly announcements to shareholders. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is set out on page 14 of the Annual Report.

### Internal Control

The Statement on Internal Control set out on pages 16 and 17 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

### Relationship with the Auditors

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors. The roles of the Audit Committee in relation to the auditors are detailed on pages 18 and 19 of the Audit Committee Report in this Annual Report.

*This statement is made in accordance with a resolution of the Board passed on 9 March 2007.*

# STATEMENT OF DIRECTORS' RESPONSIBILITY

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This statement is made pursuant to paragraph 15.27(a) of Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The provisions of the Companies Act, 1965 requires the directors to be responsible in preparing the financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and of the Company for the financial year ended 31 October 2006. In complying with these requirements, the Directors are responsible for ensuring that proper accounting records are maintained and suitable accounting policies are adopted and applied consistently. In cases whereby judgement and estimates were required, the directors have ensured that these were made prudently and reasonably.

The Directors also ensured that all applicable accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

In addition, the Directors are also responsible for safeguarding the assets of the Company by taking reasonable steps to prevent and detect fraud and other irregularities.

# OTHER INFORMATION

## MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year:

Further to the conditional Sale & Purchase Agreement ("Principal Agreement") entered into between the Company and Terus Idaman Sdn Bhd ("TISB") on 14 October 2005 for the proposed acquisition of all of TISB's rights, title, interests and obligations for the remaining term of TISB's sub-lease for a parcel of leasehold land in Karambunai, Sabah measuring 61.96 acres ("Proposed Acquisition"), the Company had on 24 May 2006 entered into a Supplemental Agreement with TISB on the Proposed Acquisition for a cash consideration of RM38 million.

Tan Sri Dr Chen Lip Keong is a Director and substantial shareholder of the Company and TISB and accordingly, is deemed interested in the Proposed Acquisition.

The Proposed Acquisition was approved by the shareholders at the Extraordinary General Meeting held on 28 June 2006. All the conditions precedent in the Principal Agreement and the Supplemental Agreement were fulfilled and the acquisition was deemed completed on 28 June 2006.

## SHARE BUY-BACK

During the financial year, no share buy-back was made by the Company. In the previous financial year, the Company bought back a total of 271,700 of its ordinary shares of RM1.00 each.

As at 31 October 2006, a total of 271,700 of the Company's shares were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

## NON-AUDIT FEES

Non-audit fees amounting to RM6,000 were paid to external auditors for the financial year ended 31 October 2006 in respect of their attendance in the Company's Audit Committee Meetings and review of the Statement on Internal Control.

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

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

# STATEMENT ON INTERNAL CONTROL

## PREAMBLE

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

## RESPONSIBILITY

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

## INTERNAL CONTROL SYSTEMS

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

- Organisational structure with well defined lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as Audit, Nomination and Remuneration Committees, the Board is supported operationally by Executive and Management Committees. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly appraised, maintains effective supervision over the entire operations.
- Well documented policies, procedures and standards have been established periodically reviewed and kept updated with changes in the operating environment.
- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.
- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.
- Detailed justification and approval process for major projects and acquisitions imposed to ensure congruence with the Company's strategic objectives.
- Framework for computerised information systems spearheaded by an IT Steering Committee to streamline hardware and software regulations and guidelines for system integrity, effectiveness and efficiency.
- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.



## RISK MANAGEMENT FRAMEWORK

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

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

A Risk Advisory Committee (RAC) comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 26 March 2002.

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

## INTERNAL AUDIT

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

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

## INTERNAL CONTROL ISSUES

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

*This statement is made in accordance with a resolution of the Board of Directors dated 9 March 2007 and has been duly reviewed by the external auditors, pursuant to paragraph 15.24 of the Bursa Malaysia Securities Listing Requirements.*

# AUDIT COMMITTEE REPORT

## PREAMBLE

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

## COMPOSITION

The current members of the Audit Committee, their respective designations and directorships are as follows:-

- Datuk Haji Jaafar bin Abu Bakar  
Chairman, Independent Non-Executive Director
- Datuk Wan Kassim bin Ahmed  
Member, Independent Non-Executive Director
- Mr Lee Wai Tuck, Philip  
(resigned on 03.01.07)  
Member, Non-Independent, Executive Director
- Mr Leow Ming Fong @ Leow Min Fong  
(appointed on 03.01.07)  
Member, Independent Non-Executive Director

## TERMS OF REFERENCE

### Purpose

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

### Reporting Responsibilities

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

### Attendance at Meetings

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

## Frequency of Meetings

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

## Quorum

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

## Authority

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

## Duties

The duties of the Audit Committee include the following:

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- To discuss with the external auditor before the audit commences, the nature and scope of the audit.
- To review the quarterly and year end financial statements of the Board, focusing on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments arising from the audit;
  - the going concern assumptions;
  - compliance with accounting standards and other legal requirement

- To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary).
- To review the external auditor's management letter and management's response.
- To review the adequacy of the scope, authority and resources of the internal audit function.
- To review the internal audit programmes and results ensuring that appropriate action are taken on the recommendations of the internal audit function.
- To review any appraisal or assessment of the performance of members of the internal audit function.
- To approve any appointments or termination of senior staff members of the internal audit function.
- To consider any related party transactions that may arise within the Group.
- To consider the major findings of internal investigations and management's response.

## Details of Meetings

The Audit Committee met 4 times during the financial year ended 31 October 2006 and details of attendance are as follows:

Committee Members	Attendance
Datuk Haji Jaafar bin Abu Bakar	4/4
Datuk Wan Kassim bin Ahmed	4/4
Mr Lee Wai Tuck, Philip	2/4

## SUMMARY OF AUDIT COMMITTEE ACTIVITIES

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

- Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- Deliberated over the internal audit and compliance reports.

- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Discussed and reviewed with the external auditors the results of their examination, their auditor's report in relation to the audit and accounting issues arising from the audit.
- Reviewed the Company's compliance with regards to the Bursa Malaysia Securities Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

## SUMMARY OF INTERNAL AUDIT ACTIVITIES

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 9 March 2007.

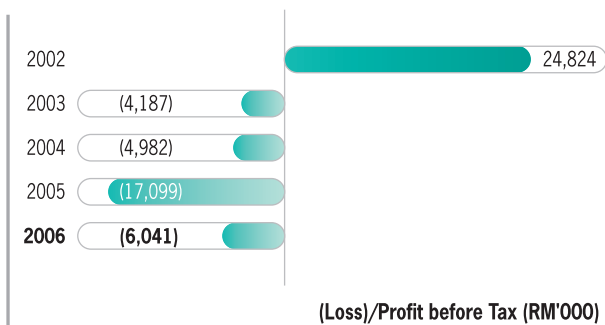
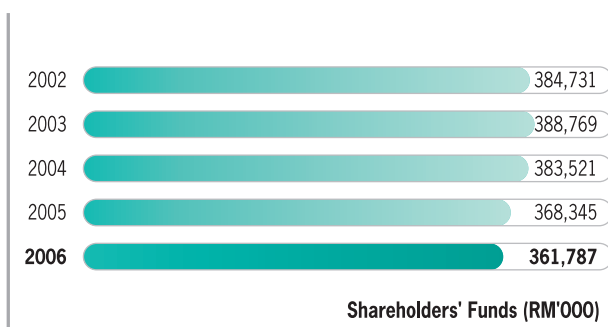
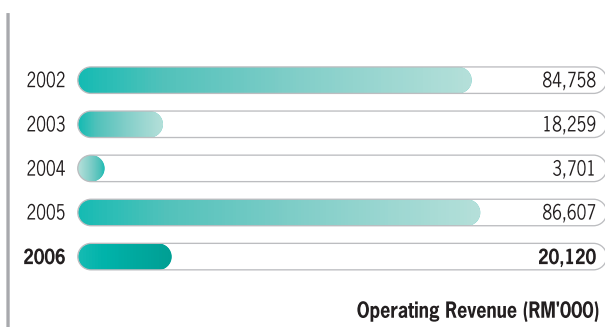
# FIVE YEARS' COMPARATIVE RESULTS

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FIVE YEARS' COMPARATIVE RESULTS					
	2006	2005	2004	2003	2002
Operating revenue (RM'000)	20,120	86,607	3,701	18,259	84,758
(Loss) / Profit before taxation (RM'000)	(6,041)	(17,099)	(4,982)	(4,187)	24,824
(Loss) / Profit after taxation (RM'000)	(6,597)	(15,107)	(5,248)	(3,521)	15,453
Shareholders' funds (RM'000)	361,787	368,345	383,521	388,769	384,731
Total assets employed (RM'000)	446,180	453,171	469,038	476,247	476,840
Net tangible assets (RM'000)	361,787	366,102	380,997	385,965	381,647
Gearing ratio (times)*	- **	- **	- **	- **	- **
Net tangible assets per share (RM)	1.05	1.06	1.11	1.12	1.11
(Loss) / Earnings per share (sen)					
Basic	(1.9)	(4.4)	(1.5)	(1.0)	5.9
Fully diluted	-	-	-	-	4.5

\* calculated based on bank borrowings (excluding ICULS) over shareholders' funds

\*\* negligible



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31st October, 2006.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of property development, investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in note 5 to the financial statements. There have been no significant changes in the nature of these activities during the year.

## RESULTS

	GROUP RM	COMPANY RM
Net loss for the year	(6,597,113)	(6,918,811)

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would require the writing off of bad debts, or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

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

## ISSUE OF SHARES

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

## SHARES REPURCHASED

In the previous financial year, the Company repurchased 271,700 of its issued and fully paid ordinary shares from the open market at an average price of RM0.25 per share. The total cash consideration paid for the repurchased shares including transaction costs was RM68,236/-. Details of shares repurchased are as disclosed in note 26 to the financial statements.

## IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2010 ("ICULS")

There were no ICULS converted into new ordinary shares of the Company during the financial year. The terms of issue of the ICULS are as disclosed in note 27 to the financial statements.

## DETACHABLE WARRANTS 2000/2010 ("WARRANTS")

The Detachable Warrants 2000/2010 of the Company were issued on 2nd February, 2000 and are constituted by a Deed Poll dated 18th January, 2000 executed by the Company. The salient features of the Warrants are as follows:-

- (a) each Warrant will entitle its registered holder to subscribe for one new ordinary share of RM1/- each in the Company at the exercise price of RM1.16 per new ordinary share by payment in cash during the exercise period;
- (b) exercise of the Warrants will be allowed at any time up to the expiry of 10 years following the date of issue; and

## DETACHABLE WARRANTS 2000/2010 ("WARRANTS") (continued)

- (c) the new ordinary shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respect with the existing ordinary shares in the Company except that they shall not be entitled to any rights allotment or other distribution declared or distributed, the record date of which is on or before the date of exercise of the Warrants. In addition, these new shares shall not be entitled to any dividends declared in respect of a prior financial year or interim dividends the record date of which is on or before the date of exercise of the Warrants. For the purpose hereof, record date means the date as at the close of business on which shareholders must be registered as members of the Company in order to participate in any dividends, rights, allotments or any other distributions.

As at financial year end, the number of unexercised detachable warrants 2000/2010 of the Company were 40,334,824 (2005 : 40,334,824). There were no warrants exercised during the financial year.

## DIRECTORS OF THE COMPANY

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

DATUK HAJI JAAFAR BIN ABU BAKAR	
TAN SRI DR. CHEN LIP KEONG	
DATUK WAN KASSIM BIN AHMED	
TIANG CHONG SEONG	
LEE WAI TUCK, PHILIP	(Resigned on 3.1.07)
DATO' NIK KAMARUDDIN BIN ISMAIL	
JOHN PIUS SHUMAN CHONG	
DATUK SERI PANGTIMA ABDUL KADIR	
BIN HAJI SHEIKH FADZIR	(Appointed on 1.3.06)
LEOW MING FONG @	
LEOW MIN FONG	(Appointed on 15.5.06)

## DIRECTORS' INTEREST IN SHARES AND WARRANTS

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

	Number of Ordinary Shares of RM1/- Each			
	At 1.11.05	Acquired	Disposed	At 31.10.06
<b>Direct Interest</b>				
Datuk Haji Jaafar bin Abu Bakar	5,000	-	-	5,000
Tan Sri Dr. Chen Lip Keong	88,477,443	-	-	88,477,443
<b>Indirect Interest Held Through Persons Connected to Directors and Corporations In Which The Directors Have Interests</b>				
Tan Sri Dr. Chen Lip Keong	29,382,179	-	-	29,382,179

## DIRECTORS' INTEREST IN SHARES AND WARRANTS (continued)

	At 1.11.05	Number of Warrants		At 31.10.06
		Allotted	Disposed	
<b>Direct Interest</b>				
Datuk Haji Jaafar bin Abu Bakar	2,000	-	-	<b>2,000</b>
Tan Sri Dr. Chen Lip Keong	10,217,048	-	-	<b>10,217,048</b>

The Directors who have substantial interests in the shares of the Company are also deemed to have interest in the shares of the subsidiary companies to the extent that the Company has an interest.

In accordance with Article 80 of the Company's Articles of Association, Tan Sri Dr. Chen Lip Keong and Datuk Wan Kassim bin Ahmed retire from the board at the forthcoming annual general meeting and being eligible offer themselves for re-election.

In accordance with Article 82(c) of the Company's Articles of Association, Mr. Leow Ming Fong @ Leow Min Fong retires from the board at the forthcoming annual general meeting and being eligible offer himself for re-election.

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## DIRECTORS' BENEFITS

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

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

## SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in note 38 to the financial statements.

## AUDITORS

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

On Behalf of the Board

**DATUK HAJI JAAFAR BIN ABU BAKAR**

**TIANG CHONG SEONG**

Petaling Jaya  
22 February 2007

# STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 28 to 73, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st October, 2006 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

On Behalf of the Board

**DATUK HAJI JAAFAR BIN ABU BAKAR**

**TIANG CHONG SEONG**

26 ▶ Petaling Jaya  
22 February 2007

## STATUTORY DECLARATION

I, Ho Khim Taik, NRIC No.: 531227-07-5481, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 28 to 73 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at  
Kuala Lumpur in the Federal Territory  
On 22 February 2007

**HO KHIM TAIK**

Before me

**S. MASOHOOD OMAR**

No. W354  
Commissioner for Oaths



# REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 28 to 73.

The preparation of the financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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

In our opinion:-

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

(i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Group and of the Company; and

(ii) the state of affairs of the Group and of the Company as at 31st October, 2006 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the said Act.

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

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

**MOORE STEPHENS**  
Chartered Accountants  
(AF.0282)

Kuala Lumpur

**AU TAI WEE**  
1551/01/09 (J)  
Partner

# CONSOLIDATED BALANCE SHEET

AS AT 31 OCTOBER 2006

	NOTE	2006 RM	2005 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	4,042,140	4,603,880
Interest in associated companies	6	-	-
Investment properties	7	103,526,481	93,385,500
Land held for property development	8	162,760,031	132,963,545
Capital work in progress	9	-	10,140,981
Goodwill on consolidation	10	-	2,243,200
		<b>270,328,652</b>	<b>243,337,106</b>
<b>CURRENT ASSETS</b>			
Property development costs	11	60,072,663	38,664,482
Inventories	12	9,041,127	11,689,440
Short term investments	13	279,776	444,592
Trade receivables	14	88,043,291	150,767,214
Other receivables, deposits and prepayments	15	13,590,344	5,875,006
Tax assets	16	25,885	27,991
Amount owing by an associated company	18	-	-
Fixed deposits with licensed banks	19	1,323,877	1,264,930
Cash and bank balances	20	3,474,220	1,100,625
		<b>175,851,183</b>	<b>209,834,280</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	21	3,698,657	2,920,032
Provisions	22	5,626,744	5,580,019
Other payables, deposits and accruals	23	7,799,513	9,883,685
Hire purchase payable	24	39,843	-
Taxation		35,569,844	35,708,219
		<b>52,734,601</b>	<b>54,091,955</b>
<b>NET CURRENT ASSETS</b>			
		<b>123,116,582</b>	<b>155,742,325</b>
		<b>393,445,234</b>	<b>399,079,431</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	25	344,292,335	344,292,335
Reserves	26	15,394,783	21,953,096
Irredeemable Convertible Unsecured Loan Stocks	27	2,100,000	2,100,000
<b>SHAREHOLDERS' EQUITY</b>			
		<b>361,787,118</b>	<b>368,345,431</b>
<b>NON-CURRENT LIABILITIES</b>			
Hire purchase payable	24	261,116	-
Deferred taxation	28	31,397,000	30,734,000
		<b>31,658,116</b>	<b>30,734,000</b>
		<b>393,445,234</b>	<b>399,079,431</b>

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

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2006

	NOTE	2006 RM	2005 RM
OPERATING REVENUE	29	<b>20,120,079</b>	86,607,450
COST OF SALES	30	<b>(17,529,008)</b>	(92,555,128)
GROSS PROFIT/(LOSS)		<b>2,591,071</b>	(5,947,678)
OTHER OPERATING REVENUE		<b>5,921,820</b>	691,732
DISTRIBUTION COSTS		<b>(52,990)</b>	(184,410)
ADMINISTRATIVE COSTS		<b>(6,344,025)</b>	(6,578,409)
OTHER OPERATING COSTS		<b>(8,146,325)</b>	(5,073,752)
		<b>(14,543,340)</b>	(11,836,571)
LOSS FROM OPERATIONS		<b>(6,030,449)</b>	(17,092,517)
FINANCE COSTS		<b>(10,962)</b>	(6,158)
LOSS BEFORE TAXATION	31	<b>(6,041,411)</b>	(17,098,675)
TAXATION	32	<b>(555,702)</b>	1,991,482
NET LOSS FOR THE YEAR		<b>(6,597,113)</b>	(15,107,193)
LOSS PER SHARE (SEN)	33		
- Basic		<b>(1.92)</b>	(4.39)
- Fully diluted		-	-

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2006

	Share Capital RM	Share Premium RM	Reserves RM	ICULS - Equity Instrument RM	Accumulated Losses RM	Treasury Shares RM	Total Shareholders' Equity RM
<b>GROUP</b>							
At 1.11.04	344,292,335	43,664,342	9,198,446	2,100,000	(15,734,263)	-	383,520,860
Share repurchase	-	-	-	-	-	(68,236)	(68,236)
Net loss for the year	-	-	-	-	(15,107,193)	-	(15,107,193)
At 31.10.05	344,292,335	43,664,342	9,198,446	2,100,000	(30,841,456)	(68,236)	368,345,431
Realisation of revaluation surplus on sales of development properties	-	-	(569,081)	-	569,081	-	-
Transfer from deferred taxation due to changes in tax rate	-	-	38,800	-	-	-	38,800
Net gain not recognised in income statement	-	-	(530,281)	-	569,081	-	38,800
Net loss for the year	-	-	-	-	(6,597,113)	-	(6,597,113)
<b>At 31.10.06</b>	<b>344,292,335</b>	<b>43,664,342</b>	<b>8,668,165</b>	<b>2,100,000</b>	<b>(36,869,488)</b>	<b>(68,236)</b>	<b>361,787,118</b>

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2006

	NOTE	2006 RM	2005 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss Before Taxation		(6,041,411)	(17,098,675)
Adjustments for:-			
Allowance for doubtful debts		3,150	-
Effect of rescission of sale of development property		(4,964,962)	-
Provision for infrastructure and development costs		46,725	79,674
Property development cost written off		4,866,860	1,381,604
Depreciation of property, plant and equipment		1,023,258	983,339
Dividend revenue		(19,328)	(22,691)
Gain on disposal of property, plant and equipment		(20,700)	(8,000)
Gain on disposal of short term investments		(195,792)	-
Amortisation of goodwill on consolidation		210,300	280,400
Goodwill written off		2,032,900	-
Interest expenses		7,977	1,204
Interest revenue		(531,554)	(328,008)
Operating Loss Before Working Capital Changes		(3,582,577)	(14,731,153)
(Increase)/Decrease in land and development expenditure		(56,071,527)	85,322,614
Decrease/(Increase) in receivables		59,970,397	(66,882,813)
(Decrease)/Increase in trade and other payables		(1,135,810)	1,721,219
Decrease in inventories		2,648,313	667,964
Cash Generated From Operations		1,828,796	6,097,831
Interest paid		(7,977)	(1,204)
Interest received		531,554	328,008
Income tax refund		7,522	997
Income tax paid		(162,018)	(464,086)
Net Cash Generated From Operating Activities Carried Down		2,197,877	5,961,546

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# CONSOLIDATED CASH FLOW STATEMENT

- continued

	NOTE	2006 RM	2005 RM
Net Cash Generated From Operating Activities Brought Down		<b>2,197,877</b>	5,961,546
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Costs incurred for land held for property development		-	(5,210,236)
Placement of fixed deposits		<b>(58,947)</b>	(476,481)
Proceeds from disposal of property, plant and equipment		<b>20,700</b>	40,000
Proceeds from disposal of short term investments		<b>942,722</b>	-
Dividend received		<b>13,916</b>	16,342
Purchase of short term investments		<b>(582,114)</b>	-
Purchase of property, plant and equipment	34	<b>(141,518)</b>	(571,979)
Net Cash Generated From/(Used In) Investing Activities		<b>194,759</b>	(6,202,354)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments to hire purchase payable		<b>(19,041)</b>	(36,354)
Purchase of treasury shares		-	(68,236)
Net Cash Used In Financing Activities		<b>(19,041)</b>	(104,590)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		<b>2,373,595</b>	(345,398)
CASH AND BANK BALANCES AT BEGINNING OF THE YEAR		<b>1,100,625</b>	1,446,023
CASH AND BANK BALANCES AT END OF THE YEAR	20	<b>3,474,220</b>	1,100,625

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

# BALANCE SHEET

AS AT 31 OCTOBER 2006

	NOTE	2006 RM	2005 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	719,114	479,166
Investments in subsidiary companies	5	186,555,003	186,555,003
Interest in associated companies	6	-	-
		<b>187,274,117</b>	187,034,169
<b>CURRENT ASSETS</b>			
Property development costs	11	38,328,281	-
Short term investments	13	279,776	442,611
Other receivables, deposits and prepayments	15	2,069,220	1,493,110
Tax assets	16	25,885	27,991
Amount owing by subsidiary companies	17	109,069,827	156,698,614
Amount owing by an associated company	18	-	-
Fixed deposits with licensed banks	19	50,000	50,000
Cash and bank balances	20	1,248,350	194,760
		<b>151,071,339</b>	158,907,086
<b>CURRENT LIABILITIES</b>			
Trade payables	21	5,009	5,009
Other payables, deposits and accruals	23	3,128,369	3,359,533
Amount owing to subsidiary companies	17	987,078	1,733,861
Hire purchase payable	24	39,843	-
		<b>4,160,299</b>	5,098,403
<b>NET CURRENT ASSETS</b>			
		<b>146,911,040</b>	153,808,683
		<b>334,185,157</b>	340,842,852
<b>CAPITAL AND RESERVES</b>			
Share Capital	25	344,292,335	344,292,335
Reserves	26	(12,468,294)	(5,549,483)
Irredeemable Convertible Unsecured Loan Stocks	27	2,100,000	2,100,000
<b>SHAREHOLDERS' EQUITY</b>		<b>333,924,041</b>	340,842,852
<b>NON-CURRENT LIABILITY</b>			
Hire purchase payable	24	261,116	-
		<b>334,185,157</b>	340,842,852

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



# INCOME STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2006

	NOTE	2006 RM	2005 RM
OPERATING REVENUE	29	<b>2,374,305</b>	1,935,359
OTHER OPERATING REVENUE		<b>621,373</b>	167,210
ADMINISTRATIVE COSTS		<b>(4,621,543)</b>	(5,138,205)
OTHER OPERATING COST		<b>(5,281,998)</b>	(177,435)
		<b>(9,903,541)</b>	(5,315,640)
LOSS FROM OPERATIONS		<b>(6,907,863)</b>	(3,213,071)
FINANCE COSTS		<b>(10,962)</b>	(6,158)
LOSS BEFORE TAXATION	31	<b>(6,918,825)</b>	(3,219,229)
TAXATION	32	<b>14</b>	-
NET LOSS FOR THE YEAR		<b>(6,918,811)</b>	(3,219,229)

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2006

	Share Capital RM	Share Premium RM	Reserves RM	ICULS - Equity Instrument RM	Accumulated Losses RM	Treasury Shares RM	Total Shareholders' Equity RM
<b>COMPANY</b>							
At 1.11.04	344,292,335	43,664,342	4,519,264	2,100,000	(50,445,624)	-	344,130,317
Share repurchase	-	-	-	-	-	(68,236)	(68,236)
Net loss for the year	-	-	-	-	(3,219,229)	-	(3,219,229)
At 31.10.05	344,292,335	43,664,342	4,519,264	2,100,000	(53,664,853)	(68,236)	340,842,852
Net loss for the year	-	-	-	-	(6,918,811)	-	(6,918,811)
<b>At 31.10.06</b>	<b>344,292,335</b>	<b>43,664,342</b>	<b>4,519,264</b>	<b>2,100,000</b>	<b>(60,583,664)</b>	<b>(68,236)</b>	<b>333,924,041</b>

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

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2006

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	NOTE	2006 RM	2005 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss Before Taxation		(6,918,825)	(3,219,229)
Adjustments for:-			
Allowance for doubtful debts		5,000,000	-
Depreciation of property, plant and equipment		221,570	181,437
Dividend revenue		(19,293)	(22,568)
Gain on disposal of property, plant and equipment		(18,600)	(8,000)
Gain on disposal of short term investments		(190,817)	-
Interest expenses		7,977	1,204
Interest revenue		(381,243)	(1,499)
Operating Loss Before Working Capital Changes		(2,299,231)	(3,068,655)
Increase in property development costs		(38,328,281)	-
Decrease/(Increase) in receivables		(576,110)	(880,060)
Decrease in trade and other payables		(231,164)	(353,088)
Cash Used In Operations		(41,434,786)	(4,301,803)
Interest paid		(7,977)	(1,204)
Interest received		381,243	1,499
Tax refund		7,522	977
Net Cash Used In Operating Activities		(41,053,998)	(4,300,531)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		18,600	40,000
Proceeds from disposal of short term investments		935,766	-
Dividend received		13,891	16,274
Repayments from subsidiary companies		42,628,787	4,270,245
Purchase of short term investments		(582,114)	-
Purchase of property, plant and equipment	34	(141,518)	(571,979)
Net Cash Generated From Investing Activities		42,873,412	3,754,540
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Repayments to)/Advances from subsidiary companies		(746,783)	744,743
Payments to hire purchase payable		(19,041)	(36,354)
Purchase of treasury shares		-	(68,236)
Net Cash (Used In)/Generated From Financing Activities		(765,824)	640,153
<b>NET INCREASE IN CASH AND BANK BALANCES</b>		<b>1,053,590</b>	<b>94,162</b>
<b>CASH AND BANK BALANCES AT BEGINNING OF THE YEAR</b>		<b>194,760</b>	<b>100,598</b>
<b>CASH AND BANK BALANCES AT END OF THE YEAR</b>	20	<b>1,248,350</b>	<b>194,760</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2006

## 1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company is located at 1st Floor, No. 118, Jalan Semangat, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Company is principally engaged in the business of property development, investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in note 5 to the financial statements. There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue in accordance with a resolution of the Board passed on 22nd February, 2007.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards issued by the Malaysia Accounting Standards Board ("MASB").

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of investment properties unless otherwise indicated in this summary of significant accounting policies. Certain development and investment properties of the subsidiary companies are stated in the consolidated financial statements at values reflecting the effective acquisition costs to the Group (Group Cost) of these assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies which are disclosed in note 5 to the financial statements made up to the end of the financial year.

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

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

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

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Subsidiary Company

A subsidiary company is a company in which the Group has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. An impairment loss is recognised when there is an impairment in the value of the investment determined on an individual basis and is charged to income statement as an expense. The difference between net disposal proceeds and its carrying amount is charged or credited to income statement upon disposal of the investment.

### (c) Associated Company

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

Investments in associated companies are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is made when there is a permanent impairment in the value of the investment determined on individual basis.

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

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

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

### (d) Goodwill or Reserve On Consolidation

Goodwill or reserve on consolidation represents the difference between the purchase consideration and the fair value of the Group's share of net assets of subsidiary companies or associated companies at the date of their acquisition.

Goodwill is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Goodwill on consolidation is amortised through the income statement over a period of 15 years. Reserve on consolidation is not amortised.

Goodwill arising from acquisition where the agreement date is on or after 1st January 2006 is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not amortised.

Leasehold land and mines' development costs are amortised on a straight line basis over the expected working lives of the mines. Dredge is depreciated on a straight line basis so as to write down its cost to its estimated net residual value by the end of its expected useful life. Since the cessation of the mining operations in 1997, these property, plant and equipment have been fully amortised, depreciated or written off to the income statement.

All other property, plant and equipment are depreciated on the straight line method to write off the cost of the assets over their estimated useful lives.

The principal annual rates used for this purpose are:-

Buildings	2%
Plant and equipment	10% - 33%
Motor vehicles	20%
Renovation	20%

Fully depreciated property, plant and equipment are retained in the financial statements at a nominal value of RM1/- each until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

### (f) Impairment of Assets

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Investment Properties

Investment properties comprise properties which are held for investment potential. In the subsidiary company's financial statements, these investment properties are stated at valuation and addition subsequent to the date of last valuation will be stated at cost. In the consolidated financial statements, these properties are initially stated at the Group Cost and would be revalued subsequently in accordance with the Group's revaluation policy in respect of investment properties. It is the Group's policy to maintain these properties in a high standard and condition. As such, these properties maintain their residual value of not less than their respective book value such that depreciation would be negligible. In view of this, no depreciation is provided for these properties. The related maintenance expenditure is dealt with in the income statement.

It is the Group's policy to appraise the investment properties at least once in every five years by independent professional valuation based on open market values. A surplus arising therefrom will be credited to revaluation reserve. However, a surplus will be recognised as revenue to the extent that it reverses a revaluation deficit of the same asset previously recognised as an expense. A deficit arising therefrom will be recognised as an expense. However, a deficit will be set-off against any related revaluation surplus to the extent that the deficit does not exceed the amount held in revaluation reserve in respect of the same asset.

On disposal of these properties, any surplus in revaluation reserve relating to these assets will be transferred to retained earnings.

#### (h) Land Held for Property Development

In certain subsidiary companies' financial statements, as provided under the Transitional Provisions of FRS 201<sub>2004</sub> : Property Development Activities, the revalued amount of land in land held for property development shall be retained as its surrogate cost.

In the consolidated financial statements, land held for property development consist of cost or Group cost of land, incidental costs of acquisition and other development expenditure incurred to-date necessary to maintain properties which are currently not under active development.

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

Land held for property development are reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (i) Property Development Costs

In certain subsidiary companies' financial statements, as provided under the Transitional Provisions of FRS 201<sub>2004</sub> : Property Development Activities, the revalued amount of land in property development costs shall be retained as its surrogate cost.

Adjustment to Group cost arising from acquisition of property development subsidiary companies is amortised over the period of development by reference to the percentage of completion of the development properties.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consists of cost or group cost land and construction costs and other development expenditure including related overheads and capitalised borrowing costs.



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Property Development Costs (continued)

When the financial outcome of a development activity cannot be reliably estimated, property development revenue and costs are recognised in the income statement by reference to the stage of completion of development activities at the balance sheet date.

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

Any expected loss on a development project is recognised as an expense immediately.

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

Accrued billings as current assets represents the excess of revenue recognised in the income statement over billings to purchasers. Progress billings as current liabilities represents the excess of billings to purchases over revenue recognised in the income statement.

#### (j) Capital Work-In-Progress

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

Depreciation is not provided and upon completion of construction, the cost will be transferred to property, plant and equipment.

#### (k) Inventories

Inventories of unsold completed properties are stated at the lower of cost and net realisable value. Cost of unsold completed properties is determined on specific identification basis and comprises attributable land and development expenditure incurred up to completion of the properties.

In arriving at net realisable value, due allowance has been made for all obsolete and slowmoving inventories.

#### (l) Provisions

Liabilities of uncertain timing and amount arising from present legal or constructive obligations of the Group as a result of past events are recognised as provisions in the financial statements when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and when a reliable estimate of the amount of these liabilities can be made.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Hire Purchase

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

Cost of property, plant and equipment acquired under the hire purchase instalment plans are capitalised as property, plant and equipment and depreciated in accordance with the Group's policy on depreciation of property, plant and equipment. The related finance charges are allocated to the income statement over the period of the instalment plans based on the sum-of-digit method. The total outstanding instalment payments after deducting the unexpired finance charge are included in hire purchase payables.

### (n) Transactions In Foreign Currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions and where settlement had not taken place by 31st October, 2006, at the approximate rates ruling as at that date. All gains and losses on exchange are included in the income statement.

The principal exchange rate (denominated in unit of Ringgit Malaysia per foreign currency) used in translating unsettled foreign currency amounts at the financial year end is as follows:-

	2006 RM	2005 RM
United States Dollar	3.65	3.77

### (o) Taxation

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

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Employee Benefits

#### (i) Short Term Employee Benefits

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

#### (ii) Defined Contribution Plans

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

### (q) Capitalisation of Borrowing Costs

Interest incurred on borrowings related to qualifying assets is capitalised during the period when activities to plan, develop and construct these assets are in progress. Capitalisation of borrowing costs ceases when these assets are ready for their intended uses or sales.

### (r) Revenue Recognition

Revenue from sale of development properties is recognised in the income statement based on the percentage of completion method where the outcome of the development can be reliably estimated. Percentage of completion is determined based on the proportion of which total expenditure incurred for development work performed to date bears to the total estimated expenditure of the development projects.

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

Sale of goods are recognised when goods are delivered.

Dividend revenue from short term investments is recognised when the right to receive the dividend is established.

Interest revenue is recognised on time proportion basis that reflect the effective yield of the asset.

Revenue from rental and management fee are recognised on receivable basis.

### (s) Cash and Cash Equivalents

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (t) Repurchase of Shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

### (u) Financial Instruments

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

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, short term investments, hire purchase payable, Irredeemable Convertible Unsecured Loan Stocks and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given to financial institution for a subsidiary company's banking facilities. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

### (i) Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection. In addition, general allowances are made to cover possible losses which are not specifically identified.

### (ii) Payables

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

### (iii) Short Term Investments

Short term investments in quoted shares are stated at the lower of cost or market value on an aggregate basis.

### (iv) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

As permitted under the transitional provision of FRS 132 2004 : Financial Instruments : Disclosure and Presentation (formerly known as MASB 24), the ICULS are classified as equity instruments in accordance with the substance of the contractual arrangement.

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (u) Financial Instruments (continued)

#### (v) Equity Instruments

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

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

## 4. PROPERTY, PLANT AND EQUIPMENT

	Long-Term Leasehold Land RM	Buildings RM	Plant and Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
<b>GROUP</b>						
<b>COST</b>						
At 01.11.05	1,728,902	6,016,192	17,744,725	163,617	386,945	26,040,381
Additions	-	-	35,703	410,081	15,734	461,518
Written off	-	-	(29,856)	-	-	(29,856)
Disposals	-	-	(128,778)	(19,800)	-	(148,578)
<b>At 31.10.06</b>	<b>1,728,902</b>	<b>6,016,192</b>	<b>17,621,794</b>	<b>553,898</b>	<b>402,679</b>	<b>26,323,465</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 01.11.05	1,728,900	1,448,138	11,631,459	163,615	77,389	15,049,501
Charge for the year	-	63,073	832,332	47,842	80,011	1,023,258
Written off	-	-	(29,856)	-	-	(29,856)
Disposals	-	-	(128,778)	(19,800)	-	(148,578)
<b>At 31.10.06</b>	<b>1,728,900</b>	<b>1,511,211</b>	<b>12,305,157</b>	<b>191,657</b>	<b>157,400</b>	<b>15,894,325</b>
<b>ACCUMULATED IMPAIRMENT LOSSES</b>						
<b>At 31.10.06</b>	<b>-</b>	<b>1,919,000</b>	<b>4,468,000</b>	<b>-</b>	<b>-</b>	<b>6,387,000</b>
At 31.10.05	-	1,919,000	4,468,000	-	-	6,387,000

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Long-Term Leasehold Land RM	Buildings RM	Plant and Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
<b>GROUP</b> (continued)						
<b>COST</b>						
<b>NET BOOK VALUE</b>						
<b>At 31.10.06</b>	<b>2</b>	<b>2,585,981</b>	<b>848,637</b>	<b>362,241</b>	<b>245,279</b>	<b>4,042,140</b>
At 31.10.05	2	2,649,054	1,645,266	2	309,556	4,603,880
Depreciation charge for the year ended 31.10.05	-	63,073	832,876	10,001	77,389	983,339
<b>COMPANY</b>						
<b>COST</b>						
At 01.11.05	1,728,902	730,344	1,916,312	-	386,945	4,762,503
Additions	-	-	35,703	410,081	15,734	461,518
Written off	-	-	(20,800)	-	-	(20,800)
Disposals	-	-	(128,778)	-	-	(128,778)
<b>At 31.10.06</b>	<b>1,728,902</b>	<b>730,344</b>	<b>1,802,437</b>	<b>410,081</b>	<b>402,679</b>	<b>5,074,443</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 01.11.05	1,728,900	730,341	1,746,707	-	77,389	4,283,337
Charge for the year	-	-	93,717	47,842	80,011	221,570
Written off	-	-	(20,800)	-	-	(20,800)
Disposals	-	-	(128,778)	-	-	(128,778)
<b>At 31.10.06</b>	<b>1,728,900</b>	<b>730,341</b>	<b>1,690,846</b>	<b>47,842</b>	<b>157,400</b>	<b>4,355,329</b>
<b>NET BOOK VALUE</b>						
<b>At 31.10.06</b>	<b>2</b>	<b>3</b>	<b>111,591</b>	<b>362,239</b>	<b>245,279</b>	<b>719,114</b>
At 31.10.05	2	3	169,605	-	309,556	479,166
Depreciation charge for the year ended 31.10.05	-	-	94,047	10,001	77,389	181,437

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

Long term lease refers to lease period with unexpired periods of fifty years or more.

The carrying amount of the buildings, plant and equipment of a subsidiary company, PTB Clay Products Sdn. Bhd. which has discontinued its operations, are determined based on the recoverable amounts estimated by a firm of independent professional valuers based on forced sale value carried out on 11th January, 2007.

Included in the above property, plant and equipment is a motor vehicle acquired under hire purchase instalment plan as follows:-

	<b>GROUP/COMPANY</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Cost	<b>410,081</b>	-
Net book value	<b>362,239</b>	-

## 5. INVESTMENTS IN SUBSIDIARY COMPANIES

	<b>COMPANY</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	<b>188,555,002</b>	188,555,002
Less: Accumulated impairment losses on investment in PTB Clay Products Sdn. Bhd.	<b>(1,999,999)</b>	(1,999,999)
	<b>186,555,003</b>	186,555,003

The particulars of the subsidiary companies are as follows:-

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Effective Equity 2006</b>	<b>Interest 2005</b>	<b>Principal Activities</b>
PTB Clay Products Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Dormant
Ukaylake Country Club Bhd.	Malaysia	<b>100%</b>	100%	Dormant
Golden Domain Holdings Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Investment holding
Petaling Ventures Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Dormant
<b>Interest Held Through Golden Domain Holdings Sdn. Bhd.</b>				
Lembah Langat Development Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Property investment and development
PTB Development Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Property development

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 5. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Name of Company	Country of Incorporation	Effective Equity 2006	Interest 2005	Principal Activities
<b>Interest Held Through Golden Domain Holdings Sdn. Bhd.</b> (continued)				
PTB Horticulture Farm Sdn. Bhd.	Malaysia	100%	100%	Property investment and development
Golden Domain Development Sdn. Bhd.	Malaysia	100%	100%	Investment holding, property investment and development
<b>Interest Held Through Golden Domain Development Sdn. Bhd.</b>				
Majurama Developments Sdn. Bhd.	Malaysia	100%	100%	Property development
Magilds Park Sdn. Bhd.	Malaysia	100%	100%	Property development

## 6. INTEREST IN ASSOCIATED COMPANIES

	GROUP/COMPANY	
	2006 RM	2005 RM
Unquoted shares, at cost	114	114
Less: Impairment losses	(114)	(114)
	-	-
	GROUP	
	2006 RM	2005 RM
Represented By:-		
Share of net liabilities of associated companies	3,518,604	3,699,732
Share of cumulative losses not recognised	(2,826,248)	(2,979,633)
Share of exchange fluctuation reserve not recognised	(692,356)	(720,099)
	-	-



## 6. INTEREST IN ASSOCIATED COMPANIES (continued)

The Group's share of cumulative losses and exchange losses in the associated companies of RM3,518,604/- (2005 : RM3,699,732/-) is not recognised as the share of post-acquisition losses in the associated companies is limited to the carrying value of the investments.

The particulars of the associated companies are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2006	2005	
Fandison Resources Management Limited	Hong Kong	40%	40%	Investment holding
Subsidiary company of Fandison Resources Management Limited				
Hainan Wansing Mineral Development Limited *	People's Republic of China	34%	34%	Production of mineral sand products

\* Fandison Resources Management Limited owns 85% equity interest in Hainan Wansing Mineral Development Limited.

The share of net liabilities and share of results in associated companies not recognised are based on unaudited management financial statements.

## 7. INVESTMENT PROPERTIES

	GROUP	
	2006 RM	2005 RM
Long term leased land, at valuation	93,385,500	93,385,500
Transfer from capital work-in-progress, at cost		
- a club house to be operated by a subsidiary company namely Ukaylake Country Club Bhd. (note 9)	10,140,981	-
	<b>103,526,481</b>	93,385,500

The long term leased land has an unexpired lease period of more than 50 years and is stated at valuation based on valuation by a firm of independent professional valuers on open market value basis carried out on 17th December, 2003.

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 8. LAND HELD FOR PROPERTY DEVELOPMENT

	2006 RM	GROUP 2005 RM
Freehold land, at cost		
At beginning of the year	-	60,000,000
Less: Disposals	-	(60,000,000)
At end of the year	-	-
Long term leasehold land, at cost		
Add: Transfer from property development costs (note 11)	15,500,000	-
Long term leased land, at Group Cost	70,961,300	70,961,300
Long term leasehold land, at Group Cost		
At beginning of the year	40,372,942	34,764,809
Add: Transfer from property development costs (note 11)	-	15,248,665
Add: Rescission of sale	15,675,534	-
Less: Disposals	(26,787)	(9,640,532)
At end of the year	56,021,689	40,372,942
Total land cost	142,482,989	111,334,242
Development costs, at cost		
At beginning of the year	21,629,303	19,700,829
Add: Additions	80,779	5,210,236
Add: Rescission of sale	3,286,296	-
Add: Transfer from property development costs (note 11)	147,524	2,235,147
Less: Costs written off	(4,866,860)	(412,885)
Less: Disposals	-	(5,104,024)
At end of the year	20,277,042	21,629,303
Total land and development costs	162,760,031	132,963,545

- (a) The long term leased and leasehold land have unexpired lease period of more than 50 years.
- (b) The leased and leasehold land carried at the Group Cost are based on independent valuation on open market value basis carried out in 1999.
- (c) In prior year, development expenditure incurred included management fee paid and payable to Karambunai Resorts Sdn. Bhd. amounting to RM1,059,532/- as disclosed in note 35 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 9. CAPITAL WORK-IN-PROGRESS

	2006 RM	GROUP 2005 RM
At cost:		
At beginning of the year	10,140,981	10,140,981
Transfer to investment properties (note 7)	(10,140,981)	-
At end of the year	-	10,140,981

This is in respect of the construction of a club house to be operated by a subsidiary company namely Ukaylake Country Club Bhd..

## 10. GOODWILL ON CONSOLIDATION

	2006 RM	GROUP 2005 RM
At cost	4,206,000	4,206,000
Less: Accumulated amortisation		
At beginning of the year	1,962,800	1,682,400
Amortisation during the year	210,300	280,400
At end of the year	(2,173,100)	(1,962,800)
	2,032,900	2,243,200
Less: Written off	(2,032,900)	-
	-	2,243,200

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 11. PROPERTY DEVELOPMENT COSTS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Freehold land, at cost				
At beginning of the year	16,277,622	16,586,806	-	-
Add: Rescission of sale	-	354,773	-	-
Less: Disposals	(389,375)	(663,957)	-	-
At end of the year	15,888,247	16,277,622	-	-
Long term leasehold land, at cost				
At beginning of the year	15,500,000	15,500,000	-	-
Add: Additions	38,328,281	-	38,328,281	-
Less: Transfer to land held for property development (note 8)	(15,500,000)	-	-	-
At end of the year	38,328,281	15,500,000	38,328,281	-
Long term leasehold land, at Group Cost				
At beginning of the year	3,435,945	25,801,405	-	-
Less: Disposals	-	(3,472,500)	-	-
Less: Transfer to inventories (note 12)	-	(191,869)	-	-
Less: Transfer to land held for property development (note 8)	-	(15,248,665)	-	-
Less: Adjustment on completion of project	-	(3,452,426)	-	-
At end of the year	3,435,945	3,435,945	-	-
Total land carried down	57,652,473	35,213,567	38,328,281	-

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 11. PROPERTY DEVELOPMENT COSTS (continued)

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Total land brought down	<b>57,652,473</b>	35,213,567	<b>38,328,281</b>	-
Development costs, at cost				
At beginning of the year	<b>11,554,196</b>	23,003,360	-	-
Add: Additions	<b>12,608,045</b>	4,068,417	-	-
Add: Rescission of sale	-	79,675	-	-
Less: Transfer to land held for property development (note 8)	<b>(147,524)</b>	(2,235,147)	-	-
Less: Costs written off	-	(968,719)	-	-
Less: Disposals	-	(1,338,740)	-	-
Less: Adjustment on completion of project	-	(11,054,650)	-	-
At end of the year	<b>24,014,717</b>	11,554,196	-	-
Total land and development costs	<b>81,667,190</b>	46,767,763	<b>38,328,281</b>	-
Less: Cost recognised as an expenses in income statement				
At beginning of the year	<b>8,103,281</b>	12,184,880	-	-
Add: Current year	<b>13,491,246</b>	10,425,477	-	-
Less: Adjustment on completion of project	-	(14,507,076)	-	-
At end of the year	<b>(21,594,527)</b>	(8,103,281)	-	-
	<b>60,072,663</b>	38,664,482	<b>38,328,281</b>	-

- (a) The leasehold land carried at the Group Cost are based on independent valuation on open market value basis carried out in 1999.
- (b) The long term leasehold lands have unexpired lease period of more than 50 years.
- (c) The title to the leasehold land acquired by the Company during the year has not been transferred to the Company pending subdivision of land title.

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 12. INVENTORIES

	GROUP	
	2006 RM	2005 RM
Unsold completed properties		
At cost		
At beginning of the year	10,945,644	11,613,608
Add: Additions	-	500,000
Add: Transfer from property development cost (note 11)	-	191,869
Less: Disposals	(2,406,415)	(1,359,833)
At end of the year	8,539,229	10,945,644
At net realisable value	501,898	743,796
Total	9,041,127	11,689,440

## 13. SHORT TERM INVESTMENTS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Quoted investments in Malaysia, at cost	287,684	1,144,380	287,684	1,142,399
Less: Allowance for diminution in value				
At beginning of the year	699,788	699,788	699,788	699,788
Disposals	(691,880)	-	(691,880)	-
At end of the year	(7,908)	(699,788)	(7,908)	(699,788)
	279,776	444,592	279,776	442,611
Market value of quoted investments	298,373	539,225	298,373	532,330

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 14. TRADE RECEIVABLES

	GROUP	
	2006 RM	2005 RM
Balance outstanding	<b>88,046,441</b>	150,767,214
Less: Allowance for doubtful debts	<b>(3,150)</b>	-
	<b>88,043,291</b>	150,767,214

Included in trade receivables are: -

- (a) accrued billings in respect of property development costs of RM2,057,606/- (2005 : RM1,851,888/-);
- (b) trade debtors on the sales of development land pending the subdivision of land titles of RM75,349,622/- (2005 : RM75,349,622/-); and
- (c) the balance held by stakeholder for the disposal of land held for property development of RM2,500,000/- (2005 : Nil).

The Group's normal trade credit term ranges from 14 to 90 days.

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Other receivables	<b>4,518,383</b>	521,955	<b>531,838</b>	26,056
Deposits	<b>7,693,359</b>	3,989,603	<b>158,780</b>	263,944
Prepayments	<b>1,378,602</b>	1,363,448	<b>1,378,602</b>	1,203,110
	<b>13,590,344</b>	5,875,006	<b>2,069,220</b>	1,493,110

Included in other receivables of the Group is an amount of RM3,365,450/- (2005 : Nil) being advances to a contractor on awarded development contracts.

Included in deposits of the Group is an amount of RM3,800,000/- (2005 : Nil) being deposit paid for the acquisition of a piece of freehold land of the subsidiary company, Majurama Developments Sdn. Bhd..

## 16. TAX ASSETS

This is in respect of tax recoverable from the Inland Revenue Board.

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 17. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	COMPANY	
	2006 RM	2005 RM
<b>Amount owing by:-</b>		
- PTB Clay Products Sdn. Bhd.	6,541,528	6,402,003
- Golden Domain Holdings Sdn. Bhd.	2,562,327	2,535,957
- Petaling Ventures Sdn. Bhd.	5,259	4,424
- Lembah Langat Development Sdn. Bhd.	42,094,699	42,784,044
- PTB Development Sdn. Bhd.	14,217,852	14,211,819
- PTB Horticulture Farm Sdn. Bhd.	7,936,272	55,894,043
- Golden Domain Development Sdn. Bhd.	29,391,910	29,386,651
- Majurama Developments Sdn. Bhd.	9,291,117	5,479,673
- Magilds Park Sdn. Bhd.	2,028,863	-
	<b>114,069,827</b>	156,698,614
Less: Allowance for doubtful debts		
- PTB Horticulture Farm Sdn. Bhd.	(5,000,000)	-
	<b>109,069,827</b>	156,698,614
<b>Amount owing to:-</b>		
- Ukaylake Country Club Bhd.	(987,078)	(988,101)
- Magilds Park Sdn. Bhd.	-	(745,760)
	<b>(987,078)</b>	(1,733,861)

Included in the amount owing by subsidiary companies are amounts of RM141,370,287/- (2005 : RM141,370,287/-) being balance of total purchase consideration of RM152,735,000/- paid by the Company on behalf of Golden Domain Holdings Sdn. Bhd. and its subsidiary companies, for the acquisition of the Ulu Kelang Project, Ulu Yam Project and Bukit Ceylon Project. The purchase consideration was satisfied by the Company via the issuance of ICULS and proceeds from a rights issue of RM99,500,000/- and RM53,235,000/- respectively.

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

## 18. AMOUNT OWING BY AN ASSOCIATED COMPANY

	GROUP/COMPANY	
	2006 RM	2005 RM
Amount owing by Fandison Resources Management Limited	8,004,752	8,004,752
Less: Allowance for doubtful debts	(8,004,752)	(8,004,752)
	-	-

This amount is non-trade in nature, unsecured, interest free and with no fixed term of repayment.



# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 19. FIXED DEPOSITS WITH LICENSED BANKS

These fixed deposits are pledged as securities for bank guarantee facilities granted to the Group and the Company.

The fixed deposits of the Group and of the Company bear effective interest at rates ranging from 2.16% to 4.00% (2005 : 3.00%) and 2.16% to 3.15% (2005 : 3.00%) per annum respectively.

## 20. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	<b>1,410,117</b>	380,796	<b>1,248,350</b>	194,760
Cash held under housing development accounts	<b>2,064,103</b>	719,829	-	-
	<b>3,474,220</b>	1,100,625	<b>1,248,350</b>	194,760

The cash held under housing development accounts maintained pursuant to the requirements of the Housing Developers (Housing Development Account) Regulations, 1991 are not freely available for the Group's use.

## 21. TRADE PAYABLES

The normal trade credit term granted to the Group and the Company is 30 to 90 days.

## 22. PROVISIONS

	GROUP	
	2006 RM	2005 RM
Provision for Infrastructure and Development Costs		
At beginning of the year	<b>5,580,019</b>	5,790,446
Add: Additions	<b>46,725</b>	79,674
Less: Incurred	-	(290,101)
At end of the year	<b>5,626,744</b>	5,580,019

The provision for infrastructure and development costs is made based on the Management's best estimates in respect of development properties sold by certain subsidiary companies of which these subsidiary companies have either constructive or contractual obligation to incur the said expenses. These expenses are expected to be incurred within the normal operating cycles of the relevant development.

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 23. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	7,179,831	9,107,587	2,967,279	3,021,472
Deposits received	265,905	174,480	91,600	94,000
Accruals	353,777	601,618	69,490	244,061
	<b>7,799,513</b>	<b>9,883,685</b>	<b>3,128,369</b>	<b>3,359,533</b>

Included in the other payables and accruals are related party balances as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Amount owing to companies in which a director, Tan Sri Dr. Chen Lip Keong, has substantial direct and indirect financial interest:-				
Karambunai Corp. Bhd.	-	25,347	-	25,347
FACB Industries Incorporated Berhad	68,654	68,654	68,654	68,654
Subsidiary companies of Karambunai Corp Bhd.:-				
First Travel And Tours (M) Sdn. Bhd.	-	1,299	-	1,299
Karambunai Resorts Sdn. Bhd.	20,011	12,810	20,011	12,810

The above amounts are unsecured, interest free and are repayable at terms mutually agreed upon between the parties involved.

## 24. HIRE PURCHASE PAYABLE

	GROUP/COMPANY	
	2006 RM	2005 RM
Gross instalment payments	351,222	-
Less: Future finance charges	(50,263)	-
Present value of hire purchase liability	<b>300,959</b>	-
Payable within 1 year		
Gross instalment payments	54,036	-
Less: Future finance charges	(14,193)	-
Present value of hire purchase liability	<b>39,843</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 24. HIRE PURCHASE PAYABLE (continued)

	GROUP/COMPANY	
	2006 RM	2005 RM
Payable after 1 year but not later than 5 years		
Gross instalment payments	216,144	-
Less: Future finance charges	(33,280)	-
Present value of hire purchase liability	182,864	-
Payable after 5 years		
Gross instalment payments	81,042	-
Less: Future finance charges	(2,790)	-
Present value of hire purchase liability	78,252	-
	300,959	-
	GROUP/COMPANY	
	2006 RM	2005 RM
Present value of hire purchase liability		
- Within 1 year	39,843	-
- More than 1 year	261,116	-
	300,959	-

The hire purchase payable bears effective interest at a rate of 4.87% (2005 : Nil) per annum.

## 25. SHARE CAPITAL

	GROUP/COMPANY	
	2006 RM	2005 RM
Authorised:		
500,000,000 ordinary shares of RM1/- each	500,000,000	500,000,000
Issued and fully paid:		
344,292,335 ordinary shares of RM1/- each	344,292,335	344,292,335

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 25. SHARE CAPITAL (continued)

The number of issued and fully paid ordinary shares with voting rights as at the financial year end are as follows:-

	GROUP/COMPANY	
	2006	2005
	RM	RM
Issued and fully paid ordinary shares of RM1/- each		
Total number of issued and fully paid ordinary shares	<b>344,292,335</b>	344,292,335
Less: Ordinary shares held as treasury shares	<b>(271,700)</b>	(271,700)
	<b>344,020,635</b>	344,020,635

As at financial year end, the number of unexercised detachable warrants 2000/2010 of the Company were 40,334,824 (2005 : 40,334,824). These warrants entitle its registered holders to subscribe for one new ordinary share of RM1/- each in the Company at the exercise price of RM1.16 per new ordinary share.

## 26. RESERVES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
<b>Non-Distributable</b>				
Revaluation reserve	<b>4,929,179</b>	5,459,460	-	-
Reserve on consolidation	<b>212,472</b>	212,472	-	-
Share premium	<b>43,664,342</b>	43,664,342	<b>43,664,342</b>	43,664,342
	<b>48,805,993</b>	49,336,274	<b>43,664,342</b>	43,664,342
<b>Distributable</b>				
Accumulated losses	<b>(36,869,488)</b>	(30,841,456)	<b>(60,583,664)</b>	(53,664,853)
Retained profits on sales of properties held under property, plant and equipment	<b>3,526,514</b>	3,526,514	<b>4,519,264</b>	4,519,264
	<b>(33,342,974)</b>	(27,314,942)	<b>(56,064,400)</b>	(49,145,589)
Treasury shares	<b>(68,236)</b>	(68,236)	<b>(68,236)</b>	(68,236)
	<b>15,394,783</b>	21,953,096	<b>(12,468,294)</b>	(5,549,483)

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 26. RESERVES (continued)

### Treasury Shares

	GROUP/COMPANY			
	2006		2005	
	Number of shares	RM	Number of shares	RM
Shares repurchased and held as treasury shares	271,700	68,236	271,700	68,236

In the previous financial year, the Company repurchased 271,700 of its issued and fully paid ordinary shares from the open market at an average price of RM0.25 per share. The total consideration paid for the repurchased shares including transaction costs was RM68,236/-. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

The details of shares repurchased were as follows:-

	No. of Shares Repurchased	PRICE PER SHARES			Total Consideration RM
		Highest RM	Lowest RM	Average RM	
Month					
July 2005	271,700	0.250	0.235	0.250	68,236

There were no resale, cancellation or distribution of treasury shares during the financial year.

## 27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	GROUP/COMPANY	
	2006 RM	2005 RM
Equity Instrument		
Irredeemable convertible unsecured loan	2,100,000	2,100,000

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (continued)

The Irredeemable Convertible Unsecured Loan Stocks 2000/2010 ("ICULS") at nominal value of RM1/- each were issued on 2nd February, 2000 and are constituted by a Trust Deed dated 28th January, 2000 made between the Company and the trustee for the holders of the ICULS. The main features of the ICULS are as follows:-

- (a) the ICULS may be convertible at a conversion price of RM1.16 nominal value of ICULS for each new ordinary share of RM1/- each in the Company on the following staggered conversion period:-

Year Of ICULS In Issue	Percentage Convertible
First	Up to maximum of 30% of their holding
Second	Up to maximum of 30% of their holding
Third	Up to maximum of 40% of their holding

- (b) the remaining ICULS shall be converted into fully paid ordinary shares of RM1/- each in the Company on the maturity date of ten years from the date of issue of the ICULS at the rate of RM1.16 nominal value of the ICULS; and

- (c) upon conversion of the ICULS into new ordinary shares, such shares should rank pari passu in all respect with the existing ordinary shares of the Company in issue at the time of conversion except that they would not be entitled to any rights allotment, dividends or other distributions declared in respect of a financial year on or before the financial year in which the ICULS are converted or any interim dividend declared on or before the date of conversion of the ICULS.

There were no ICULS converted into new ordinary share of the Company during the financial year.

## 28. DEFERRED TAXATION

	GROUP	
	2006 RM	2005 RM
At beginning of the year	30,734,000	35,962,330
Transfer from/(to) income statements (note 32)	701,800	(5,228,330)
Transfer to revaluation reserve	(38,800)	-
At end of the year	31,397,000	30,734,000

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 28. DEFERRED TAXATION (continued)

The above deferred tax liabilities/(assets) are in respect of:-

	GROUP	
	2006 RM	2005 RM
Deferred tax liability on temporary differences arising from revaluation surplus as a result of revaluation of investment properties in a subsidiary company	<b>4,493,340</b>	4,493,340
Deferred tax liability on temporary differences arising from revaluation surplus as a result of revaluation of development properties in the subsidiary companies to group cost	<b>30,100,260</b>	27,013,960
Others	<b>(717,600)</b>	(773,300)
Unabsorbed capital allowances	<b>(100)</b>	-
Unrelieved tax losses	<b>(2,478,900)</b>	-
Net deferred tax liabilities provided for	<b>31,397,000</b>	30,734,000

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Differences between the carrying amount of property, plant and equipment and its tax base	<b>8,400</b>	3,000	<b>8,400</b>	15,000
Unrelieved tax losses	<b>(6,782,400)</b>	(8,493,900)	<b>(5,833,900)</b>	(6,029,300)
Unabsorbed capital allowance	<b>(2,613,800)</b>	(2,781,400)	<b>(248,100)</b>	(240,900)
Impairment loss on property, plant and equipment	<b>(1,660,600)</b>	(1,788,000)	-	-
Others	<b>(64,800)</b>	-	-	-
Net deferred tax assets not recognised	<b>(11,113,200)</b>	(13,060,300)	<b>(6,073,600)</b>	(6,255,200)

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

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 29. OPERATING REVENUE

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Operating revenue comprises the following:-				
Attributable property development revenue	15,658,428	8,345,584	-	-
Revenue from sales of development properties	4,461,651	78,261,866	-	-
Management fees received and receivable	-	-	2,374,305	1,935,359
	20,120,079	86,607,450	2,374,305	1,935,359

## 30. COST OF SALES

Cost of sales of the Group comprises the following:-

	GROUP	
	2006 RM	2005 RM
Attributable property development costs	14,013,732	10,425,477
Cost of development properties	3,044,955	82,049,977
Other development costs	423,596	-
Provision for infrastructure and development costs	46,725	79,674
	17,529,008	92,555,128

## 31. LOSS BEFORE TAXATION

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

(i) Directors' remuneration

	GROUP/COMPANY	
	2006 RM	2005 RM
Executive Directors:-		
Tan Sri Dr. Chen Lip Keong		
Tiang Chong Seong		
Lee Wai Tuck, Philip (Resigned on 3.1.07)		
John Pius Shuman Chong		
Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir (Appointed on 1.3.06)		
- Other emoluments	722,612	1,151,607



# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 31. LOSS BEFORE TAXATION (continued)

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

(i) Directors' remuneration (continued)

	GROUP/COMPANY	
	2006 RM	2005 RM
Non-Executive Directors:-		
Datuk Haji Jaafar bin Abu Bakar		
Dato' Nik Kamaruddin bin Ismail		
Datuk Wan Kassim bin Ahmed		
Leow Ming Fong @ Leow Min Fong (Appointed on 15.5.06)		
- Directors' fees	<b>262,194</b>	235,000

(ii) Other items

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Amortisation of goodwill on consolidation	<b>210,300</b>	280,400	-	-
Effect of rescission of sale of development property	<b>(4,964,962)</b>	-	-	-
Goodwill on consolidation written off	<b>2,032,900</b>	-	-	-
Allowance for doubtful debts	<b>3,150</b>	-	<b>5,000,000</b>	-
Auditors' remuneration	<b>48,500</b>	48,500	<b>20,000</b>	20,000
Depreciation of property, plant and equipment	<b>1,023,258</b>	983,339	<b>221,570</b>	181,437
Hire purchase interest	<b>7,977</b>	1,204	<b>7,977</b>	1,204
Realised loss on foreign exchange	<b>45</b>	-	<b>45</b>	-
Provision for infrastructure and development costs	<b>46,725</b>	79,674	-	-
Rental of office equipment	<b>32,590</b>	40,160	<b>32,590</b>	40,160
Rental of premises	<b>300,000</b>	300,000	<b>300,000</b>	300,000
Property development costs written off	<b>4,866,860</b>	1,381,604	-	-
Gain on disposal of short term investments	<b>(195,792)</b>	-	<b>(190,817)</b>	-
Gain on disposal of property, plant and equipment	<b>(20,700)</b>	(8,000)	<b>(18,600)</b>	(8,000)
Dividend revenue	<b>(19,328)</b>	(22,691)	<b>(19,293)</b>	(22,568)
Interest revenue	<b>(531,554)</b>	(70,495)	<b>(381,243)</b>	(1,499)
Late payment interest revenue	-	(257,512)	-	-
Rental revenue	<b>(156,720)</b>	(87,215)	<b>(11,420)</b>	(12,215)

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 31. LOSS BEFORE TAXATION (continued)

### (b) Employees Information

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Staff costs	<b>2,718,894</b>	3,520,137	<b>2,677,446</b>	3,471,171

The number of employees of the Group and of the Company as at financial year end were 61 (2005 : 66) and 60 (2005 : 64) respectively.

## 32. TAXATION

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	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Based on results for the year	<b>298,500</b>	2,936,650	-	-
Origination and reversal of temporary differences (note 28)	<b>701,800</b>	(5,228,330)	-	-
	<b>1,000,300</b>	(2,291,680)	-	-
(Over)/Under provision in prior years	<b>(444,598)</b>	300,198	<b>(14)</b>	-
Tax expense/(credit)	<b>555,702</b>	(1,991,482)	<b>(14)</b>	-

The reconciliations from the tax amount at statutory tax rate to the Group's and the Company's tax expense/(credit) are as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Loss before taxation	<b>(6,041,411)</b>	(17,098,675)	<b>(6,918,825)</b>	(3,219,229)
Taxation at Malaysian statutory tax rate of 28%	<b>(1,691,600)</b>	(4,787,600)	<b>(1,937,300)</b>	(901,400)
Effect of lower tax rate for Malaysian subsidiary company with issued and paid-up share capital of RM2.5 million and below	<b>(1,120)</b>	(12,760)	-	-
Tax effect of non-deductible expenses	<b>2,256,120</b>	300,380	<b>1,656,900</b>	120,200
Tax effect of non-taxable revenue	<b>(5,800)</b>	-	<b>(5,200)</b>	-
(Over)/Under provision in prior years	<b>(444,598)</b>	300,198	<b>(14)</b>	-
Deferred tax assets not recognised during the year	<b>294,900</b>	2,208,300	<b>285,600</b>	781,200
Others	<b>147,800</b>	-	-	-
Tax expense/(credit)	<b>555,702</b>	(1,991,482)	<b>(14)</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 32. TAXATION (continued)

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Unrelieved tax losses	<b>35,620,800</b>	30,286,500	<b>22,437,900</b>	21,533,300
Unabsorbed capital allowances	<b>10,053,700</b>	9,928,800	<b>954,400</b>	860,300
	<b>45,674,500</b>	40,215,300	<b>23,392,300</b>	22,393,600

The Company has estimated tax credit of RM6,611,000/- (2005 : RM6,611,000/-) under Section 108 of the Income Tax Act, 1967, available to frank future payment of dividends up to approximately RM17,000,000/- (2005 : RM17,000,000/-) without incurring additional tax liability, subject to agreement by Inland Revenue Board.

The Company has approximately RM109,000/- (2005 : RM109,000/-) tax exempt income available for distribution by way of tax exempt dividend, subject to agreement by the Inland Revenue Board. The tax exempt income is in respect of chargeable income for the year ended 31st October, 1999 of which income tax had been waived.

## 33. LOSS PER SHARE

The basic loss per share of the Group is calculated by dividing the Group's loss for the financial year of RM6,597,113/- (2005 : RM15,107,193/-) with the weighted average ordinary shares in issue, excluding the weighted average treasury shares held by the Company, of 344,020,635 (2005 : 344,213,430) ordinary shares of RM1/- each.

The diluted loss per share for the current financial year are not presented as the assumed conversion of the ICULS and exercise of Warrants are anti-dilutive.

## 34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM461,518/- (2005 : RM571,979/-) and RM461,518/- (2005 : RM571,979/-) respectively, which were satisfied as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Hire purchase financing	<b>320,000</b>	-	<b>320,000</b>	-
Cash payments	<b>141,518</b>	571,979	<b>141,518</b>	571,979
	<b>461,518</b>	571,979	<b>461,518</b>	571,979

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 35. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	COMPANY	
	2006 RM	2005 RM
Management fees charged to subsidiary companies		
Magilds Park Sdn. Bhd.	(142,446)	(425,525)
Majurama Developments Sdn. Bhd.	(4,327)	(123,979)
Lembah Langat Development Sdn. Bhd.	(2,227,532)	(1,385,855)
	<b>(2,374,305)</b>	<b>(1,935,359)</b>

- (ii) Significant transactions with a company in which a director of the Company, Tan Sri Dr. Chen Lip Keong, has substantial direct and indirect financial interest as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Management fee paid and payable to Karambunai Resorts Sdn. Bhd.				
- current year	-	225,000	-	-
- prior years	-	834,532	-	-
	-	1,059,532	-	-
Office rental paid and payable to Karambunai Corp Bhd.	<b>300,000</b>	300,000	<b>300,000</b>	300,000

- (iii) Significant transactions with companies in which a director of the Company, Tan Sri Dr. Chen Lip Keong, is a director and has substantial financial interest as follows:-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Purchase consideration paid to Terus Idaman Sdn. Bhd. for acquisition of leasehold land	<b>38,000,000</b>	-	<b>38,000,000</b>	-

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

## 36. SEGMENT INFORMATION - GROUP

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment assets and liabilities do not include income tax assets and tax liabilities respectively. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one accounting period.

Inter-segment transactions have been entered into in the normal course of business under terms mutually agreed upon between the parties concerned.

### Business Segments

The Group comprises the following two major business segments:-

- (i) Property development - property development.
- (ii) Other operations - investment holding, provision of management and secretarial services and others.

### Geographical Segments

As the Group operates within one geographical segment, geographical segment analysis is not applicable.

### Major Business Segments

	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
<b>2006</b>				
<b>Revenue</b>				
External revenue	20,120,079	-	-	20,120,079
Inter-segment revenue	-	2,374,305	(2,374,305)	-
Total revenue	20,120,079	2,374,305	(2,374,305)	20,120,079
<b>Results</b>				
Segment result	(1,019,757)	(5,564,559)	-	(6,584,316)
Dividend revenue				19,328
Interest revenue				531,554
Interest expenses				(7,977)
Taxation				(555,702)
Loss after taxation				(6,597,113)

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 36. SEGMENT INFORMATION - GROUP (continued)

### Major Business Segments (continued)

	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
<b>2006</b>				
<b>Other Information</b>				
Segment assets	427,028,608	132,797,754	(115,276,065)	444,550,297
Unallocated corporate assets				1,603,653
Tax assets				25,885
Consolidated total assets				446,179,835
Segment liabilities	123,619,736	13,781,245	(120,276,067)	17,124,914
Unallocated corporated liabilities	-	300,959	-	300,959
Taxation	35,569,844	-	-	35,569,844
Deferred taxation	31,397,000	-	-	31,397,000
Consolidated total liabilities				84,392,717
Capital expenditure	-	461,518	-	461,518
Amortisation of goodwill on consolidation	210,300	-	-	210,300
Depreciation of property, plant and equipment	1,612	1,021,646	-	1,023,258
Allowance for doubtful debts	-	3,150	-	3,150
Goodwill on consolidation written off	2,032,900	-	-	2,032,900
Property development costs written off	4,866,860	-	-	4,866,860
<b>2005</b>				
<b>Revenue</b>				
External revenue	86,607,450	-	-	86,607,450
Inter-segment revenue	-	1,935,359	(1,935,359)	-
Total revenue	86,607,450	1,935,359	(1,935,359)	86,607,450
<b>Results</b>				
Segment result	(11,334,798)	(6,113,372)	-	(17,448,170)
Dividend revenue				22,691
Interest revenue				328,008
Interest expenses	-			(1,204)
Taxation				1,991,627
Loss after taxation				(15,107,048)

# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 36. SEGMENT INFORMATION - GROUP (continued)

### Major Business Segments (continued)

	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
<b>2005</b>				
<b>Other Information</b>				
Segment assets	448,429,841	164,233,396	(163,472,564)	449,190,673
Unallocated corporate assets				3,952,722
Tax assets				27,991
Consolidated total assets				453,171,386
Segment liabilities	167,171,194	14,685,106	(163,472,564)	18,383,736
Taxation	35,708,219	-	-	35,708,219
Deferred taxation	30,734,000	-	-	30,734,000
Consolidated total liabilities				84,825,955
Capital expenditure	-	571,979	-	571,979
Amortisation of goodwill on consolidation	280,400	-	-	280,400
Depreciation of property, plant and equipment	1,826	981,513	-	983,339
Property development costs written off	1,381,604	-	-	1,381,604

## 37. CONTINGENT LIABILITIES - UNSECURED

### GROUP

Certain purchasers have instituted legal proceedings against the subsidiary company, Magilds Park Sdn. Bhd., for the recovery of progressive payments paid to the subsidiary company amounting to RM314,503/- (2005: RM314,503/-) and liquidated ascertained damages of RM92,395/- (2005 : RM92,395/-) of which RM300,151/- (2005 : RM300,151/-) has been accrued for in the financial statements.

No additional provision has been made as the legal proceedings are still pending.

A sub-contractor has instituted legal action against the subsidiary company, Magilds Park Sdn. Bhd., for the recovery of debts amounting to RM467,253/- (2005 : RM467,253/-) of which RM200,000/- (2005 : RM200,000/-) has been accrued in the financial statements.

The balance of claim amounting to RM267,253/- (2005 : RM267,253/-) has not been accrued in the financial statements as the outcome of this litigation is still pending.

## 38. SIGNIFICANT EVENTS

During the financial year,

- The Company acquired from Terus Idaman Sdn. Bhd a parcel of leasehold land in Karambunai for a cash consideration of RM38,000,000/-.
- PTB Horticulture Farm Sdn. Bhd., a wholly-owned subsidiary company of the Company has instituted legal proceedings against a purchaser for the release of balance held by stakeholder as mentioned in note 14 to the financial statements.

No adjustment has been made to the financial statements as the legal proceedings are still pending.

## 39. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Policies

The Group is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:-

#### (i) Interest Rate Risk

##### - Interest bearing financial assets

Fixed deposits with licensed bank are short term in nature and are placed to satisfy conditions for bank facilities granted to the Group and for better yield returns than cash at banks.

##### - Interest bearing financial liability

The Group's interest rate risk relates to interest bearing liability such as hire purchase payable which is minimal as this financial liability is to finance the acquisition of property, plant and equipment.

#### (ii) Market Risk

The Group's principal exposure to market risk arises from the quoted investments held for short term purposes. As the amount held is not significant, exposure to market risk is minimal.

#### (iii) Credit Risk

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

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

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

#### (iv) Liquidity and Cash Flow Risks

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

### (b) Fair Values

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

#### (i) Cash and Bank Balances, Trade and Other Receivables and Payables

The carrying amounts of these financial assets and liabilities approximate fair values as they are easily realisable and liquid in nature.

#### (ii) Quoted Investments

The fair values of quoted investments are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

#### (iii) Borrowings

The fair value of hire purchase payable is estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.



# NOTES TO THE FINANCIAL STATEMENTS

- continued

## 39. FINANCIAL INSTRUMENTS (continued)

### (b) Fair Values (continued)

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

	GROUP		COMPANY	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>2006</b>				
<b>Financial Asset</b>				
Short term investments				
- Quoted investments	279,776	298,373	279,776	298,373
<b>Financial Liability</b>				
Hire purchase payable	300,959	300,163	300,959	300,163
<b>2005</b>				
<b>Financial Asset</b>				
Short term investments				
- Quoted investments	444,592	539,225	442,611	532,330

The notional amounts and fair values of financial liabilities not recognised in the balance sheets are as follows:-

	Notional Amount RM	Fair Value RM
<b>GROUP</b>		
<b>2006</b>		
Contingent liability in respect of legal claims	374,000	*-
<b>2005</b>		
Contingent liability in respect of legal claims	374,000	*-

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

# LIST OF GROUP PROPERTIES

AS AT 31 OCTOBER 2006

Location	Description	Date of expiry	Area (Hectares)	Age of building	Existing use	Net book (RM'000)	Date of acquisition/ revaluation*
H.S. (M) Title No.2375, 2376 & 2377 Lot P.T. 546, 547 & 548 Mukim of Tanjong Dua Belas District of Kuala Langat Selangor Darul Ehsan	Leasehold land & building	23.09.2076	4.5	10	Factory premise	2,586	11.01.2007*
H.S. (D) Title No. 39909 Lot P.T. 19694, Mukim of Batu District of Gombak Selangor Darul Ehsan	Leasehold land	08.03.2064	59.7	-	Under development	42,370	02.02.2000
H.S. (D) Title No. 63199 to 63312, 63314 to 63670 and 63734 to 63750 Lot Nos. 9557 to 9670, 9672 to 10028 and 10092 to 10108 Mukim of Ampangan, District of Seremban Negeri Sembilan Darul Khusus	Leasehold land	04.12.2088	24.9	-	Under development	33,225	02.02.2000
Part of Master Title No. Country Lease 045091174 Mukim of Menggatal District of Tuaran, Kota Kinabalu Sabah	Leasehold land	04.04.2093	607.0	-	Development land	172,172	17.12.2003*
Parcel 28, being approved subdivision parcel of Master Title No. Country Lease 045091174, Mukim of Menggatal District of Tuaran, Kota Kinabalu Sabah	Leasehold land	04.04.2093	25.1	-	Development land	38,328	28.06.2006
Part of Parent Lot No. 171, 202, 377, 411 & 412 Mukim of Hulu Klang, District of Gombak Selangor Darul Ehsan	Freehold land	-	7.8	-	Under development	14,475	17.02.2000
Part of Parent Lot No. 377 & 411 Mukim of Hulu Klang, District of Gombak Selangor Darul Ehsan	Freehold land & building	-	1.1	7	Clubhouse premise	10,141	17.02.2000
Lot P.T. 697, 698, 699, 700 & 701 Mukim of Ulu Yam, District of Ulu Selangor Selangor Darul Ehsan	Leasehold land	12.03.2083	47.0	-	Development land	15,648	02.02.2000

# SHAREHOLDINGS STATISTICS

AS AT 27 FEBRUARY 2007

## ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Share Capital	:	RM344,292,335
Class of securities	:	Ordinary Shares of RM1.00 each
Voting Rights	:	Every member present in person or by proxy has one (1) vote on a show of hands and on a poll, every member present in person or by proxy has one (1) vote for each share he holds.

Holdings	No. of Holders	Total Holdings*	%*
Less than 100	30	676	**
100 to 1,000	1,276	1,245,571	0.36
1,001 to 10,000	3,472	16,874,755	4.91
10,001 to 100,000	982	31,452,816	9.14
100,001 to less than 5% of issued shares	122	109,496,022	31.83
5% and above of issued shares	3	184,950,795	53.76
<b>Total</b>	<b>5,885</b>	<b>344,020,635</b>	<b>100.00</b>

\* Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 27 February 2007

\*\* Negligible

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%*
1.	Bumiputra-Commerce Nominees (Asing) Sdn Bhd <i>Pledged securities account for Emden Investment Ltd</i>	107,146,552	31.14
2.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Sri Dr Chen Lip Keong</i>	46,804,243	13.60
3.	UOBM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Sri Dr Chen Lip Keong</i>	31,000,000	9.01
4.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for The K.L. Regency Sdn Bhd</i>	15,517,241	4.51
5.	Bumiputra-Commerce Nominees (Asing) Sdn Bhd <i>Pledged securities account for Fastrack Investments Limited</i>	10,344,828	3.00
6.	Bumiputra-Commerce Nominees (Asing) Sdn Bhd <i>Pledged securities account for Profitline Worldwide Ltd</i>	10,344,828	3.00
7.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Quantum Symbol Sdn Bhd</i>	7,388,000	2.15
8.	Southern Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Sri Dr Chen Lip Keong</i>	6,600,000	1.92
9.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Importex Sdn Bhd</i>	5,913,793	1.72
10.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Star Combination Sdn Bhd</i>	5,581,033	1.62

# SHAREHOLDINGS STATISTICS

- continued

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS (continued)

No.	Name	No. of Shares Held	%*
11.	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Win Radiant Sdn Bhd</i>	5,000,000	1.45
12.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Asali Developments Sdn Bhd</i>	4,008,621	1.16
13.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for JPMorgan Chase Bank</i>	2,738,000	0.80
14.	CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB-GK Securities Pte Ltd</i>	2,213,200	0.64
15.	Southern Nominees (Asing) Sdn Bhd <i>Pledged securities account for Cayuga Investments Corp</i>	2,000,000	0.58
16.	Ng Chee Peng	1,493,000	0.43
17.	CIMSEC Nominees (Asing) Sdn Bhd <i>CIMB Bank for Sam San Tuan</i>	1,292,700	0.38
18.	HDM Nominees (Asing) Sdn Bhd <i>Phillip Securities Pte Ltd for Lee Yong Heok</i>	1,100,000	0.32
19.	Tan She Hoo	1,000,000	0.29
20.	HDM Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Ong Hock Siong @ Benny Ong Hock Siong</i>	1,000,000	0.29
21.	HSBC Nominees (Asing) Sdn Bhd <i>HSBC-FS for Asian Emerging Countries Fund</i>	992,700	0.29
22.	Ong Hock Siong @ Benny Ong Hock Siong	822,000	0.24
23.	Tan Sri Dr Chen Lip Keong	749,700	0.22
24.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Phoa Boon Ting</i>	730,000	0.21
25.	Khor Kar Hor	662,900	0.19
26.	Anchor Peak Sdn Bhd	652,524	0.19
27.	Rainbow Fortune Sdn Bhd	543,103	0.16
28.	Mayban Nominees (Asing) Sdn Bhd <i>The Straits Trading Company Limited</i>	520,000	0.15
29.	Wee Cheow Beng	505,000	0.15
30.	Pek Kem Hua @ Pek Kim Cheng	500,000	0.14
<b>Total</b>		<b>275,163,966</b>	<b>79.95</b>

\* Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 27 February 2007

## ANALYSIS OF WARRANT HOLDINGS

No. of Warrants Issued	:	40,336,824
No. of Warrants Exercised to date	:	2,000 ( <i>No Warrant was exercised during the year</i> )
No. of Warrants Outstanding	:	40,334,824
Class of Securities	:	Warrants 2000/2010
Voting Rights	:	Every Warrant holder present in person or by proxy shall be entitled on a show of hands to one (1) vote and every Warrant holder present in person or by proxy shall be entitled on a poll to one (1) vote for each share to which such holder would be entitled at the exercise price on the exercise in full of the subscription rights represented by such holder's Warrant.

Holdings	No. of Holders	Total Holdings	%
Less than 100	17	615	**
100 to 1,000	443	402,521	1.05
1,001 to 10,000	2,048	8,492,364	21.05
10,001 to 100,000	405	12,973,824	32.16
100,001 to less than 5% of outstanding warrants	24	4,771,500	11.83
5% and above of outstanding warrants	2	13,694,000	33.95
<b>Total</b>	<b>2,939</b>	<b>40,334,824</b>	<b>100.00</b>

\*\* Negligible

## LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants Held	%
1.	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Sri Dr Chen Lip Keong</i>	10,000,000	24.79
2.	Quantum Symbol Sdn Bhd	3,694,000	9.16
3.	Ngu Shang Shang	817,000	2.03
4.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Foong Chiew Kheng</i>	300,500	0.75
5.	Tan Kok Keat	299,500	0.74
6.	Lyncher Wung Wei Fong	240,000	0.60
7.	Tan Sri Dr Chen Lip Keong	215,048	0.53
8.	Mayban Nominees (Asing) Sdn Bhd <i>The Straits Trading Company Limited</i>	208,000	0.52
9.	Lai Keng Chong	200,000	0.50
10.	Toh Seng Heng	200,000	0.50
11.	Yio Kim Sim	185,000	0.46

# SHAREHOLDINGS STATISTICS

- continued

## LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (continued)

No.	Name	No. of Warrants Held	%
12.	Lee Kam Fook	180,000	0.45
13.	Tan Yang Ya	175,000	0.43
14.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Gau Hing Kau @ Goh Hing Pin</i>	170,000	0.42
15.	Cheah Boon Kiat	167,000	0.41
16.	Poon Sook Fun	162,000	0.40
17.	Syarikat Senky Dredging Sdn Bhd	150,952	0.37
18.	Ng Ah Beng	136,000	0.34
19.	Foo Sin Chok	136,000	0.34
20.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chaw Kam Yeng @ Chow Kum Yim</i>	135,000	0.33
21.	TCL Nominees (Asing) Sdn Bhd <i>OCBC Securities Private Limited for Lee Boon Siong</i>	129,800	0.32
22.	Chong Siew Lee	123,600	0.31
23.	Tan Hong Siang	117,700	0.29
24.	Tan Wai Kiong	111,000	0.28
25.	Chong Kia Chun	109,400	0.27
26.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Sii Lik Kung</i>	103,000	0.26
27.	Chin San Keo	100,000	0.25
28.	Thian Joon Fah	100,000	0.25
29.	Tey Bock Kern	100,000	0.25
30.	Wong Jing Shyun	100,000	0.25
<b>Total</b>		<b>18,865,500</b>	<b>46.80</b>

## ANALYSIS OF ICULS HOLDINGS

No. of ICULS Issued	:	284,500,000
No. of ICULS Converted	:	282,400,000
No. of ICULS Outstanding	:	2,100,000
Class of Securities	:	Zero Coupon Irredeemable Convertible Unsecured Loan Stocks 2000/2010 ("ICULS"). The ICULS are not listed on Bursa Malaysia Securities Berhad.
Voting Rights	:	Every ICULS holder who (being an individual) is present in person or by proxy or (being a corporation) is present by its duly authorised representative or by its proxy shall have one (1) vote on a show of hands and on a poll, every ICULS holder present in person or by proxy shall have one (1) vote for every RM1.00 nominal amount of ICULS of which he is the holder.

Holdings	No. of Holders	Total Holdings	%
Less than 100	-	-	-
100 to 1,000	-	-	-
1,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 to less than 5% of outstanding ICULS	-	-	-
5% and above of outstanding ICULS	2	2,100,000	100.00
<b>Total</b>	<b>2</b>	<b>2,100,000</b>	<b>100.00</b>

## LIST OF ICULS HOLDERS

No.	Name	No. of Shares Held	%
1.	Chan Peng Leong	1,470,000	70.00
2.	Dato' Dr Abdul Razak bin Abdul	630,000	30.00
<b>Total</b>		<b>2,100,000</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Number of Ordinary Shares of RM1.00 Each Held				Total Interest	% *
		% *	Deemed Interest	% *			
Tan Sri Dr Chen Lip Keong	88,477,443 <sup>(a)</sup>	25.72	29,382,179 <sup>(b)</sup>	8.54	117,859,622	34.26	
Emden Investment Limited	107,146,552 <sup>(c)</sup>	31.15	-	-	107,146,552	31.15	
Chin Chee Kuang	-	-	107,146,552 <sup>(d)</sup>	31.15	107,146,552	31.15	

### Notes

(a) Held as registered holder and through Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd, SFB Nominees (Tempatan) Sdn Bhd and UOBM Nominees (Tempatan) Sdn Bhd.

(b) Deemed interested by virtue of his interest in Asali Developments Sdn Bhd, Importex Sdn Bhd and The K.L. Regency Sdn Bhd and his deemed interest in Anchor Peak Sdn Bhd.

(c) Held through Bumiputra-Commerce Nominees (Asing) Sdn Bhd.

(d) Deemed interested by virtue of his interest in Emden Investment Limited.

\* Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 27 February 2007.

# SHAREHOLDINGS STATISTICS

- continued

## DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATIONS

In Petaling Tin Berhad Name	Number of Ordinary Shares of RM1.00 Each Held					
	Direct Interest	% *	Deemed Interest	% *	Total Interest	% *
Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	-	-	-	-	-	-
Datuk Haji Jaafar bin Abu Bakar	5,000	**	-	-	5,000	**
Tan Sri Dr Chen Lip Keong	88,477,443 <sup>(a)</sup>	25.72	29,382,179 <sup>(b)</sup>	8.54	117,859,622	34.26
Datuk Wan Kassim bin Ahmed	-	-	-	-	-	-
Dato' Nik Kamaruddin bin Ismail	-	-	-	-	-	-
Tiang Chong Seong	-	-	-	-	-	-
John Pius Shuman Chong	-	-	-	-	-	-
Leow Ming Fong @ Leow Min Fong	-	-	-	-	-	-

\* Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 27 February 2007

In Petaling Tin Berhad Name	Number of Warrants Held					
	Direct Interest	%	Deemed Interest	%	Total Interest	%
Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	-	-	-	-	-	-
Datuk Haji Jaafar bin Abu Bakar	2,000	**	-	-	2,000	**
Tan Sri Dr Chen Lip Keong	10,217,048	25.33	-	-	10,217,048	25.33
Datuk Wan Kassim bin Ahmed	-	-	-	-	-	-
Dato' Nik Kamaruddin bin Ismail	-	-	-	-	-	-
Tiang Chong Seong	-	-	-	-	-	-
John Pius Shuman Chong	-	-	-	-	-	-
Leow Ming Fong @ Leow Min Fong	-	-	-	-	-	-

### Notes

- Held as registered holder and through Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd, SFB Nominees (Tempatan) Sdn Bhd and UOBM Nominees (Tempatan) Sdn Bhd.
- Deemed interested by virtue of his interest in Asali Developments Sdn Bhd, Importex Sdn Bhd and The K.L. Regency Sdn Bhd and his deemed interest in Anchor Peak Sdn Bhd.
- By virtue of his substantial interests in the Company, Tan Sri Dr Chen Lip Keong is deemed to have an interest in all shares held by the Company in its related corporations.
- Save as disclosed, none of the directors have any interests in the shares, warrants and ICULS of the Company or its related corporations as at 27 February 2007.

\*\* Negligible



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighty-First Annual General Meeting of Petaling Tin Berhad will be held at the Function Room, Bukit Unggul Country Club, PT 2180, 2181, 2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan on Thursday, 19 April 2007 at 10.00 a.m. for the following purposes:-

## AGENDA

### As Ordinary Business

- |  |  |
|--|--|
| 1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 October 2006 together with the Reports of Directors and Auditors thereon.  | <b>Resolution 1</b>                        |
| 2. To approve the payment of directors' fees of RM262,194.00 for the financial year ended 31 October 2006.   | <b>Resolution 2</b>                        |
| 3. To re-elect the following Directors who are retiring pursuant to Article 80 of the Company's Articles of Association, and being eligible, offer themselves for re-election:-<br><br>(a) Tan Sri Dr Chen Lip Keong<br>(b) Datuk Wan Kassim bin Ahmed | <b>Resolution 3</b><br><b>Resolution 4</b> |
| 4. To re-elect Mr Leow Ming Fong @ Leow Min Fong who is retiring pursuant to Article 82(c) of the Company's Articles of Association, and being eligible, offer himself for re-election.  | <b>Resolution 5</b>                        |
| 5. To re-appoint Messrs Moore Stephens as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Resolution 6</b>                        |

### As Special Business

- |   |  |
|---|--|
| 6. To consider and, if thought fit, to pass the following Ordinary Resolutions:-<br><br>a. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965<br><br>"THAT the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time subject to Section 132D(3) and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being."<br><br>b. Proposed Renewal of Authority for Share Buy-Back ("Proposal") | <b>Resolution 7</b><br><br><br><br><br><br><br><br><br><br><b>Resolution 8</b> |
| (The text of the above resolution together with the details of the Proposal are set out in the Statement to Shareholders dated 28 March 2007 which is enclosed together with the Annual Report.)  |  |

# NOTICE OF ANNUAL GENERAL MEETING

- continued

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

By Order of the Board

**LAM HOI KHONG**  
**WONG POH CHOO**  
Company Secretaries

Petaling Jaya  
28 March 2007

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## Notes

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power or authority, shall be deposited at the Share Registrar of the Company at 2<sup>nd</sup> Floor, No.118, Jalan Semangat, 46300 Petaling Jaya at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting.
5. Particulars of the Directors (together with their attendance in Board Meetings and their shareholdings in the Company) standing for re-election or re-appointment as Directors of the Company for Resolutions 3, 4 and 5 are shown on pages 8, 9, 10 & 80 of the Annual Report 2006.
6. Ordinary Resolution 7 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.
7. Ordinary Resolution 8, if passed, is to give authority to the Directors to purchase the Company's own shares. This authority will expire at the next Annual General Meeting of the Company unless earlier revoked or varied by an ordinary resolution of the Company at a general meeting. Further information is set out in the Statement to Shareholders which is despatched together with the Annual Report 2006.

# PROXY FORM

No. of shares	CDS Account No.

## PETALING TIN BERHAD (324-H) INCORPORATED IN MALAYSIA

I/We \_\_\_\_\_ (Full Name of Shareholder)  
of \_\_\_\_\_ (Full Address of Shareholder)  
being a member of Petaling Tin Berhad, hereby appoint \_\_\_\_\_ (Full Name of Proxy)  
of \_\_\_\_\_ (Full Address of Proxy)  
or failing him/her, \_\_\_\_\_ (Full Name of Proxy)  
of \_\_\_\_\_ (Full Address of Proxy)

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the Eighty-First Annual General Meeting of the Company to be held at the Function Room, Bukit Unggul Country Club, PT 2180, 2181, 2182, Mukim Dengkil, 43807 Dengkil, Selangor Darul Ehsan on Thursday, 19 April 2007 at 10.00 a.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1	Adoption of audited financial statements and reports.		
2	Approval of the payment of directors' fees.		
3	Re-election of Tan Sri Dr Chen Lip Keong as director.		
4	Re-election of Datuk Wan Kassim bin Ahmed as director.		
5	Re-election of Mr Leow Ming Fong @ Leow Min Fong as director.		
6	Re-appointment of Messrs Moore Stephens as auditors.		
7	Authority pursuant to Section 132D of the Companies Act, 1965.		
8	Proposed Renewal of Authority for Share Buy-Back		

(Please indicate with an "X" in the appropriate box how you wish your vote to be cast. If this Proxy Form is returned without any indication as how the proxy shall vote, the proxy will vote or abstain from voting as he/she thinks fit).

Signed \_\_\_\_\_ this day of \_\_\_\_\_, 2007

Signature/Seal of Shareholder : \_\_\_\_\_

Telephone No. (during office hours) : \_\_\_\_\_

### Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, shall be deposited at the Share Registrar of the Company at 2<sup>nd</sup> Floor, No.118, Jalan Semangat, 46300 Petaling Jaya at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

Affix Stamp

**The Share Registrar of Petaling Tin Berhad (324-H)**  
Semangat Corporate Resources Sdn Bhd  
2<sup>nd</sup> Floor, No. 118, Jalan Semangat  
46300 Petaling Jaya  
Selangor Darul Ehsan

1st Floor, No. 118,  
Jalan Semangat,  
46300 Petaling Jaya,  
Selangor Darul Ehsan

Tel : 603-7968 1222  
Fax : 603-7954 1155



## PETALING TIN BERHAD

INCORPORATED IN MALAYSIA

(024-40)

