



**malaysia pacific corporation berhad**  
(Formerly known as Malaysia Pacific Land Berhad) (12200-M)



## CONTENTS

2	NOTICE OF THE THIRTY-THIRD (33RD) ANNUAL GENERAL MEETING
4	STATEMENT ACCOMPANYING NOTICE OF THE THIRTY-THIRD ANNUAL GENERAL MEETING
5	NOTICE OF NOMINATION OF AUDITORS
6	CORPORATE STRUCTURE
7	CORPORATE INFORMATION
8	BOARD OF DIRECTORS' PROFILE
10	CHAIRMAN'S STATEMENT
12	AUDIT & RISK COMMITTEE REPORT
15	STATEMENT OF CORPORATE GOVERNANCE
21	STATEMENT ON INTERNAL CONTROL
22	FINANCIAL STATEMENTS
57	OTHER INFORMATION
	FORM OF PROXY



# NOTICE OF THE THIRTY-THIRD (33RD) ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 33<sup>rd</sup> Annual General Meeting of the Company will be held at Mersawa and Meranti Room, LG Level, Eastin Hotel, 13, Jalan 16/11 Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Monday, 14 November 2005 at 10.00 a.m. to transact the following business:-

## AGENDA

### A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2005 and the Reports of Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' Fees for the period from 29 December 2004 to 30 June 2005 of RM107,464.05. **(Resolution 2)**
3. To approve the payment of Directors' Fees for the period from 1 July 2004 to 30 December 2004 of RM81,492.26. **(Resolution 3)**
4. To approve the payment of Special Fees to YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail for the period from 21 July 2004 to 30 December 2004 of RM79,839. **(Resolution 4)**
5. To re-elect the following Directors retiring pursuant to Article 92 of the Company's Articles of Association.
  - (i) YTM Dato' Hj Muhamad Sharip bin Hj Othman **(Resolution 5)**
  - (ii) YBhg Datuk Kamaruddin bin Taib **(Resolution 6)**
  - (iii) Mr. Seow Thiam Fatt **(Resolution 7)**
  - (iv) Mr. Teh Leong Kiat **(Resolution 8)**
6. To appoint Messrs BDO Binder as the new auditors of the Company in place of the retiring auditors, Messrs Ling Kam Hoong & Co. to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 9)**

### B. As Special Business

7. As Special Business, to consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution: **(Resolution 10)**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

### C. Other Business

8. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

# NOTICE OF THE THIRTY-THIRD (33RD) ANNUAL GENERAL MEETING (CONT'D)

---

## By Order of the Board

**NG YEN HOONG** (LS 008016)  
**LIM POH YEN** (MAICSA 7009745)  
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan  
24 October 2005

## NOTES:-

### 1. Appointment of Proxy

- (i) *A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (or in the case of a corporation, a duly authorised representative) 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 need not be complied with. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.*
- (ii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
- (iii) *Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- (iv) *The instrument appointing a proxy shall be deposited at the registered office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

### 2. Explanatory Notes on Special Business

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

*The Ordinary Resolution proposed under Resolution 10, if passed, will give the Directors the authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.*

## STATEMENT ACCOMPANYING

### NOTICE OF THE THIRTY-THIRD (33RD) ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

**(1) Venue, Date and Time of the 33rd Annual General Meeting**

The details of the 33rd Annual General Meeting of the Company:-

Venue: Mersawa and Meranti Room  
LG Level, Eastin Hotel  
13, Jalan 16/11 Pusat Dagang Seksyen 16  
46350 Petaling Jaya, Selangor Darul Ehsan

Date & Time: 14 November 2005 (Monday) at 10.00 a.m.

**(2) Directors who are standing for re-election at the 33rd Annual General Meeting**

The Directors who are standing for re-election pursuant to Article 92 of the Company's Articles of Association:-

- (i) YTM Dato' Hj Muhamad Sharip bin Hj Othman
- (ii) YBhg Datuk Kamaruddin bin Taib
- (iii) Mr. Seow Thiam Fatt
- (iv) Mr. Teh Leong Kiat

The details of the above Directors seeking re-election are set out in the Directors' profile on pages 8 to 9 of this Annual Report.

**(3) Attendance of Directors at Board Meetings held in the financial year ended 30 June 2005**

There were 20 Board Meetings held during the financial year ended 30 June 2005. The details of the attendance of the Directors at Board Meetings are set out in the Statement of Corporate Governance on pages 15 to 20 of this Annual Report.

# **NOTICE OF NOMINATION OF AUDITORS**

---

**The Board of Directors**  
**Malaysia Pacific Corporation Berhad**  
(Formerly known as Malaysia Pacific Land Berhad)  
Level 14, Uptown 1, No. 1  
Jalan SS21/58, Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs

## **NOTICE OF NOMINATION OF MESSRS BDO BINDER AS AUDITORS**

We, a member of the company holding not less than 5% of the total voting shares of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of our nomination of Messrs BDO Binder as auditors of the Company in place of the retiring auditors and of our intention to propose the following resolution as an ordinary resolution at the forthcoming Thirty-Third (33<sup>rd</sup>) Annual General Meeting of the Company.

### **“NOMINATION OF AUDITORS - MESSRS BDO BINDER**

---

**THAT** Messrs BDO Binder having consented to act, be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Ling Kam Hoong & Co. and to hold office until the conclusion of the next annual general meeting and that the directors be authorised to determine their remuneration.”

Dated this 29 day of September 2005

Yours faithfully

**K-Elite Sdn. Bhd.**

**Pan Kow Bah**  
Company Secretary



100%

Lakehill Resort Development  
Sdn Bhd

Euronium Construction  
Sdn Bhd

Premier Building Management  
Services Sdn Bhd

ASA Enterprise  
Sdn Bhd

Bedford PJ Complex  
Sdn Bhd

Creative Ascent  
Sdn Bhd

100%

Taman Bandar Baru Masai  
Sdn Bhd

## **BOARD OF DIRECTORS**

### **Independent & Non-Executive Director**

YTM Dato' Hj Muhamad Sharip bin Hj Othman  
Teh Leong Kiat

### **Non-Independent & Non-Executive Director**

YBhg Datuk Kamaruddin bin Taib  
Seow Thiam Fatt

## **SECRETARIES**

Ng Yen Hoong (LS 008016)  
Lim Poh Yen (MAICSA 7009745)

## **REGISTERED OFFICE**

Level 14 Uptown 1  
No. 1 Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7725 2888  
Fax : 03-7752 7791

## **REGISTRAR**

### **PFA Registration Services Sdn Bhd**

Level 13, Uptown 1  
No. 1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7725 4888  
Fax : 03-7722 2311

## **AUDITORS**

### **Messrs Ling Kam Hoong & Co**

Chartered Accountants  
No. 6-1, Jalan 3/64A  
Udarama Complex  
Off Jalan Ipoh  
50350 Kuala Lumpur  
Tel : 03-4042 3288  
Fax : 03-4042 0149



## ***BOARD OF DIRECTORS' PROFILE***

---

### **YTM DATO' HJ MUHAMAD SHARIP BIN HJ OTHMAN** *Independent & Non-Executive Director*

YTM Dato' Hj Muhamad Sharip Bin Hj Othman, aged 64, a Malaysian, is the Datuk Undang Luak Rembau Negeri Sembilan.

He is a member of the "Dewan Keadilan & Undang" of the State of Negeri Sembilan, Malaysia. He is currently the advisor to various corporations and organizations in Negeri Sembilan, mainly in the Rembau district.

He has attended four (4) out of six (6) Board meetings held in the financial period 30 June 2005 since his appointment on 10 March 2005.

### **YBHG DATUK KAMARUDDIN BIN TAIB** *Non-Independent & Non-Executive Director*

Datuk Kamaruddin Bin Taib, aged 47, a Malaysian, holds a Bachelor of Science Degree in Mathematics from the University of Salford (UK).

His first job was with a leading Merchant Bank in Malaysia. Subsequently, he served as a Director of several private companies as well as companies listed on Bursa Securities Malaysia Berhad (BURSA). Apart from the experience of serving on the Board of Companies listed on BURSA, Datuk Kamaruddin's experience also include previously serving on the Board of Companies listed on the Stock Exchange of India and on NASDAQ.

Datuk Kamaruddin is a shareholder and director of several private companies. He is also an Independent and Non-Executive Director of IRIS Corporation Berhad, a company listed on MESDAQ.

He has attended nine (9) out of nine (9) Board meetings held in the financial period ended 30 June 2005 since his appointment on 29 December 2004.

### **MR SEOW THIAM FATT** *Non-Independent & Non-Executive Director*

Mr. Seow Thiam Fatt, aged 64, a Malaysian and Chartered Accountant by profession is also a Corporate Consultant and Business Advisor. He is an Independent and Non-Executive Director of Tan Chong Motor Holdings Bhd, Warisan T C Holdings Berhad, Affin Merchant Bank Berhad and ING Funds Berhad. He is the Finance Chairman of the Royal Selangor Club.

Mr. Seow became a member of CPA Australia in 1963, the Institute of Chartered Secretaries and Administrators in 1964 and the Institute of Chartered Accountants in Australia in 1968. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA) since 1969. He is past President of MICPA and also served four years as a government appointed independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He was also a past President of the Lions Club of Petaling Jaya and is presently the Finance Chairman of the Royal Selangor Club

He has more than 20 years professional experience as a practicing accountant in the capacity of a Senior Partner of Larry Seow & Co. / Moores & Rowland and a Partner of Arthur Young. He diverted from professional practice in 1994 and was previously on the Board of several private and public companies. He has held senior positions as the Finance Director of AC Nielsen (Malaysia) Sdn Bhd and Business Development Manager of Bolton Berhad. His regulatory work experience includes a two-year contract with the Securities Commission of Malaysia as the General Manager of the Financial Reporting Surveillance and Compliance Department.

He has attended all nine (9) Board meetings held in the financial period 30 June 2005 since his appointment on 29 December 2004.

**MR TEH LEONG KIAT** *Independent & Non-Executive Director*

Mr. Teh Leong Kiat, aged 59, a Malaysian, has a Bachelor of Agricultural Science, majoring in Soil Science (MU). He is a certified Professional Trainer (IPMA / UK), Professional Speaker and Presenter and Toastmasters International (Manila).

Apart from his experiences in managing rubber and oil palm plantations in Felda, Guthrie and Sime Darby, he was also actively involved in the cultivation and exporting of Orchid Flowers with a German company. Furthermore, he had also carried out research and development on land rehabilitation in Washington, USA and he is now involved in lecturing trainers in public speaking and presentation skills.

His other interests lie in community service works with Rotary Club and developing patterns of communication excellence through NLP Programmes. He is a member of MAXIS Toastmasters Club and the President of the "Whoosh" society for NLP participants.

He has attended all six (6) Board meetings held in the financial period 30 June 2005 since his appointment on 10 March 2005.

On 11 January 2005, Malaysia Pacific Land Berhad ("MPL") was renamed as Malaysia Pacific Corporation Berhad ("MP Corp"). This change of name from "Land" to "Corporation" signifies the Company's new business focus towards diversification. The intent is to go international as well.

I am greatly honored to be appointed as an Independent and Non-Executive Director and Chairman of your Company on 10 March 2005. During this short period of time, 6 Board meetings were held between 10 March 2005 and 30 June 2005. This is evident that your new Management is busy working to move ahead. The new CEO was appointed on 29 December 2004 to help steer your Company around to profitability, growth and towards a prosperous future.

### PROPERTY INDUSTRY MARKET TREND & DEVELOPMENT

#### Bandar Nusa Damai, Johor Bahru (JB) Project

In 2004, the property development industry in JB though improved nevertheless was increasingly competitive with new residential launches by other developers as well. The JB development is largely standard medium-low houses and is mostly situated along the Tebrau corridor at the Pasir Gudang-Kota Tinggi area. This is where MP Corp's Taman Bandar Baru Masai Sdn Bhd is developing the "Taman Nusa Damai".

In order to differentiate from other developments around the area your new Management has redesigned and renamed it the "Lakehill Resort – Nusa Damai", into *"a new prestigious modern township, incorporating new themes and tourist attractions of healthy and wholesome resort living environment focusing around a natural blue lake"*. The blue lake and waterfront cafes and shops will become one of the theme resort attractions which is unmatched by other developments around Malaysia. "Lakehill Resort – Nusa Damai" will become the new brand targeting a health conscious lifestyle market of locals, expatriates and Singaporeans.

#### Wisma MPL, Jalan Raja Chulan, Kuala Lumpur

The office and commercial building of Wisma MPL is located in the "Golden Triangle" of Kuala Lumpur, an established prime location in the city. Some recently renovated office buildings along Jalan Raja Chulan have rentals ranging from approximately RM 4 to RM 6 per sq ft (psf). Your Company targets to achieve a rental of an average of RM 4 psf for office space and RM 10 – RM 15 psf for commercial and retail space, given that the building is undergoing progressive upgrading and renewal. It is expected that the retail and commercial development along Jalan Raja Chulan area will become a next important attractive shopping, eating and entertainment destination for offices, hotels and residents working and living around the vicinity, including outstation visitors, locals and tourists.

### MP CORP'S GROUP PERFORMANCE

For the year ended 30 June 2005, the total revenue has declined slightly from RM 26.25 million to RM 25.72 million. The slow improvement of sale of the 'Taman Nusa Damai' Johor Bahru houses was the main contributing factor as additional management time and resources were devoted to clean-up the housing mess and in reviving and completing the pre-sold houses that were never built or completed prior to the entry of the new management. The late completion and non-delivery of pre-sold houses of the past had evidently affected your Company's image and buyers' confidence in JB resulting in previous slow sales. The new Management is working very hard to reverse this image and improve buyers' confidence.

As a result, the pre-tax losses were increased from RM 11.39 million to RM 16.04 million, as compared to a year ago. The Liquidated Ascertained Damages ("LAD") provision of RM 6.04 million had compounded the increase in the loss for the year.

Though the Rights Issue and Warrants money were fully subscribed in 2004, amounting to RM 48.3 million, it did not help towards reducing the bank existing bank loan, because almost all the money went towards repaying past unpaid bank interests, contractors, LADs, unpaid old taxes, other compensation, past directors' payments (highlighted in page 49, Note 26 under "Material Litigation" of this report), leaving behind very little in cash reserve of RM 3.5 million, as at 1 July 2005.

The low sales revenue was also due to the fact that the new amended layout and development plan of "Taman Nusa Damai" JB into "Lakehill Resort – Nusa Damai" was only approved in March 2005. Thus, the sale launches of the new houses could only start after June 2005, after the reporting period. It is hoped that any improvement of sales revenue can be reported in the coming financial year ahead.

The rental income from Wisma MPL, Kuala Lumpur had improved slightly although the occupancy rate was only 60%. The take-up rate was slow because of the interruption of renovation works and on-going redesign works. Nevertheless, Wisma MPL managed to achieve a marginal operating profit. The result should get better once occupancy and rental rates are further revised and increased.

In the light of potential new projects and massive plans to maximize existing development projects and with present low cash reserve, it should not come as a surprise should the Company be required to undergo another financial restructuring exercise to raise capital and new share issuance. This will be subjected to the relevant authorities' approval, when such plans become necessary.

### **PROSPECTS**

Your Company is looking to diversify to new business ventures, by not solely depending on land and property investment and development. One of the diversification plans is to internationalise MP Corp, by aligning with our government's call for two-way globalization of Malaysian Corporate businesses overseas and at home. Your Company will endeavour to use the least capital to achieve its aim.

Soon after the new CEO had taken over the Management from 29 December 2004, the management style and reporting quality have definitely been more transparent in following good corporate governance practice and becoming more shareholder friendly and results oriented.

Barring unforeseen circumstances, your Management's future plan and directions are going to be exciting when implemented and it will also have a positive outlook for the Company. The morale of the staff and Management team has greatly improved, resulting in a more hardworking, more performance focus and hands-on team.

The Vision as envisaged for the group, when successfully implemented will bring brighter prospect for your Company in the future.

### **APPRECIATION**

On behalf of the Board of Directors, I would like to extend our sincere appreciation and gratitude to our bankers, business associates, suppliers and last but not least, our shareholders, for the support, understanding and patience, despite the difficult time your Company had undergone in the past.

I wish to thank my fellow directors on the Board, our management and employees for their dedication, hard work and commitment for the period.

# AUDIT & RISK COMMITTEE REPORT

The Audit & Risk Management Committee (the “Committee”) of **Malaysia Pacific Corporation Berhad** (formerly known as *Malaysia Pacific Land Berhad*) has been established since 5 April 1996.

## COMPOSITION AND TERMS OF REFERENCE

### 1. Members and Attendances

- a. The Committee shall be appointed by the Board and shall consist of not less than three (3) members, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors.
- b. At least one (1) member of the committee:
  - i. must be a member of the Malaysian Institute of Accountants (MIA); or
  - ii. if he is not a member of MIA, he must have at least three (3) years working experience and;
    - he must have passed the examinations specified in Part 1 of the 1<sup>st</sup> schedule of the Accountant Act 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967.

Attendance of past members of the Audit Committee during their office tenure is as below:-

	No. of Meetings Attended
<b>Tun Dato’ Seri Abdul Hamid Omar</b> (Chairman, Independent & Non-Executive), <i>Resigned on 06.08.2004</i>	0/1
<b>YBhg Dato’ Syed Amin bin Syed Jan Aljeffri</b> (Independent & Non-Executive), <i>Resigned on 19.12.2004</i>	1/1
<b>YAM Tengku Syarif Temenggung Perlis Syed Amir</b> <b>Abidin Jamalullail</b> (Independent & Non-Executive), <i>Resigned on 30.12.2004</i>	1/1
<b>YBhg Dato’ Thomas Teng Poh Foh</b> (Independent & Non-Executive), <i>Resigned on 30.12.2004</i>	1/1
<b>Mr. Tan Keok Yin</b> (Chairman, Independent & Non-Executive), <i>Resigned on 08.03.2005</i>	1/1
<b>YBhg Datuk Dr Hussein bin Awang</b> (Independent & Non-Executive), <i>Resigned on 08.03.2005</i>	1/1

Attendance of present members of the Audit Committee is as below:-

	No. of Meetings Attended
<b>YTM Dato’ Hj Muhamad Sharip bin Hj Othman</b> (Chairman, Independent & Non-Executive), <i>Appointed on 10.03.2005</i>	1/1
<b>Mr. Seow Thiam Fatt</b> (Non-Independent & Non-Executive), <i>Appointed on 18.01.2005</i>	2/2
<b>Mr. Teh Leong Kiat</b> (Independent & Non-Executive), <i>Appointed on 10.03.2005</i>	1/1



c. Quorum

A quorum shall consist of three members and shall comprise of independent directors.

d. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

### 2. Meetings

The Committee shall meet at least four (4) times per financial year. However, during financial year ended 30 June 2005 only three (3) meetings were held due to the resignation of the Chairman Tun Dato' Seri Abdul Hamid Omar on 6 August 2004. As a result, there was no majority independent directors in the committee. The committee meeting which was supposedly held on 26 August 2004 was directly conducted and incorporated into the Board Meeting.

### 3. Authority

The Committee shall have the authority to:

- a. investigate any activity within the scope of its terms of reference;
- b. have unrestricted access to both the internal and external auditors and to all employees of the Group; and
- c. obtain external legal or independent professional advice as it considers necessary.

### 4. Terms of Reference

a. External Audit

- To nominate and recommend for the approval of the Board of directors ("Board"), a person or persons as external auditor(s).
- To review the external audit remuneration fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.

b. Financial Reporting

- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board to ensure its compliance of the Provision of the Companies Act, 1965; Listing Requirements of Bursa Malaysia Securities Berhad; Applicable approved accounting standards in Malaysia; and Other legal and regulatory requirements.

c. Internal Audit

- To review the adequacy of the internal auditor's scope, functions and resources.
- To review the report and findings of the internal audit department including the findings of the internal audits conducted, the internal auditor recommendation and managements response thereto.
- To review the adequacy and integrity of internal control systems, including risk management and management information system.

d. Risk Management

- To review and monitor the business and financial risks encountered by the Group and to ensure that all highly impacting risks are adequately managed at various levels within the Group.

e. Related Party Transactions

- To review any related party transactions that may arise within the Company or the Group.

f. Other Functions

- Other functions as may be agreed to by the Committee and the Board.

### 5. Summary of Activities

The activities of the Audit Committee for the financial year were summarized as follows:

- Reviewed the quarterly and year-to-date unaudited financial results for recommendation to the Board of Directors approval.
- Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board of Directors for their approval.
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of the Internal Audit & Risk Department.
- Reviewed the internal audit reports, audit recommendations made and managements' response and taken appropriate actions to rectify and improve the systems of internal controls and procedures.
- Monitored the implementation of the audit recommendations to ensure that all the key risks and controls have been addressed.
- Reviewed the Internal Audit Department audit methodology in assessing and rating risks of auditable areas and ensure that all high and critical risk areas are audited annually.
- Reviewed with the external auditors:
  - i. their scope of work and audit plan for the year;
  - ii. the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditor.
- Reviewed the independence and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.
- Reviewed the annual report statement inclusive of Audit Committee Report, Corporate Governance and Statement on Internal Control.

### INTERNAL AUDIT FUNCTION

The Internal Audit & Risk Department assisted the Committee in the discharge of its duties and responsibilities. Its role is to provide independent and reasonable assurance that the systems of internal controls are adequate and effective to mitigate the risks identified. The internal audit covers the review of the adequacy of risk management, operational controls, management efficiency and compliance with established procedures and guidelines, amongst others.

# STATEMENT OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance (“Code”) introduced in March 2000, sets out the principles and best practices that companies may apply in the direction and management of their business and affairs towards achieving the ultimate objectives of maximizing shareholder value.

The principles and best practices of the Code were incorporated into the revamped Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”) on January 2001 and listed companies are required to disclose the extent of compliance with the Code or in areas where there are deviations, the alternative measures undertaken.

The statement below sets out how the Group has applied the key principles and the extent of its compliance with the best practices throughout the financial year ended 30 June 2005.

## A. DIRECTORS

### I. The Board

The Board of Directors (“Board”) recognizes the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders’ value and the financial performance of the Company and the Group. The Board has established the term of reference to assist in the discharge of its responsibilities.

### II. Board Composition

The current board comprises of four (4) Non-executives. Out of the four (4) non-executive directors, two (2) are independent and two (2) are non-independent. The profiles of the Directors of the Company are provided in this Annual Report.

The Boards are of the view that the current Board composition fairly reflects the investment of the shareholders in the Company.

The Board had identified YTM Dato Hj Muhamad Sharip Bin Hj Othman as the Independent & Non-Executive Chairman to whom any concerns pertaining to the group may be conveyed.

### III. Board Meetings

Attendance of past directors during their office tenure:

	No. of Meetings Attended
<b>En. Chut Nyak Isham bin Nyak Ariff</b> (Non-Independent & Non-Executive), <i>Resigned on 30.12.2004</i>	11/11
<b>YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail</b> (Independent & Non-Executive), <i>Resigned on 30.12.2004</i>	11/11
<b>YBhg Dato’ Yusof bin Jusoh</b> (Non-Independent & Non-Executive), <i>Resigned on 29.12.2004</i>	9/9
<b>YBhg Dato’ Syed Md Amin bin Syed Jan Aljeffri</b> (Non-Independent & Non-Executive), <i>Resigned on 19.12.2004</i>	11/11
<b>YBhg Dato’ Thomas Teng Poh Foh</b> (Independent & Non-Executive), <i>Resigned on 30.12.2004</i>	11/11

	No. of Meetings Attended
<b>YBhg Tun Dato' Seri Abdul Hamid Omar</b> Chairman (Independent & Non-Executive), <i>Resigned on 06.08.2004</i>	2/2
<b>Mr. Tan Keok Yin</b> (Independent & Non-Executive), <i>Resigned on 08.03.2005</i>	3/3
<b>YBhg Datuk Dr Hussein bin Awang</b> Chairman (Independent & Non-Executive), <i>Resigned on 08.03.2005</i>	3/3

Attendance of present directors during their office tenure:

	No. of Meetings Attended
<b>YTM Dato' Hj Muhamad Sharip bin Hj Othman</b> (Independent & Non-Executive), <i>Appointed on 10.03.2005</i>	4/6
<b>YBhg Datuk Kamaruddin bin Taib</b> (Non-Independent & Non-Executive), <i>Appointed on 29.12.2004</i>	9/9
<b>Mr. Seow Thiam Fatt</b> (Non-Independent & Non-Executive), <i>Appointed on 29.12.2004</i>	9/9
<b>Mr. Teh Leong Kiat</b> (Independent & Non-Executive), <i>Appointed on 10.03.2005</i>	6/6

#### IV. Director's Training

Pursuant to Paragraph 15.09 of the Bursa Malaysia Listing Requirements ("LR"), every Director of a listed company must undergo continuous training called Mandatory Accreditation Programme ("MAP") and Continuing Education Programme ("CEP").

Directors are required to attend the MAP within four (4) months from the date of their appointment as Directors. All current directors attended their MAP on dates mentioned below:

	Date Attended
<b>YTM Dato' Hj Muhamad Sharip bin Hj Othman</b>	8 - 9 June 2005
<b>YBhg Datuk Kamaruddin bin Taib</b>	2 - 3 February 2005
<b>Mr. Seow Thiam Fatt</b>	3 - 4 September 2002
<b>Mr. Teh Leong Kiat</b>	8 - 9 June 2005

Mr. Seow Thiam Fatt has attended three (3) CEPs with 96 accumulated points during the fiscal year ended 30 June 2005.

YTM Dato Hj' Muhamad Sharip bin Hj Othman, YBhg Datuk Kamaruddin bin Taib and Mr. Teh Leong Kiat have not yet attended any CEP course during the fiscal year ended 30 June 2005. However, YBhg Datuk Kamaruddin bin Taib and Mr. Teh Leong Kiat attended a CEP in August 2005.

In addition to the MAP and CEP courses required by Bursa, company new Directors will be given briefings on the business of the Group and regulatory issues. They will also be updated from time to time of any new or changes to companies and securities legislations, rules and regulations.

## V. Conduct of Meetings

The Board ensures that any potential conflict of interest is avoided by requesting the Director(s) concerned to declare his/their interests and abstain from the decision making process.

## VI. Supply of and Access to Information Advice

The Chairman encourages full discussion and deliberation of issues affecting the Group by all Board members. The Board and the Board Committees are provided with information on a timely manner. Board reports are circulated prior to meetings of the Board and the Board Committees.

## VII. Re-election of Directors

Any Director appointed during the year is required under the Company's Articles of Association, to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require that one-third of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election at least one in every three years.

## B. DIRECTORS' REMUNERATION

### I. Nominating and Remuneration Committee

The Company has met the above clause and has established a Nominating and Remuneration Committee with terms of reference as approved by the Board. The attendances of the past and present members of the Nominating & Remuneration Committee are as below:

Attendance of past members during their office tenure:

	No. of Meetings Attended
<b>YBhg Datuk Dr Hussein bin Awang</b> (Independent & Non-Executive), <i>Resigned on 08.03.2005</i>	3/3
<b>Mr. Tan Keok Yin</b> (Independent & Non-Executive), <i>Resigned on 08/03/2005</i>	3/3



## STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Attendance of present members during their office tenure:

	No. of Meetings Attended
<b>YTM Dato' Hj Muhamad Sharip bin Hj Othman</b> Chairman (Independent & Non-Executive), <i>Appointed on 10.03.2005</i>	1/1
<b>YBhg Datuk Kamaruddin bin Taib</b> (Non-Independent & Non-Executive), <i>Appointed on 18.01.2005</i>	1/1
<b>Mr. Teh Leong Kiat</b> (Independent & Non-Executive), <i>Appointed on 10.03.2005</i>	1/1

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the executive directors. The determination of the remuneration for the Non-executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.

### II. Directors' Remuneration

The fees for Directors for the year ended 30 June 2005 are recommended by the Board for approval by shareholders of the Company at its Annual General Meeting.

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group and categorized into appropriate components for the financial year ended 30 June 2005 is as follows:

#### a. Aggregate Past Directors' Remuneration paid or payable to all Directors of the Company by the Group.

	RM '000				
	Fees	Salaries and other emoluments	Bonus	Benefits - in - kind	Total
Executive	—	—	—	—	—
Non - Executive	178	81	—	—	259
<b>Total</b>	<b>178</b>	<b>81</b>	<b>—</b>	<b>—</b>	<b>259</b>

#### b. Aggregate Present Directors' Remuneration paid or payable to all Directors of the Company by the Group.

	RM '000				
	Fees	Salaries and other emoluments	Bonus	Benefits - in - kind	Total
Executive	—	—	—	—	—
Non - Executive	91	14	—	—	105
<b>Total</b>	<b>91</b>	<b>14</b>	<b>—</b>	<b>—</b>	<b>105</b>

The number of directors whose remuneration falls into the following bands is as follows:

**a. Past Directors' Remuneration bands**

	Number of Directors	
	<u>Executive</u>	<u>Non-Executive</u>
RM 1 - RM 50,000	–	7
RM 50,001 - RM 100,000	–	–
RM 100,001 - RM 150,000	–	1
<b>Total</b>	<b>–</b>	<b>8</b>

**b. Present Directors' Remuneration bands**

	Number of Directors	
	<u>Executive</u>	<u>Non-Executive</u>
RM 1 - RM 50,000	–	4

**C. RELATION WITH SHAREHOLDER AND INVESTOR**

The Company recognizes the importance of keeping shareholders and investors informed of the Group's business and corporate performance. From time to time, such information is disseminated via the Company's annual reports, circulars to shareholders, quarterly financial results and various announcements.

In fact, the group maintains a corporate website at [www.mpcb.com.my](http://www.mpcb.com.my) which shareholders as well as members of the public are invited to access for the latest information on the Group's linked development and the Group's latest announcements.

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's businesses. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

**D. ACCOUNTABILITY AND AUDIT**

**I. Financial Reporting**

In presenting the annual financial statements and quarterly reports to shareholders, investors and regulatory authorities, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit & Risk Management Committee assists the Board in ensuring the accuracy and adequacy of information submitted to the Board by reviewing and deliberating such information before recommending such information to the Board for approval prior to disclosure to the public.

**II. Audit & Risk Management Committee**

Currently, the Audit & Risk Management Committee comprises of three members i.e. two independent non-executive Directors and one non-independent non-executive Director. Full particulars on the composition of the Audit & Risk Management Committee, its terms of reference and report of the Audit & Risk Management Committee are provided in this Annual Report.

### III. Internal Control

The Directors accept their responsibility for the Group's system of internal controls that covers financial, operational, and compliance controls, as well as risk management. The internal control system is designed and maintained within each subsidiary's business, to ensure that the risks faced by the business in pursuit of its objective are identified and managed at known acceptable levels. The key management personnel are responsible to monitor and manage, and provide regular reports to both the Boards of the subsidiary and the holding company to permit reasonable assessment of the state of financial health of the business activities. The Internal Audit & Risk Manager was appointed during the financial year ended 30 June 2005. The Statement on Internal Control is set out in this Annual Report.

### IV. Relationship with External Auditors

Through the Audit Committee, the company has established a transparent and appropriate relationship with the Group's auditors, both internal and external. From time to time, the auditors highlighted to the Audit Committee and the Board on matters that require Board's attention. The re-appointment of external auditors for the financial year ending 30 June 2005 is recommended by the Board which determines the remuneration of the external auditors.

The external auditors are invited, as and when required, to the Audit & Risk Management Committee's meeting to discuss, inter-alia, the audit planning memorandum, management letter and final financial statements of the Group. The external auditors are given access to books and records of the Group at all times.

### V. Internal Audit

The Company has an Internal Audit & Risk department as disclosed in the Audit & Risk Management Committee Report appearing in this Annual Report, which reports to the Audit & Risk Management Committee, the findings, its recommendation and the corrective actions taken by management in the discharge of its duties and responsibilities. The internal audit & risk department has the role of providing independent and objective reports on the Group's management, records, accounting policies and internal controls to the Board. The internal audit functions include the evaluation of the processes by which significant risks are identified, assessed and managed. Such audits also ensure instituted controls are appropriate, effectively applied and within acceptable risks exposures.

## E. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Listing Requirements of Bursa Malaysia Securities Berhad require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that, in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2005, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant accounting standards have been followed in the preparation of these financial statements.

## F. RISK MANAGEMENT

The Board of Directors is aware and recognizes the various types of risks, which the Group faces from time to time. The Audit & Risk Management Committee is constantly monitoring such risk factors and measures are taken to eliminate, control or manage such risks. Efforts are being made to establish proper risk management to identify, evaluate and manage the risks.

## STATEMENT ON INTERNAL CONTROL

---

The board recognizes the commitment in maintaining both a sound system of internal controls and a proper management of risks throughout the Group's operations in order to protect its shareholders' value, employees, environment, assets, markets, earnings, reputation and is pleased to provide the following statement on internal control which outlines the nature and the scope of internal controls of the Group for the financial year ended 30 June 2005 pursuant to the paragraph 15.27(b) of the Listing Requirement of Bursa Malaysia Securities Berhad.

### RESPONSIBILITIES

The board acknowledges its responsibilities to maintain a sound internal control system and to protect the Group's assets as well as to review the adequacy and integrity of these systems. However, such controls are designed to manage the risk management framework rather than eliminate the risk failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

### MANAGEMENT'S CONTROL

The Internal Audit & Risk Manager acts independently, reports and assists the board in:-

- setting and reviewing high-level policies that support the business objectives of the Group.
- addressing pertinent information for the Board's attention if Board-level decision making is required.
- monitoring the performance and profitability of the Group's businesses through the review of management reports.

During the first six month of the financial year, the internal audit department's duties covering the business audit, system and financial audit are carried out by the Independent Directors. Under the leadership of the new group of directors ("the board"), precautionary actions were taken to ensure that the company exercise the best practices of maintaining good internal controls and proper risk management throughout the group's operations. The Internal Audit & Risk Manager was appointed during the last six month of the financial year under the new board and management team.

The management carries out day-to-day affairs of the Group's businesses within the various divisions. They attend and conduct various management and operations meetings, and review financial and operation reports in order to monitor the performance and profitability of their respective businesses. With the existence of the Internal Audit & Risk department, audit activities are able to be conducted to review and monitor the group's businesses and operations.

The Group also prides itself with its 'open-door' and 'hands-on' approach, practiced by the Chief Executive Officer, senior management and executives of the Group. This culture allows for any matters arising to be promptly and efficiently dealt with, drawing from the experience and knowledge of employees throughout the Group. The above monitoring and reporting processes present the platform for the timely identification of the Group's business risks, as well as systems to manage them. Operation managers are responsible for ensuring the appropriate corrective actions on the reported weaknesses are implemented within the stipulated timeframe.

### ASSURANCE MECHANISM

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the system of internal control. The Audit Committee receives independent reports from the Internal Audit & Risk Manager who monitor and ensure the internal controls are well managed and mitigated throughout management and operations level. The Report of the Audit Committee is set out in the earlier part of the Annual Report.

The Board and the management will ensure its continuity of commitment and measures to strengthen the internal control system for the safeguarding of the shareholders' investment and Group's assets.



## FINANCIAL STATEMENTS

- 23 DIRECTORS' REPORT
- 27 BALANCE SHEETS
- 28 INCOME STATEMENTS
- 29 STATEMENTS OF CHANGES IN EQUITY
- 30 CASH FLOW STATEMENTS
- 32 NOTES TO THE FINANCIAL STATEMENTS
- 55 STATEMENT BY DIRECTORS
- 55 STATUTORY DECLARATION  
PURSUANT TO SUB-SECTION (16) OF SECTION 169 OF THE COMPANIES ACT, 1965
- 56 REPORT OF THE AUDITORS  
TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD



The Directors have pleasure in presenting their annual report and the audited financial statements of the Group and of the Company for the year ended 30 June 2005.

### PRINCIPAL ACTIVITIES

The Company is principally in the business of letting of investment properties and investment holding whilst the principal activities of the subsidiary companies are as stated in Note 5 to the financial statements. There has been no significant change in activities during the year under review.

### CHANGE OF NAME

The name of the Company was changed from Malaysia Pacific Land Berhad to Malaysia Pacific Corporation Berhad with effect from 11 January 2005.

### FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net loss for the year	(16,323)	(1,515)

### DIVIDEND

The Directors have decided not to recommend the payment of any dividend for the financial year ended 30 June 2005.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid up share capital of the Company was increased from 154,000,000 ordinary shares of RM1.00 each to 172,596,793 ordinary shares of RM1.00 each arising from the conversion of 18,596,793 warrants at the conversion price of RM1.00 per share by the warrant holders.

The Company has not issued any debenture during the financial year.

### WARRANTS

The Company had, on 11 May 2004, issued 27,500,000 detachable warrants. The details of the warrants are as follows:-

- (a) The warrants were constituted by a Deed Poll dated 27 February 2004.

Each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1.00 at an exercise price of RM1.00 per new ordinary share. The expiry date for subscription is on 10 May 2009.

- (b) The new ordinary shares issued upon exercise of the warrants shall be fully paid-up and shall rank pari-passu in all respects with the existing ordinary shares of the Company except that these new shares shall not be entitled to any dividends, rights, allotment or other distributions if the date of the new shares to be issued pursuant to the exercise of the warrants is after the Record Date (Record Date means the date as at the close of business on which shareholders must be registered in the Record of Depository with Bursa Malaysia Depository Sdn Bdn in order to participate in any dividends, rights, allotments or other distributions). The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised.

18,596,793 warrants were converted into new ordinary shares during the financial year. As of the balance sheet date, the total number of warrants which remained unexercised was 8,903,207 warrants. Any warrants which have not been exercised at the date of expiry will lapse and cease to be valid for any purpose.

### **OPTIONS**

No option has been granted to any person to take up unissued shares of the Company.

### **RESERVES AND PROVISIONS**

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

### **DIRECTORS**

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

#### **Present Directors**

YTM Dato' Hj Muhamad Sharip bin Hj Othman (Chairman) *(Appointed on 10-3-2005)*

YBhg Datuk Kamaruddin bin Taib *(Appointed on 29-12-2004)*

Seow Thiam Fatt *(Appointed on 29-12-2004)*

Teh Leong Kiat *(Appointed on 10-3-2005)*

#### **Past Directors**

Tan Keok Yin *(Appointed on 29-12-2004 and Resigned on 8-3-2005)*

YBhg Datuk Dr Hussein Awang *(Appointed on 18-1-2005 and Resigned on 8-3-2005)*

YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail *(Appointed on 24-3-2003 and Resigned on 31-12-2004)*

YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri *(Appointed as Director and Chairman on 21-1-2003 and Relinquished Office as Chairman on 16-6-2003 and Resigned on 19-12-2004)*

YBhg Dato' Yusof bin Jusoh *(Appointed on 8-4-1996 and Resigned on 29-12-2004)*

Encik Chut Nyak Isham bin Nyak Ariff *(Appointed on 3-7-1990 and Resigned on 30-12-2004)*

YBhg Dato' Thomas Teng Poh Foh *(Appointed on 21-1-2003 and Resigned on 30-12-2004)*

In accordance with Article 92 of the Company's Articles of Association, YTM Dato' Hj Muhamad Sharip bin Hj Othman, YBhg Datuk Kamaruddin bin Taib, Mr Seow Thiam Fatt and Mr Teh Leong Kiat, the present directors are required to retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

### **DIRECTORS' INTERESTS**

None of the Directors holding office at the end of the financial year had, according to the Register required to be kept under Section 134 of the Companies Act, 1965, an interest in the shares of the Company and related corporation.

### **DIRECTORS' BENEFITS**

No Director of the Company has since the end of the previous financial year received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporation with the Director or with a firm of which the Director is a member, or with a corporation in which the Director has a substantial financial interest save and except as disclosed in Note 26 under material litigation in the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the income statements and balance sheets of the Group and the Company were made out, the Directors took reasonable steps:-
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (a) The Directors are not aware of any circumstances:-
  - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
- (b) In the opinion of the Directors:-
  - (i) the results of the operations of the Group and the Company for the financial year ended 30 June 2005 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which has arisen in the interval between the end of the financial year and at the date of this report; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet its obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

- (a) There are no charges on the assets of the Group and the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (b) There are no contingent liabilities which have arisen since the end of the financial year.
- (c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

**AUDITORS**

The auditors, Messrs Ling Kam Hoong & Co, have intimated their intention not to seek re-appointment.

On behalf of the Board

.....	)	
<b>YTM Dato' Hj Muhamad Sharip</b>	)	
<b>bin Hj Othman</b>	)	
	)	
	)	Directors
	)	
	)	
.....	)	
<b>Seow Thiam Fatt</b>	)	

Date: 22 September 2005

# **BALANCE SHEETS** *As At 30 June 2005*

		<b>The Group</b>		<b>The Company</b>	
	<b>Notes</b>	<b>2005 RM'000</b>	<b>2004 RM'000</b>	<b>2005 RM'000</b>	<b>2004 RM'000</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	3	4,626	3,810	4,579	3,753
<b>INVESTMENT PROPERTIES</b>	4	132,544	132,544	123,956	123,956
<b>INVESTMENT IN SUBSIDIARIES</b>	5	—	—	8,850	8,850
<b>LAND HELD FOR PROPERTY DEVELOPMENT</b>	6	130,353	134,433	—	—
<b>CURRENT ASSETS</b>					
Development properties	7	93,091	83,466	—	—
Inventories	8	1,314	1,377	—	—
Trade receivables	9	9,207	14,572	341	537
Amount due from subsidiaries	10	—	—	149,316	135,459
Other receivables, deposits and prepayments		637	663	393	400
Tax recoverable		6,101	6,423	130	442
Deposit with financial institution	11	—	2,500	—	2,500
Cash and bank balances	12	9,996	2,830	3,977	374
		120,346	111,831	154,157	139,712
<b>CURRENT LIABILITIES</b>					
Trade payables	13	6,087	5,640	10	43
Rental and utilities deposits		2,500	2,177	2,259	2,011
Amount due to subsidiaries	14	—	—	25,092	26,825
Other payables and provision	15	18,322	14,820	941	2,600
Hire purchase payables	16	103	73	103	73
Bank borrowings	17	106,722	105,361	69,482	68,643
Provision for taxation		5,008	6,122	—	—
		138,742	134,193	97,887	100,195
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(18,396)	(22,362)	56,368	39,517
		249,127	248,425	193,655	176,076
<b>FINANCED BY:-</b>					
<b>SHARE CAPITAL</b>	18	172,597	154,000	172,597	154,000
<b>ASSET REVALUATION RESERVE</b>		17,950	17,950	17,349	17,349
<b>(ACCUMULATED LOSSES)/RETAINED PROFITS</b>	19	(11,676)	4,647	(1,469)	46
		178,871	176,597	188,477	171,395
<b>LONG TERM AND DEFERRED LIABILITIES</b>	20	70,256	71,828	5,178	4,681
		249,127	248,425	193,655	176,076

The notes on pages 32 to 54 form part of these financial statements.



# INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

		The Group		The Company	
	Notes	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Revenue</b>	21	25,721	26,247	6,792	6,180
Cost of sales/Direct costs		(22,980)	(23,029)	(4,629)	(5,636)
<b>Gross profit</b>		2,741	3,218	2,163	544
Other operating income		580	489	5,817	6,850
Selling and marketing expenses		(393)	(196)	(363)	(158)
Other operating expenses		(6,042)	(1,605)	—	—
Administration expenses		(4,010)	(4,157)	(3,265)	(2,856)
<b>(Loss)/Profit from operations</b>		(7,124)	(2,251)	4,351	4,380
Finance costs		(8,920)	(9,142)	(5,788)	(7,118)
<b>Loss before taxation</b>	22	(16,044)	(11,393)	(1,437)	(2,738)
Taxation	23	(279)	(150)	(78)	186
<b>Loss after taxation</b>		(16,323)	(11,543)	(1,515)	(2,552)
<b>Loss per share (sen)</b>					
Basic	24	(9.60)	(10.39)		
Fully diluted	24	(9.60)	(10.39)		
<b>Dividend per share</b>		Nil	Nil		

The notes on pages 32 to 54 form part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Share Capital RM'000	*Assets Revaluation Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000
<b>THE GROUP</b>				
<b>At 1 July 2003</b>	99,000	17,950	41,490	158,440
Rights issue	55,000	—	(25,300)	29,700
Net loss for the year	—	—	(11,543)	(11,543)
<b>At 30 June 2004</b>	154,000	17,950	4,647	176,597
Conversion of warrants	18,597	—	—	18,597
Net loss for the year	—	—	(16,323)	(16,323)
<b>At 30 June 2005</b>	172,597	17,950	(11,676)	178,871
<b>THE COMPANY</b>				
<b>At 1 July 2003</b>	99,000	17,349	27,898	144,247
Rights issue	55,000	—	(25,300)	29,700
Net loss for the year	—	—	(2,552)	(2,552)
<b>At 30 June 2004</b>	154,000	17,349	46	171,395
Conversion of warrants	18,597	—	—	18,597
Net loss for the year	—	—	(1,515)	(1,515)
<b>At 30 June 2005</b>	172,597	17,349	(1,469)	188,477

\* Non-distributable

The notes on pages 32 to 54 form part of these financial statements.

# CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(16,044)	(11,393)	(1,437)	(2,738)
Adjustments for:-				
Property, plant and equipment written off	31	—	30	—
Loss/(Gain) on disposal of property, plant and equipment	21	(24)	21	(24)
Depreciation of property, plant and equipment	882	961	858	938
Interest expense	8,904	9,120	5,771	7,107
Interest income	(483)	(217)	(5,325)	(6,273)
Bad and doubtful debts	514	165	333	140
Provision for liquidated ascertained damages	6,042	1,605	—	—
Foreseeable loss on development properties	—	177	—	—
	15,911	11,787	1,688	1,888
Operating (loss)/profit before working capital changes	(133)	394	251	(850)
(Increase)/Decrease in working capital:-				
Receivables	4,877	(3,028)	(130)	(126)
Payables	(1,287)	(695)	(1,692)	(1,309)
Rental and utilities deposits	323	(171)	248	(180)
Inventories	63	(46)	—	—
Subsidiaries' balances	—	—	(15,590)	(11,523)
Development properties	(9,625)	(11,685)	—	—
Cash used in operations	(5,782)	(15,231)	(16,913)	(13,988)
Liquidated ascertained damages paid	(806)	(267)	—	—
Interest paid	(8,904)	(9,120)	(5,771)	(7,107)
Interest received	483	217	5,325	6,273
Net tax (paid)/refund	(797)	28	312	28
Net cash used in operating activities	(15,806)	(24,373)	(17,047)	(14,794)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Incorporation of subsidiaries	—	—	—	(500)
Proceeds from disposal of plant and equipment	96	24	95	24
Purchase of property, plant and equipment (Note A)	(1,246)	(2,388)	(1,230)	(2,375)
(Decrease)/increase in land held for property development	4,080	11,097	—	—
Net cash generated from/(used in) investing activities	2,930	8,733	(1,135)	(2,851)

# CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005 (CONT'D)

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of short term loan	–	(13,800)	–	(13,800)
Repayment of hire purchase	(151)	(50)	(151)	(50)
Net repayment of term loans	(2,265)	(2,904)	–	–
Rights issue	–	29,700	–	29,700
Conversion of warrants	18,597	–	18,597	–
Net cash generated from financing activities	16,181	12,946	18,446	15,850
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,305	(2,694)	264	(1,795)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(58,247)	(55,553)	(40,065)	(38,270)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note B)</b>	(54,942)	(58,247)	(39,801)	(40,065)

## Note A

### PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:-

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	(1,846)	(2,674)	(1,830)	(2,661)
Financed by hire purchase arrangements	600	286	600	286
Cash payments on purchase of property, plant and equipment	(1,246)	(2,388)	(1,230)	(2,375)

## Note B

### CASH AND CASH EQUIVALENTS COMPRISE:-

Cash and bank balances	9,996	2,830	3,977	374
Bank overdrafts	(64,938)	(63,577)	(43,778)	(42,939)
Short term deposit	–	2,500	–	2,500
	(54,942)	(58,247)	(39,801)	(40,065)

The notes on pages 32 to 54 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. PRINCIPAL ACTIVITIES

The Company is principally in the business of letting of investment properties and investment holding whilst the principal activities of the subsidiary companies are as stated in Note 5 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the financial year, the Group and the Company adopted an additional accounting standard, FRS201 (Formerly known as MASB 32) Property Development Activities.

The adoption of this standard has no material impact on the net profit/(loss) or the shareholders' equity of the Group and of the Company as the existing accounting policy is consistent with the requirements under the new standard. However, comparative figures have been restated as disclosed in Note 30 to comply with the new disclosure requirement.

### (a) Basis of accounting

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia under the historical cost convention modified to include the revaluation of investment properties unless otherwise indicated in this summary of significant accounting policies.

### (b) Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and its wholly-owned subsidiary companies made up to the year ended 30 June 2005.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiary companies are measured at their fair values as at the date of acquisition. The difference between the cost of an acquisition and the fair values of the Group's share of the net assets of the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation except for the excess of the cost of investment acquired over the net assets of the property development sub-subsidiary at acquisition date has been allocated to the cost of development properties being its fair value at date of acquisition of the sub-subsidiary.

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

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

### (c) Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment, is computed on the straight-line basis over the estimated useful lives of the assets. The principal annual rates used are:-

Building service plant and equipment	5% - 10%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

### (d) Investment properties

Investment properties of the Group comprise office units, shoplots, land and buildings which are held for their investment potential and rental business. Investment properties are not depreciated as they are considered long term investments.

It is the policy of the Group to revalue its investment properties at least in every five years or such shorter period as may be considered appropriate, based upon the advice of professional valuers and appraisers. In addition, the directors will appraise the properties at open market values annually based on appropriate information. Surplus arising on the revaluation are credited to Capital Reserve at the discretion of the directors, any deficit is first offset against any unutilised previously recognised revaluation surplus in respect of the same investment property and the balance is thereafter recognised as an expense. A revaluation surplus is recognised as an income to the extent that it reverses a revaluation deficit of the same investment property previously recognised as an expense.

Upon disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus is taken directly to retained profits.

### (e) Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment losses.

Subsidiary companies are those companies in which the Group has control through to the power to govern the financial and operating policies of the Company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the Company.

### (f) Land held for property development and Property development expenditure

Land and development expenditure are classified as development properties under current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Interest cost incurred on the property development projects are capitalised and included as part of development expenditure.

The Company consider as current assets that portion of property development projects which significant development work has been done and is expected to be completed within the normal operating cycle of two to three years.

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

Land held for property development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment costs (if any). Such assets are transferred to property development activities when significant development has been undertaken and the development is expected to be completed within the normal operating cycle.

### (g) Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable.

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

### **(h) Inventories**

Inventories of completed properties are valued at the lower of cost and net realisable value. Cost is determined by specific identification method and comprises the relevant cost of land, development expenditure and related interest costs incurred during the development period.

### **(i) Taxation**

Taxation in the income statement comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case the taxation is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the balance sheet liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### **(j) Borrowings**

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Interest costs on borrowings to finance the development properties are capitalised during the period in which activities related to the development are being undertaken. Capitalisation of borrowing costs ceases when development of the property is completed and active development is interrupted.

All other borrowing costs are recognised as an expense in the income statement in the period they incurred.

### **(k) Provisions**

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

### **(l) Receivables**

All receivables are stated at anticipated realisable value. Known bad debts are written off and specific provision is made for debts considered to be doubtful of collection.



**(m) Payables**

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

**(n) Revenue recognition**

**Dividend**

Dividend income is recognised when the right to receive payment is established.

**Rental**

Rental income is recognised on accrual basis unless collectibility is in doubt.

**Development properties**

Revenue from sale of development properties is recognised based on the percentage of completion method. The stage of completion is determined based on the proportion of total costs incurred up to the balance sheet date over the estimated total costs of the development. Where foreseeable losses on development projects are anticipated, full provision for these losses is made in the financial statements.

**Interest income**

Interest income is recognised on a time proportion basis taking into account the effective yield on the asset.

**Construction contracts**

Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

**Property management fee**

Revenue from property management fee is recognised when services are rendered.

**(o) Assets acquired under hire purchase**

Assets acquired under hire purchase contracts are capitalised in the balance sheet at fair value and depreciated over their useful lives. The interest cost is charged over the period of the hire purchase agreement using the sum of digit method.

**(p) Impairment of assets**

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(q) Financial instruments**

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. 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 set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(r) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances, bank overdrafts, deposits and other short-term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

**(s) Segmental information**

Segment information is presented in respect of the Group's business segment as the Group operates solely within Malaysia.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively. Unallocated items mainly comprise finance cost and corporate administration expenses.

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

**(t) Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term non-accumulating compensated absences such as sick and medical leaves are recognised when the absences occur.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia made contributions to the statutory pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in their income statement as incurred. Once the contributions have been paid, the Group has no further payment obligations.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT

	Building Service, Plant & Equipment RM'000	Furniture, Fittings & Equipment RM'000	Motor Vehicles RM'000	Total RM'000
<b>THE GROUP</b>				
<b>Net book value</b>				
At 1 July 2004	529	2,940	341	3,810
Additions	104	929	813	1,846
Disposals	—	(1)	(116)	(117)
Depreciation charges	(186)	(563)	(133)	(882)
Written off	(10)	(21)	—	(31)
At 30 June 2005	437	3,284	905	4,626
<b>At 30-6-2005</b>				
Cost	9,424	6,907	1,196	17,527
Accumulated depreciation	(8,987)	(3,623)	(291)	(12,901)
Net book value	437	3,284	905	4,626
<b>At 30-6-2004</b>				
Cost	9,334	7,012	614	16,960
Accumulated depreciation	(8,805)	(4,072)	(273)	(13,150)
Net book value	529	2,940	341	3,810
<b>THE COMPANY</b>				
<b>Net book value</b>				
At 1 July 2004	508	2,904	341	3,753
Additions	100	917	813	1,830
Written off	(10)	(20)	—	(30)
Disposals	—	—	(116)	(116)
Depreciation charges	(179)	(546)	(133)	(858)
At 30 June 2005	419	3,255	905	4,579
<b>At 30-6-2005</b>				
Cost	8,956	6,636	1,092	16,684
Accumulated depreciation	(8,537)	(3,381)	(187)	(12,105)
Net book value	419	3,255	905	4,579
<b>At 30-6-2004</b>				
Cost	8,942	6,679	449	16,070
Accumulated depreciation	(8,434)	(3,775)	(108)	(12,317)
Net book value	508	2,904	341	3,753

Included in property, plant and equipment are motor vehicles with net book value of RM874,816 (2004: RM292,367) held under hire purchase arrangement.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. INVESTMENT PROPERTIES

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Freehold land and buildings				
- At cost	30,991	30,991	23,270	23,270
- At valuation	101,553	101,553	100,686	100,686
	132,544	132,544	123,956	123,956

The investment properties have been pledged to financial institutions for credit facilities granted to the Company as stated in Note 17.

Details of independent professional valuations of properties of the Group are as follows:-

#### Freehold land and buildings

	The Group
	RM'000
Revaluation adopted in the financial statements:-	
- The Company - 1989 valuation	100,686
- Subsidiary company - 1990 valuation	867
	101,553

The investment properties were revalued by the directors based on valuation reports prepared on the open market value basis.

During the year, the directors re-estimated the valuation of the Group's and the Company's freehold investment properties at RM149,831,000 and RM140,781,000 respectively based on the advice by independent professional valuers, on its open market value under the Comparison Method of valuation in accordance with the Group's accounting policy (Note 2(e)). However, the directors have decided not to take up in the financial statements the surplus of RM17,287,000 and RM16,825,000 for the Group and the Company respectively at the date of valuation for the time being as further upgrading of the building is still on-going and further fresh revaluation may be considered in due process.

### 5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2005	2004
	RM'000	RM'000
Unquoted shares in subsidiaries - at cost	8,850	8,850

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

The subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Equity Interest		Principal Activities
	2005 %	2004 %	
(a) ASA Enterprises Sdn Bhd	100	100	Letting of investment property
(b) Bedford PJ Complex Sdn Bhd	100	100	Dormant
(c) Creative Ascent Sdn Bhd and its subsidiary:-	100	100	Investment holding, project management and property co-development
(i) Taman Bandar Baru Masai Sdn Bhd (formerly known as Bandar Baru Masai Sdn Bhd)	100	100	Property development
(d) Premier Building Management Services Sdn Bhd (formerly known as Business Tempo Sdn Bhd)	100	100	Property management service
(e) Euronium Construction Sdn Bhd	100	100	Construction, projects and property management, engineering and trading
(f) Lakehill Resort Development Sdn Bhd (formerly known as Lakehill Resort Development Sdn Bhd)	100	100	Property development

The financial year end of all the subsidiaries are co-terminous with that of the Company.

### 6. LAND HELD FOR PROPERTY DEVELOPMENT

The Group	2005 RM'000	2004 RM'000
Balance as at 1 July	134,433	155,545
Additions during the year	1,566	3,813
<b>Less:</b>		
Transfer to development properties	(5,646)	(24,925)
Balance as at 30 June	130,353	134,433
Freehold land - at cost	29,612	30,804
Premium on acquisition of Taman Bandar Baru Masai Sdn Bhd allocated to land cost	29,118	30,236
Development expenditure	71,623	73,393
	130,353	134,433

The land held for property development together with the development properties are charged to financial institution for credit facilities granted to the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. DEVELOPMENT PROPERTIES

	2005 RM'000	2004 RM'000
<b>The Group</b>		
<b>Freehold land and premium - at cost</b>		
Balance as at 1 July	50,822	38,255
<b>Add:</b>		
Transfer from land held for property development during the year	2,311	12,567
	53,133	50,822
<b>Less:</b>		
Recognised as an expense in the income statement		
- In previous years	(16,354)	(14,040)
- During the year	(2,825)	(2,314)
Balance as at 30 June	33,954	34,468
<b>Development expenditure</b>		
Balance as at 1 July	101,419	73,547
<b>Add:</b>		
Development costs incurred during the year	23,914	15,514
Transfer from land held for property development during the year	3,335	12,358
	128,668	101,419
<b>Less:</b>		
Recognised as an expense in income statement		
- Previous year	(52,421)	(35,699)
- Current year	(17,110)	(16,722)
Balance as at 30 June	59,137	48,998
	93,091	83,466
Development expenditure includes:-		
Interest capitalised	3,539	3,947

The title deed to the freehold land and other assets are charged by way of fixed and floating charges respectively to financial institution as security for credit facilities granted to the subsidiary as stated in Note 17.

### 8. INVENTORIES

	2005 RM'000	2004 RM'000
<b>The Group</b>		
Completed industrial lots, residential houses and shop offices - at cost	1,314	1,377

The inventories have been pledged to a financial institution as security for credit facilities granted to the Group as stated in Note 17.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. TRADE RECEIVABLES

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Accrued billings	3,172	7,187	—	—
Trade receivables	7,579	8,415	1,541	1,404
Allowance for doubtful debts	(1,544)	(1,030)	(1,200)	(867)
	9,207	14,572	341	537

The Group's normal trade credit terms ranges from 14 to 30 days. Other credit terms are assessed and approved on a case by case basis.

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

### 10. AMOUNT DUE FROM SUBSIDIARIES

#### The Company

	2005	2004
	RM	RM
Interest bearing advances	148,110	134,764
Non-interest bearing advances	1,206	695
	149,316	135,459

These are unsecured advances with no fixed term of repayment and the interest bearing advances attract interest at 4.45% (2004: 4.06% to 6%) per annum.

### 11. DEPOSIT WITH FINANCIAL INSTITUTION

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Short term deposit with licensed bank	—	2,500	—	2,500

The comparative short term deposit attracted effective interest rate of 2.4% per annum at balance sheet date.

### 12. CASH AND BANK BALANCES

#### The Group

Included in cash and bank balances of the Group are interest bearing balances of RM5,603,080 (2004: RM1,883,200) held under Housing Development Accounts pursuant to Section 7A of the Housing Developers Act 1966.

### 13. TRADE PAYABLES

#### The Group and the Company

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. AMOUNT DUE TO SUBSIDIARIES

#### The Company

The amount due to subsidiaries represents trade transactions, advances and payment made on behalf which are unsecured, interest free and have no fixed terms of repayment.

### 15. OTHER PAYABLES AND PROVISION

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	7,186	8,418	941	2,600
Deposits from purchasers	2,565	3,128	—	—
Provision for liquidated ascertained damages	8,510	3,274	—	—
Progress billings	61	—	—	—
	18,322	14,820	941	2,600
<b>Provision for liquidated ascertained damages</b>				
At 1 July	3,274	1,936	—	—
Additional provision during the year	6,042	1,605	—	—
Less: Payment	(806)	(267)	—	—
As at 30 June	8,510	3,274	—	—

Provision for liquidated ascertained damages is in respect of projects undertaken by the property development sub-subsidiary. The provision is recognised for expected liquidated ascertained damages claims based on the sale and purchase agreements.

### 16. HIRE PURCHASE PAYABLES

#### The Group and the Company

	2005	2004
	RM'000	RM'000
Minimum hire purchase payments		
- Not later than one year	136	87
- Later than one year but not later than five years	658	179
	794	266
Less: Future interest charges	(109)	(30)
Present value of hire purchase	685	236
Repayable as follows:-		
Current liabilities		
- Not later than one year	103	73
Long term liabilities		
- Later than one year and not later than five years (Note 20)	582	163
	685	236

The effective interest rate on the hire purchases for the year ranges from 4.69% to 6.54% (2004 : 6.54% to 8.41%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. BANK BORROWINGS

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Revolving credit				
- Secured	25,704	25,704	25,704	25,704
Term loans (Note 20)				
- Secured	16,080	16,080	—	—
Bank overdrafts				
- Secured	64,237	63,577	43,077	42,939
- Unsecured	701	—	701	—
	106,722	105,361	69,482	68,643

The revolving credit, term loans and bank overdrafts are secured by way of a fixed charge over the Group's freehold land and investment properties and a debenture creating fixed and floating charge over all assets of a sub-subsidiary company.

The weighted average effective interest rates of the bank borrowings at the balance sheet date were as follows:-

	The Group		The Company	
	2005	2004	2005	2004
	%	%	%	%
Weighted average effective interest rate:				
- Revolving credit	9.0	9.0	9.0	9.0
- Term loans	8.0	6.0	—	—
- Bank overdrafts	7.75	7.75	7.75	7.75

### 18. SHARE CAPITAL

	2005		2004	
	No. of shares '000	RM'000	No. of shares '000	RM'000
<b>Ordinary shares of RM1.00 each</b>				
Authorised:-				
At beginning of year/At end of year	500,000	500,000	500,000	500,000
Issued and fully paid up:-				
At 1 July	154,000	154,000	99,000	99,000
Rights issue	—	—	55,000	55,000
Conversion of warrants	18,597	18,597	—	—
At 30 June	172,597	172,597	154,000	154,000

## WARRANTS

The Company had, on 11 May 2004, issued 27,500,000 detachable warrants. The details of the warrants are as follows:-

- (a) The warrants were constituted by a Deed Poll dated 27 February 2004.

Each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1.00 at an exercise price of RM1.00 per new ordinary share. The expiry date for subscription is on 10 May 2009.

- (b) The new ordinary shares issued upon exercise of the warrants shall be fully paid-up and shall rank pari-passu in all respects with the existing ordinary shares of the Company except that these new shares shall not be entitled to any dividends, rights, allotment or other distributions if the date of the new shares to be issued pursuant to the exercise of the warrants is after the Record Date (Record Date means the date as at the close of business on which shareholders must be registered in the Record of Depository with Bursa Malaysia Depository Sdn Bdn in order to participate in any dividends, rights, allotments or other distributions). The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised.

During the year, 18,596,793 warrants were converted into new ordinary shares. As of the balance sheet date, the total number of warrants which remained unexercised was 8,903,207 (2004: 27,500,000) warrants. Any warrants which have not been exercised at the date of expiry will lapse and cease to be valid for any purpose.

## 19. (ACCUMULATED LOSSES)/RETAINED PROFITS

	2005 RM'000	2004 RM'000
<b>(Loss)/Profits retained by:-</b>		
The Company	(1,469)	46
The subsidiaries	(10,207)	4,601
	(11,676)	4,647

Subject to agreement with the Inland Revenue Board:-

- (i) The Company has tax exempt account available for future distribution as tax exempt dividends estimated at approximately RM7,482,000; and
- (ii) The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of future dividends of approximately RM23,000,000 (2004: RM23,000,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. LONG TERM AND DEFERRED LIABILITIES

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Term loans - Secured	56,874	59,139	—	—
Hire purchase payables (Note 16)	582	163	582	163
Deferred tax liabilities	12,800	12,526	4,596	4,518
	70,256	71,828	5,178	4,681

#### Term loans

The contracted terms and security arrangements of the term loans are detailed in Note 17 to the financial statements.

The term loans are repayable as follows:-

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<b>Current liabilities</b>				
Not later than one year (Note 17)	16,080	16,080	—	—
<b>Long term liabilities</b>				
Between one to two years	16,080	16,080	—	—
Between two to five years	40,794	43,059	—	—
	56,874	59,139	—	—
	72,954	75,219	—	—
<b>Deferred tax liabilities</b>				
Balance at 1 July	12,526	12,563	4,518	4,699
Transfer from/(to) income statement				
- Current year	263	(35)	67	(179)
- Prior year	11	(2)	11	(2)
Balance at 30 June	12,800	12,526	4,596	4,518

Deferred tax liabilities above are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Movements in deferred tax liabilities during the financial year are as follows:-

	At 1-7-2004 RM'000	Recognised in income statement RM'000	At 30-6-2005 RM'000
<b>Group</b>			
Accelerated capital allowances	224	78	302
Temporary differences arising from interest capitalised into development properties	7,976	196	8,172
Revaluation surplus	4,326	—	4,326
	12,526	274	12,800
<b>Company</b>			
Accelerated capital allowances	224	78	302
Revaluation surplus	4,294	—	4,294
	4,518	78	4,596

The Group has potential net deferred tax assets not recognised in the financial statements as follows:-

	2005		2004	
	Temporary Difference RM'000	Tax Effect RM'000	Temporary Difference RM'000	Tax Effect RM'000
<b>Group</b>				
Accelerated capital allowances	(21)	(6)	(35)	(10)
Allowance for doubtful debts	86	24	86	24
Unabsorbed capital allowances	2,550	714	2,639	739
Unutilised tax losses	20,779	5,818	14,214	3,980
Foreseeable losses	179	50	179	50
Provision for liquidated ascertained damages	8,510	2,383	3,275	917
	32,083	8,983	20,358	5,700

The unutilised tax losses, unabsorbed capital allowances, accelerated capital allowances, allowances and provisions do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits.

## 21. REVENUE

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Rental and service income	8,253	7,460	6,792	6,180
Proportionate sales value of property development projects	17,468	18,787	—	—
	25,721	26,247	6,792	6,180

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. LOSS BEFORE TAXATION

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
This is arrived at after charging/(crediting):-				
* Interest expenses				
- Bank overdraft	4,195	4,359	3,356	3,621
- Term loans	3,214	2,987	—	—
- Revolving credit	976	813	2,341	2,551
- Hire purchase	21	15	21	15
- Others	498	946	53	920
Depreciation of property, plant and equipment	882	961	858	938
Directors' remuneration				
- Fees	269	225	269	225
- Other emoluments				
- Current year	96	225	96	225
- Prior year	—	(101)	—	(101)
Auditors' remuneration				
- Statutory audits				
- Current year	62	60	25	22
- Prior year	(3)	—	—	—
- Other services	49	88	31	81
Bad and doubtful debts	514	165	333	140
Liquidated ascertained damages	6,042	1,605	—	—
Foreseeable losses	—	177	—	—
Property, plant and equipment written off	31	—	30	—
Loss/(Gain) on disposal of property, plant and equipment	21	(24)	21	(24)
Interest income				
- Subsidiary companies	—	—	(5,100)	(6,177)
- Others	(483)	(217)	(225)	(96)

\* Interest on borrowings of the Company recovered from the subsidiaries and charged to development expenditure (Note 7) has been eliminated on Group consolidation.

### 23. TAXATION

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Provision for taxation based on profit for the year	5	196	—	—
Deferred taxation	183	(35)	67	(179)
Current year tax expense	188	161	67	(179)
Under/(Over) provision of prior years'				
- Income tax	—	(9)	—	(5)
- Deferred taxation	91	(2)	11	(2)
Total tax expense	279	150	78	(186)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

A reconciliation of income tax expenses on loss before taxation with the applicable statutory income tax rate is as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss before taxation	(16,044)	(11,393)	(1,437)	(2,738)
Tax at Malaysian statutory income tax rate of 28% (2004: 28%)	(4,492)	(3,190)	(402)	(767)
<b>Tax effect in respect of:-</b>				
Reduction in tax rate	(2)	(42)	—	—
Non-taxable income	—	(1)	—	(1)
Non-allowable expenses	1,399	2,026	469	589
Deferred tax assets not recognised in the financial statements	3,283	1,368	—	—
Current year tax expense	188	161	67	(179)
Prior years under/(over) provision	91	(11)	11	(7)
Total tax expense	279	150	78	(186)

### 24. LOSS PER SHARE

The basic and diluted earnings per share are calculated as follows:-

	<b>2005</b>	<b>2004</b>
Net loss for the year (RM)	16,323,000	11,543,000
Weighted average number of ordinary shares outstanding	170,112,041	111,071,890
Basic and diluted loss per share (sen)	(9.60)	(10.39)

The outstanding warrants have been excluded from the computation of fully diluted earnings per RM1.00 ordinary share as their conversion to ordinary shares is anti-dilutive.

### 25. CONTINGENT LIABILITIES

These are contingent liabilities in respect of:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured:</b>				
Guarantee given for credit facilities granted to a sub-subsidiary				
- Secured by the Company's undertaking for registration of a legal charge over the Company's investment properties	—	—	120,000	123,500
<b>Unsecured:</b>				
- Corporate guarantee given for trade facilities granted to a subsidiary	—	—	3,000	1,850



### 26. MATERIAL LITIGATION

#### (a) Current year

- (i) The Company is taking legal action against former directors, namely, Encik Chut Nyak Isham Bin Nyak Ariff (Isham), Dato' Yusof Bin Jusoh (Yusof), Tengku Sharif Temenggung Perlis Syed Amir Abidin Jamalullai and Dato' Thomas Teng Poh Foh ("former directors") to recover the deposits and penalty interest paid to persons connected to Isham and Yusof. The action against former directors concern breaches of Section 132E of the Companies Act, 1965 as well as breaches of fiduciary duties, collusion and/or gross negligence of directors. The total sum claim by the Company is RM1,855,370, plus interest.

The Company's solicitors had on 28 April 2005 issued Notices of Demand on Warisan Alam Enterprise Sdn Bhd, Puan Asnah Bt Mohd Salleh and Bumialpha Sdn Bhd, and former directors of the Company for recovery of the money that were paid to persons and companies connected to them. No reply is received so far, save for Datuk Yusof and Bumialpha Sdn Bhd. Writs of Summon are in process.

#### (b) Subsequent events

- (i) A Winding Up under Section 218 of the Companies Act, 1965, was presented at the High Court of Malaya of Kuala Lumpur on 22 July 2005 by Puan Asnah Bt Mohd Salleh and the Petition was served on Taman Bandar Baru Masai Sdn Bhd ("TBBM") vide Companies (Winding Up) No D2-28-534-05 at its registered office in Kuala Lumpur on 9 August 2005. The hearing date of the Petition previously fixed on 13 September 2005 has been adjourned to 24 November 2005. The Company has filed and served an Affidavit-in-Opposition to the Petition.

The Petitioner is claiming for the sum of RM186,455.10 which is based on a Consent Judgment granted by former directors, dated 10 January 2005 obtained against TBBM vide the Kuala Lumpur High Court Commercial Division Suit No S1-22-1257-2004. The Company had on 9 September 2005 filed an application for a stay of execution and an application to set-aside the Consent Judgement. At the same time, TBBM has deposited a sum of RM 190,000 (in excess amount of the claimed) with the Company solicitors to contest the Winding-Up Petition.

The directors are of the opinion that they do not foresee any adverse financial and operational impact on the Group, concerning the above actions.

- (ii) The Company and TBBM are in the process of filing a case in Johor Bahru High Court, for legal action against Inta Development Sdn Bhd and Inta Bina Sdn Bhd and 5 others, which amongst them are, Encik Chut Nyak Isham Bin Nyak Ariff (former director and Group CEO of the Company) and Encik Zulhaimi Bin Nordin (the Group General Manager at the material time). The action concerns the sale of a parcel of land 21.8 acres in Johor Bahru which was discovered to be sold below market value and book value. Which is highly irregular in its commercial dealing and to a party which was linked to our Company's ex-employee, Zulhaimi Bin Nordin, and approved by the ex-CEO without prior valuation and approval of the Board of Directors of the Company and TBBM.

### 27. SEGMENT REPORTING

#### (a) Business segment

The Group's operations comprise the following business segments:-

- |                            |   |  |
|----------------------------|---|--|
| (i) Property development   | - | Development of residential and commercial properties |
| (ii) Investment properties | - | Letting of investment properties                     |
| (iii) Construction         | - | Construction of buildings                            |

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Property Development RM'000	Investment Properties RM'000	Construction RM'000	Elimination RM'000	Consolidation RM'000
<b>2005</b>					
<b>Revenue</b>					
External sales	17,468	8,253	—	—	25,721
Inter-segment sales	—	—	5,411	(5,411)	—
<b>Total Revenue</b>	<b>17,468</b>	<b>8,253</b>	<b>5,411</b>	<b>(5,411)</b>	<b>25,721</b>
<b>Results</b>					
Segment results	(6,949)	(163)	(155)	155	(7,112)
Unallocated corporate expenses					(495)
Operating loss					(7,607)
Interest income					483
Finance costs					(8,920)
					(16,044)
Taxation					(279)
<b>Loss after taxation</b>					<b>(16,323)</b>
<b>Other information</b>					
Segment assets	239,721	282,882	1,660	(142,495)	381,768
Unallocated corporate assets					6,101
<b>Consolidated total assets</b>					<b>387,869</b>
Segment liabilities	257,231	74,948	1,506	(142,495)	191,190
Unallocated corporate liabilities					17,808
<b>Consolidated total liabilities</b>					<b>208,998</b>
Capital expenditure	12	1,834	—	—	1,846
Depreciation	23	859	—	—	882
Non-cash expenses other than depreciation	6,042	514	—	—	6,556

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Property Development RM'000	Investment Properties RM'000	Construction RM'000	Elimination RM'000	Consolidation RM'000
<b>2004</b>					
<b>Revenue</b>					
External sales	18,787	7,460	—	—	26,247
Inter-segment sales	—	—	5,023	(5,023)	—
<b>Total revenue</b>	<b>18,787</b>	<b>7,460</b>	<b>5,023</b>	<b>(5,023)</b>	<b>26,247</b>
<b>Results</b>					
Segment results	(483)	(53)	12	(12)	(536)
Unallocated corporate expenses					(1,932)
Operating loss					(2,468)
Interest income					217
Finance costs					(9,142)
					(11,393)
Taxation					(150)
<b>Loss after taxation</b>					<b>(11,543)</b>
<b>Other information</b>					
Segment assets	235,193	267,732	2,883	(129,613)	376,195
Unallocated corporate assets					6,423
<b>Consolidated total assets</b>					<b>382,618</b>
Segment liabilities	246,574	75,494	2,272	(129,613)	194,727
Unallocated corporate liabilities					11,294
<b>Consolidated total liabilities</b>					<b>206,021</b>
Capital expenditure	8	2,666	—	—	2,674
Depreciation	23	938	—	—	961
Non-cash expenses other than depreciation	1,782	165	—	—	1,947

### (b) Geographical segment

No disclosure on geographical segment is provided as the Group operates solely within Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. RELATED PARTIES

#### Identity of related parties

The Company has controlling related party relationships with its direct subsidiary companies. The Group is deemed to have related party relationships with the following companies:-

Related parties	Relationship
Top Lander Offshore Inc.	A substantial shareholder of the Company
Spektrum Semangat Sdn Bhd	A company appointed by Top Lander Offshore Inc/K-Elite Sdn Bhd to help fund the loan of RM13.8 million to the Company to ward off creditors prior to the completion of the Rights Issue exercise

#### Related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:-

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Staff salary receivable from Premier Building Management Services Sdn Bhd (formerly known as Business Tempo Sdn Bhd)	—	—	428	428
Office rental receivable from Premier Building Management Services Sdn Bhd (formerly known as Business Tempo Sdn Bhd)	—	—	161	120
Interest payable to Spektrum Semangat Sdn Bhd				
- Current years	—	(920)	—	(920)
- Prior year	(52)	—	(52)	—
Service fee payable to Premier Building Management Services Sdn Bhd (formerly known as Business Tempo Sdn Bhd)	—	—	(3,313)	(3,724)

The directors are of the opinion that the transactions have been entered into on the normal course of business and have been established on a negotiated basis.

### 29. FINANCIAL INSTRUMENTS

#### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, credit, liquidity and cash flow risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

#### (i) Credit risk

Credit risks are minimised and monitored as trade receivables mainly arises from development properties projects which are supported by the end-financiers and from rental of investment properties which are secured by tenancy deposits received.

## (ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market rates. Interest rate exposure arises from the Group's bank borrowings and deposits and is managed through effective negotiation with financial institutions for best available rates.

## (iii) Liquidity and cash flow risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

## (b) Fair value of financial instruments

The Directors consider the carrying amounts of financial assets and liabilities of the Group as at financial year end to approximate their fair values.

### Methods and Assumption

The fair values of the financial assets and liabilities maturing within 12 months are stated at approximately the carrying value as at the balance sheet date.

The fair value of the Group's term loans are estimated based on the current rates offered for loans of the same remaining maturities.

## 30. COMPARATIVE FIGURES

The following comparative figures have been reclassified on the face of balance sheet so as to conform with current year's presentation and changes in presentation as required by FRS 201 (formerly known as MASB 32):-

	As Previously Reported RM'000	Reclassification RM'000	As Restated RM'000
<b>Balance sheet</b>			
Land held for property development	—	134,433	134,433
Development properties			
- Non-current portion	165,394	(165,394)	—
- Current portion	52,505	30,961	83,466

## 31. EMPLOYEES' INFORMATION

	2005 RM'000	2004 RM'000
Staff costs	2,591	1,910

Staff costs of the Group include contributions to statutory pension scheme of RM256,000 (2004: RM208,000).

The number of employees of the Group (excluding directors) at the end of the year was 59 (2004: 60).

### **32. CHANGE OF NAME**

The name of the Company was changed from Malaysia Pacific Land Berhad to Malaysia Pacific Corporation Berhad with effect from 11 January 2005.

### **33. SUBSEQUENT EVENT**

Subsequent to balance sheet date, the Company incorporated an additional new subsidiary, MPC Properties Sdn Bhd, which is intended to be engaged in property investment and development with an initial paid up capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

### **34. GENERAL**

The Company incorporated in Malaysia, is a public limited liability company that is domiciled in Malaysia.

The principal place of business of the Company is 21st Floor, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur.

### **35. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Board of Directors on 22 September 2005.

## STATEMENT BY DIRECTORS

We, **YTM DATO' HJ MUHAMAD SHARIP BIN HJ OTHMAN** and **SEOW THIAM FATT**, being the Directors of **MALAYSIA PACIFIC CORPORATION BERHAD** (formerly known as *Malaysia Pacific Land Berhad*), state that in the opinion of the Directors, the financial statements set out on pages 27 to 54 are drawn up in compliance with applicable approved Accounting Standards in Malaysia and so as to give a true and fair view of the state of affairs of the Group and the Company at 30 June 2005 and of the results of the business of the Group and of the Company and the cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board

.....	)	
<b>YTM Dato' Hj Muhamad Sharip</b>	)	
<b>bin Hj Othman</b>	)	
	)	
	)	Directors
	)	
	)	
	)	
.....	)	
<b>Seow Thiam Fatt</b>	)	

Date: 22 September 2005

## STATUTORY DECLARATION PURSUANT TO SUB-SECTION (16) OF SECTION 169 OF THE COMPANIES ACT 1965

I, **LOI CHEE BOEY**, the Officer primarily responsible for the financial management of **MALAYSIA PACIFIC CORPORATION BERHAD** (formerly known as *Malaysia Pacific Land Berhad*), do solemnly and sincerely declare that the financial statements set out on pages 27 to 54 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared	)
	)
by the abovenamed Loi Chee Boey	)
	)
at Kuala Lumpur in the Federal	)
	)
Territory on 22 September 2005	)

Before me



# **REPORT OF THE AUDITORS** TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD

(FORMERLY KNOWN AS MALAYSIA PACIFIC LAND BERHAD) (12200-M) AND ITS SUBSIDIARIES (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 27 to 54 of **MALAYSIA PACIFIC CORPORATION BERHAD** (formerly known as *Malaysia Pacific Land Berhad*). 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 the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. 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 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 are properly 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:-
  - (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 at 30 June 2005 and of the results of the operations of the Group and of the Company and of the 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 by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

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

**LING KAM HOONG & CO**  
**AF: 0106**  
**CHARTERED ACCOUNTANTS, MALAYSIA**

**LING KAM HOONG**  
**161/5/06 (J/PH)**

Kuala Lumpur

Date: 22 September 2005

## 1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2005

Tenure	Location	Approximate Land Area/ Lettable Area*	Approximate Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition/ Date of Revaluation*
Freehold	18 level office tower and a 4 level retail podium at Jalan Raja Chulan 50250 Kuala Lumpur	327,459 sq. ft*	28	132,544	30/06/1990*
Freehold	Remaining Land and Development in the Mukim of Plentong, District of Johore Bahru, Johor Darul Takzim	605 acres	—	223,444	03/08/1995

## 2. ANALYSIS OF SHAREHOLDINGS AS AT 26 SEPTEMBER 2005

### Share Capital

Authorised Share Capital	:	RM500,000,000
Issued & Paid-up Share Capital	:	RM172,596,793
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights		
- On show of hands	:	1 vote
- On a poll	:	1 vote for each share held

### Distribution Schedule of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	40	1.09	1,650	0.00
100 – 1,000	1,537	41.97	1,484,588	0.86
1,001 – 10,000	1,602	43.75	5,944,852	3.44
10,001 – 100,000	420	11.47	12,884,361	7.47
100,001 – less than 5% of issued shares	58	1.58	26,919,685	15.60
5% and above of issued shares	5	0.14	125,361,657	72.63
	<b>3,662</b>	<b>100.00</b>	<b>172,596,793</b>	<b>100.00</b>

### Thirty Largest Shareholders

Names of Shareholders	No. of Shares	%
1. Top Lander Offshore Inc	53,998,157	31.29
2. K-Elite Sdn Bhd	26,130,500	15.14
3. HLG Nominee (Asing) Sdn Bhd	16,747,000	9.70
<i>Hong Leong Fund Management Sdn Bhd for HLL Overseas Ltd</i>		
4. HLG Nominee (Tempatan) Sdn Bhd	15,770,000	9.14
<i>Pledged Securities Account for Chut Nyak Isham bin Nyak Ariff</i>		
5. HLG Securities Sdn Bhd - IVT-A	12,716,000	7.36
6. HLG Nominee (Tempatan) Sdn Bhd	4,540,000	2.63
<i>Pledged Securities Account for Chut Nyak Isham Bin Nyak Ariff</i>		
7. Yap Lian Far	2,750,600	1.59

**Thirty Largest Shareholders (Cont'd)**

	<b>Names of Shareholders</b>	<b>No. of Shares</b>	<b>%</b>
8.	Gan Neap Kai	1,623,900	0.94
9.	HDM Nominees (Tempatan) Sdn Bhd - <i>Taiping Recovery Sdn Bhd</i> - <i>in Liquidation for Chut Nyak Isham bin Nyak Ariff</i>	1,010,000	0.59
10.	Tan Lee Hwa	979,900	0.57
11.	Leow Hong Yen	943,000	0.55
12.	Mayban Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Lim Ai Ling (12530AF6177)</i>	895,900	0.52
13.	Lew Siew Yen	892,000	0.52
14.	HDM Nominees (Tempatan) Sdn Bhd - <i>Taiping Recovery Sdn Bhd</i> - <i>in Liquidation for Ho Ngan Yin</i>	871,000	0.50
15.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Ah Peng (CEB)</i>	711,700	0.41
16.	Ong Poh Lan	705,000	0.41
17.	Chut Nyak Isham Bin Nyak Ariff	700,000	0.41
18.	Chut Nyak Isham Bin Nyak Ariff	584,000	0.34
19.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Choon Shein</i>	560,000	0.32
20.	Ong Wan Chin	494,000	0.29
21.	Tan Kim Lian	475,100	0.28
22.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ta Kin Yan (472435)</i>	451,111	0.26
23.	Lim Giok Mooi	424,500	0.25
24.	Au Yong Mun Yue	364,700	0.20
25.	Bryan Nicholas Lee Mun Hei	342,222	0.20
26.	Khoo Seng Miao	320,000	0.19
27.	Chong Mei Ngor	302,400	0.17
28.	Yeng Fook Joon	290,888	0.16
29.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ta Kin Yan (CEB)</i>	273,777	0.16
30.	Seshan Lim Tee Heng	268,000	0.16
		<b>147,135,355</b>	<b>85.25</b>

**Substantial Shareholders**

<b>Name of Substantial Shareholders</b>	<b>Direct Interest</b>		<b>Deemed Interest</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Top Lander Offshore Inc	53,998,157	31.29	26,130,500	15.14 *A
K-Elite Sdn Bhd	26,130,500	15.14		
Chut Nyak Isham Bin Nyak Ariff	22,402,000	12.98		
HLG Nominee (Asing) Sdn Bhd - <i>HLL Overseas Ltd</i>	16,747,000	9.70		
HLG Securities Sdn Bhd - IVT-A	12,716,000	7.36		
MeesPierson Trust (Asia) Limited			80,128,657	46.4 *B
Power Pacific Investment Limited			80,128,657	46.4 *B
HLG Capital Berhad			12,716,000	7.37 *C
Hong Leong Credit Berhad			12,716,000	7.37 *C
Guoco Assets Sdn Bhd			12,716,000	7.37 *C

**Substantial Shareholders (Cont'd)**

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Guoco Group Limited			29,463,000	17.10 *D
GoucoLine Overseas Limited			29,463,000	17.10 *D
GuoLine Capital Assets Limited			29,463,000	17.10 *D
Hong Leong Company (Malaysia) Berhad			29,463,000	17.10 *D
HL Holdings Sdn Bhd			29,463,000	17.10 *D
Tan Sri Quek Leng Chan			29,463,000	17.10 *D
Kwek Leng Beng			29,463,000	17.10 *D
Hong Realty (Private) Limited			29,463,000	17.10 *D
Hong Leong Investment Holdings Pte Ltd			29,463,000	17.10 *D
Kwek Holdings Pte Ltd			29,463,000	17.10 *D
Davos Investment Holdings Private Limited			29,463,000	17.10 *D
Kwek Leng Kee			29,463,000	17.10 *D
Quek Leng Chye	155,555	0.09	29,463,000	17.10 *D

\*A Deemed interest through K-Elite Sdn Bhd

\*B Deemed interest through Top Lander Offshore Inc

\*C Deemed interest through HLG Securities Sdn Bhd

\*D Deemed interest through HLG Securities Sdn Bhd and HLL Overseas Ltd

**3. ANALYSIS OF WARRANTHOLDINGS AS AT 26 SEPTEMBER 2005**

No. of 2004/2009 warrants issued	:	27,500,000
No. of 2004/2009 warrants outstanding	:	8,903,207
Voting Rights		
- On show of hands	:	1 vote
- On a poll	:	1 vote for each warrant held

**Distribution Schedule of 2004/2009 Warrantholders**

Size of Holdings	No. of 2004/2009 Warrantholders		No. of 2004/2009 Warrants	
		%		%
Less than 100	80	5.22	4,142	0.05
100 – 1,000	735	47.91	383,423	4.30
1,001 – 10,000	587	38.27	1,864,307	20.94
10,001 – 100,000	116	7.55	3,066,197	34.44
100,001 – less than 5% of issued 2004/2009 warrants	15	0.98	3,125,138	35.10
5% and above of issued 2004/2009 warrants	1	0.07	460,000	5.17
	<b>1,534</b>	<b>100.00</b>	<b>8,903,207</b>	<b>100.00</b>

**Thirty Largest 2004/2009 Warrantholders**

<b>Names of 2004/2009 Warrantholders</b>	<b>No. of 2004/2009 Warrants</b>	<b>%</b>
1. Leow Hong Yen	460,000	5.17
2. Gan Neap Kai	416,850	4.68
3. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiong Moi (M07)</i>	410,588	4.61
4. Mayban Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Lim Ai Ling (12530AF6177)</i>	367,950	4.13
5. Teh Bee Gaik	307,600	3.45
6. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Ah Peng (CEB)</i>	238,850	2.68
7. Khoo Seng Miao	200,000	2.25
8. Wong Loke Kiang	180,000	2.02
9. Lew Siew Yen	150,000	1.68
10. Ong Wan Chin	142,000	1.59
11. Lau Sow Chun	140,100	1.57
12. Kong Chee Leong	134,300	1.51
13. Kwon Moei Jie	121,250	1.36
14. Au Yong Mun Yue	107,350	1.21
15. Teo Ah Seng	105,600	1.19
16. Kong Pang Kwan	102,700	1.15
17. HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Choon Shein</i>	100,000	1.12
18. Lee Soi Gek	91,100	1.02
19. Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Palani Veloo A/L Chellappan</i>	89,050	1.00
20. Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ta Kin Yan (472435)</i>	80,555	0.90
21. Lew Yuen Kee @ Lew Ah Kee	75,000	0.84
22. Lee Ai Chu	63,000	0.71
23. Bryan Nicholas Lee Mun Hei	61,111	0.69
24. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liao Chay Choo @ Liuw Chai Choo</i>	60,000	0.67
25. Kong Tuck Hung	54,800	0.62
26. Yeng Fook Joon	51,944	0.58
27. Lau Kueng Suong	51,478	0.58
28. Tan Ching Han	50,000	0.57
29. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kin Yan (CEB)</i>	48,888	0.56
30. Mohd Ariffin Bin Mohd Yusuf	45,800	0.52
	<b>4,507,864</b>	<b>50.63</b>



malaysia pacific corporation berhad

**MALAYSIA PACIFIC CORPORATION BERHAD**

(12200-M)

(Formerly known as Malaysia Pacific Land Berhad)

(Incorporated in Malaysia)

**PROXY FORM**

Number of shares held

I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(PLEASE USE BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

a member/members of **MALAYSIA PACIFIC CORPORATION BERHAD** (Formerly known as Malaysia Pacific Land Berhad)

hereby appoint\* the Chairman of the Meeting or \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as \*my/our proxy/proxies to attend and vote for \*me/us on \*my/our behalf, at the Thirty-Third (33<sup>rd</sup>) Annual General Meeting of the Company to be held at Mersawa and Meranti Room, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on **Monday, 14 November 2005 at 10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

	ORDINARY RESOLUTIONS	FOR	AGAINST
<b>Resolution 1</b>	<b>Ordinary Business</b> Receive the Audited Financial Statements and the Reports of the Directors and Auditors thereon.		
<b>Resolution 2</b>	Directors' Fees for the period from 29 December 2004 to 30 June 2005 of RM107,464.05.		
<b>Resolution 3</b>	Directors' Fees for the period from 1 July 2004 to 30 December 2005 of RM81,492.26.		
<b>Resolution 4</b>	Special Fees to YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail for the period from 21 July 2004 to 30 December 2004 of RM79,839.		
	Re-election of the following Directors pursuant to Article 92 of the Company's Articles of Association:-		
<b>Resolution 5</b>	YTM Dato' Muhamad Sharip bin Hj Othman		
<b>Resolution 6</b>	YBhg Datuk Kamaruddin bin Taib		
<b>Resolution 7</b>	Mr. Seow Thiam Fatt		
<b>Resolution 8</b>	Mr. Teh Leong Kiat		
<b>Resolution 9</b>	To appoint Messrs BDO Binder as the new auditors in place of the retiring auditors. Messrs Ling Kam Hoong & Co.		
<b>Resolution 10</b>	<b>Special Business</b> Issue of shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

\_\_\_\_\_  
Signature of Shareholder(s) or Common Seal

**NOTES:-**

- A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (or in the case of a corporation, a duly authorised representative) 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 need not be complied with. A member who is an authorized nominee may appoint not more than two proxies in respect of each securities account it holds.
- The instrument appointing a proxy shall be in writing, signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be deposited at the registered office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.



Please fold here

Stamp

**Company Secretary of**  
**MALAYSIA PACIFIC CORPORATION BERHAD** (12200-M)  
*(Formerly Known As Malaysia Pacific Land Berhad)*  
Level 14, Uptown 1, No. 1, Jalan SS21/58,  
Damansara Uptown  
47400 Petaling Jaya, Selangor  
Malaysia

Please fold here