



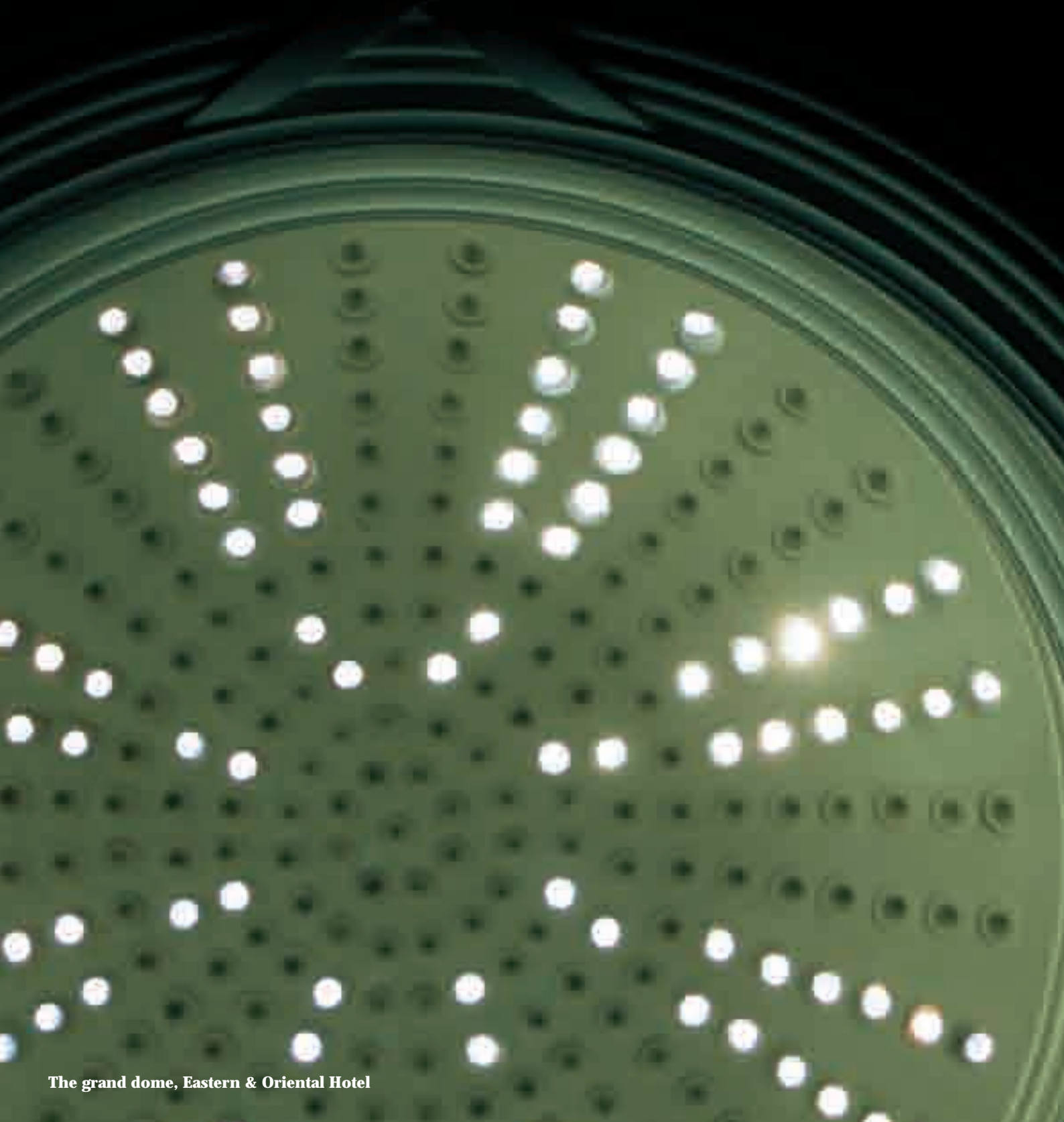
COVER RATIONALE

The cover shows graceful filigree patterns surrounding the Eastern & Oriental Berhad logo. Popular in Europe particularly during the Renaissance era, these stylised motifs were a form of artistic embellishment favoured by noble and wealthy elites. Such design flourishes, often incorporated in architectural façades, were a statement in style and status. It conveyed one's standing in society and ability to afford quality craftsmanship and fine detailing.

In similar fashion, to 'Expect Nothing Ordinary' is a stance we consciously pursue at the E & O group. While drawing from our past to forge our future, the E & O brand vision is to have the confidence to define style and to build distinction; to express new interpretations of luxury and delight.

ENRICHED *by* OUR HERITAGE
BUILDING LEGACIES *for* THE FUTURE

brand vision



The grand dome, Eastern & Oriental Hotel



WE DRAW *from* OUR PAST *to* FORGE OUR FUTURE

Our inheritance of values such as grace refinement
and the appreciation of beauty
has emboldened us to seek fresh interpretations of the old
to forge ahead and create anew

vision

**Evoking old traditions with new directions,
to enrich lifestyle and experiences globally**

**To continuously achieve and maintain the highest
degree of prestige, reliability and quality**

mission

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THE E & O GROUP

www.easternandoriental.com

Eastern & Oriental Berhad (EOB) is listed on the Main-board of Bursa Malaysia. The Company has interests in four core business activities; namely hospitality, property development, property investment and construction.



www.e-o-hotel.com
www.lonepinehotel.com

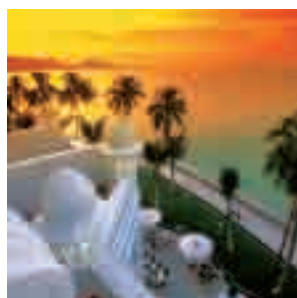


www.eoprop.com



PUTRAJAYA PERDANA BERHAD

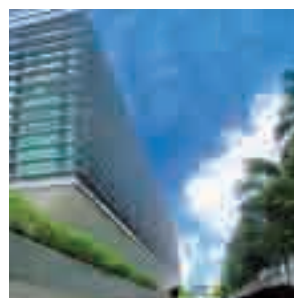
www.p-perdana.com



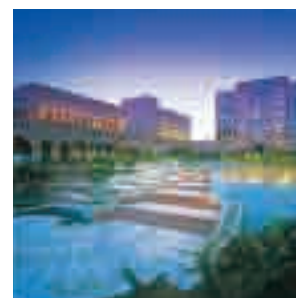
HOTELS & RESORTS



PROPERTY DEVELOPMENT



PROPERTY INVESTMENT



CONSTRUCTION

EOB undertook the meticulous refurbishment and upgrading of the heritage **Eastern & Oriental Hotel (E&O Hotel)** as well as **Lone Pine Hotel** in the late 1990s. Since its establishment by the Sarkies Brothers in 1885, E&O Hotel has charmed travellers from near and far, creating a reputation to match its sister hotels – Raffles, Singapore and Oriental, Bangkok - also founded by the Sarkies. Lone Pine Hotel is the oldest beach hotel, established in 1948, along Penang Island's famed tourist strip of Batu Ferringhi. With these 2 uniquely-positioned properties as its foundation, EOB is set to expand its portfolio of hotels and resorts.

E & O Property Development Berhad (E&OPROP) is the property development arm of EOB. Prior to the formation of E&OPROP, EOB undertook several prestigious property development projects within Kuala Lumpur. Along Jalan Ampang's Embassy Row, EOB completed residential projects such as **Sri Se-Ekar** and **202 Desa Cahaya (202 DC)**, whilst at nearby **Kampung Warisan**, Malaysia's celebrated cartoonist Datuk Lat conceptualised traditional Malay village ambience within the heart of the capital.

Presently, E&OPROP focuses on building premium homes within prime locations of Klang Valley and on Penang Island. E&OPROP's current development projects include the high-end condominium **Dua Residency**, located within the vicinity of the Kuala Lumpur City Centre (KLCC). At Kuala Lumpur's highly prized residential address of Damansara Heights, E&OPROP has the exclusive gated and guarded developments of **Seventy Damansara** and **Idamansara**. On Penang Island, the masterplan seafront development **Seri Tanjung Pinang** is situated minutes from Gurney Drive, underpinning E&OPROP's consistent business strategy of focusing on development in key areas where demand is prevalent.

The newly created property investment division allows the group to realise capital appreciation of its properties as well as obtain recurring income from rental yields. Its current focus would be the marina, retail and commercial precinct at Seri Tanjung Pinang as well as boutique retail annexe at Dua Residency.

Within EOB, construction activities are house within **Putrajaya Perdana Berhad (PPB)**, a nationally recognised and award winning design-and-build construction company. PPB undertakes commercial and infrastructure developments, as well as self-contained townships and high-end residential properties in and outside of Putrajaya, Malaysia's new federal capital and government administrative centre.



Chairman's Statement

“With the rationalisation and streamlining exercise in place, Eastern & Oriental Berhad is now in a stronger position for sustainable growth and is poised to deliver shareholder value in all its business activities.”

Datuk Azizan bin Abdul Rahman
Chairman, Eastern & Oriental Berhad

Statement for all Stakeholders...

On behalf of the Board of Directors of Eastern & Oriental Berhad (EOB), I wish to present to you the Annual Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2006.

FINANCIAL PERFORMANCE

The Group registered profit before tax of RM44.9 million on the back of RM500.0 million turnover, for the financial year ended 31 March 2006. This is a marked increase in profit before tax, compared to RM16.8 million registered in the previous financial year.

For this financial year, turnover rose significantly compared to the previous year's of RM21.1 million. The major increase in profit before tax and revenue is reflective of the consolidation of E & O Property Development Berhad's (E&OPROP) group results.

[In the previous financial year, the Group held an effective interest of 43.81 percent stake in its property development arm, E&OPROP. Upon the completion of a corporate exercise in September 2005, the Group held a total of 79.1 percent stake in E&OPROP.]





Chairman's Statement

“The general offer exercise was undertaken to provide E & O Property Development Berhad an opportunity to deliver on its intrinsic and shareholder value.”

CORPORATE DEVELOPMENT

Before the recent corporate exercise, the EOB group initially owned an effective interest of 43.8 percent stake in E&OPROP (previously Kamunting Corporation Berhad, KCB). E&OPROP has successfully launched a series of signature projects, translating into a growing momentum of healthy earnings. Led by the same management team which completed property development projects under EOB, E&OPROP as a new namesake, began to build its brand with the debut of high-end condominium Dua Residency, located within the vicinity of KLCC.

Based on the firm belief that trading of E&OPROP shares were not reflective of its true value, EOB, as the major shareholder of E&OPROP, took positive action on 5 May 2005 to undertake a Voluntary General Offer to acquire the remaining shares and warrants of its then associate company, E&OPROP.

Besides increasing EOB's stake in E&OPROP, the Voluntary General Offer (VGO) exercise was intended to streamline shareholders' interest into one holding company, EOB. It would also place the premier E & O brand on a stronger platform for value creation and long-term sustainable growth within its hospitality, property development, property investment and construction businesses.

[In accordance to the Malaysian Code On Take-Overs and Mergers 1998, any share acquisition above 2 percent within a 6-months period triggers a Mandatory General Offer, MGO. This is applicable to an acquirer who already holds more than 33 percent but less than 50 percent of the voting shares.]

On 3 August 2005, EOB served a Notice of Conditional Mandatory Offer on the Board of Directors of E&OPROP to acquire the remaining shares and warrants in the latter, which it did not already own. The offer became unconditional on 22 August 2005, whereupon EOB held more than 50 percent stake in E&OPROP, making it a subsidiary of EOB. Through offer acceptances and share purchases from the open market, EOB increased its stake in E&OPROP to 79.1 percent in September last year.

At an Extraordinary General Meeting convened on 12 October 2005, the shareholders of EOB decided to vote that E&OPROP remain a listed entity on Bursa Malaysia, demonstrating their confidence in the long-term potential of E&OPROP.

Chairman's Statement

“The premier E & O brand is further leveraged and strengthened through a streamlining exercise, in which the E & O group will emerge as a complete and competitive real estate concern in the marketplace.”

EOB undertook a streamlining exercise at the end of last year, with the main objective of creating a complete real estate group with businesses in hospitality, property development, property investment and construction. By creating distinct business units with clear financial objectives, it was vital for EOB to align shareholders' interests as well as develop sustainable, recurring revenue stream to spearhead the company in the longer term. This transformation will see the E & O brand being leveraged across its business activities, creating a consistent brand identity for the group in the domestic, regional and international arena.

The group streamlining exercise entails a two-pronged approach of *recapitalisation* and *reorganisation*.

EOB's *recapitalisation* introduces fresh funding via a rights issue package of shares and ICULS (Irredeemable Convertible Unsecured Loan Stocks), as well as restricted issuance of ICULS to pare down gearing level. With the rights package, EOB is able to decrease its shareholding in E&OPROP from 79.1 percent to 73.9 percent (*creating a solution for E&OPROP to meet the required 25 percent public spread*).

Upon completion of the recapitalisation exercise, a total fund of RM236.4 million has been successfully raised. With that, EOB's net gearing would reach a comfortable level of below 0.5 times. This will certainly provide EOB with a strengthened cashflow and balance sheet to support the Group's business activities.

On the other hand, the proposed *reorganisation* will see the listing of Putrajaya Perdana Berhad (PPB) (*subject to obtaining all necessary approvals from regulatory authorities*), an award winning construction company with total value of completed jobs close to RM4.0 billion up to year 2005. Upon PPB's listing, E&OPROP will emerge as a pure-play property concern, focused on project launches and developing its strategic landbanks. The EOB group is then expected to have an interest of more than 50 percent in PPB and will be the major and controlling shareholder(s).

With the group streamlining process in place, EOB will strive for a consistent dividend yield for its shareholders. This is made possible with strengthened direct cashflows nurtured from the four core business activities. The newly created property investment division will provide an additional channel for the group to obtain recurring income from rental yields and capital appreciation, particularly at the marina, retail and commercial precinct at Seri Tanjung Pinang, and the upcoming boutique retail Annexe at Dua Residency.

On 2 June 2006, Singapore-based GK Goh Holdings (GK Goh) acquired a substantial stake

“Support from current and future shareholders remains an integral part of the company, ensuring that corporate objectives are achieved and results are delivered to both investors and associates.”

of 16.5 percent (or 40,000,000 shares) in EOB. An established stockbroking entity based in Singapore with influential presence regionally and internationally, the alliance will allow EOB to tap into GK Goh's considerable global networking, opening doors for future business ventures and strategic opportunities. GK Goh's entry as a significant stakeholder is viewed as a vote of confidence in the management and belief in the positive prospects of EOB.



Chairman's Statement

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to thank all stakeholders for their support in the group's endeavours and business activities. It has been a fruitful and rewarding journey for the group, which will now see the company on a more solid and strengthened stage to deliver value to both shareholders and other stakeholders.

The management team at EOB will continue to guide the Company to the next level, in terms of financial strength, product and service delivery as well as brand positioning in today's increasingly competitive environment.

Grateful acknowledgment is expressed to our employees for their commitment and loyalty as we grow together as individuals, as a team, and as a Company.

To our valued customers, government agencies and regulatory authorities, business associates and suppliers whose support we depend, we wish to extend our sincere appreciation.

The Board of Directors of EOB will continue to ensure the sustainable growth of the group, forging ahead to create anew while drawing from our past experience as testimonial to our capabilities and future prospects.

Datuk Azizan bin Abdul Rahman

Chairman

Eastern & Oriental Berhad

August 2006



Review of Operations

“Leveraging on synergies within the E & O group, the management team will capitalise on opportunities to further consolidate our brand capital, market presence and growth.”

Dato' Tham Ka Hon
Managing Director, Eastern & Oriental Berhad

HOSPITALITY DIVISION

INDUSTRY TRENDS & PROSPECTS

Tourism is a vital component of Malaysia's economy. Its contribution of 6.5 percent to Malaysia's nominal Gross Domestic Product (GDP) surpasses the country's annual GDP growth rate of 6.0 percent. According to an industry report, only Hong Kong and Singapore register contributions exceeding 6.0 percent of nominal GDP. Given its prominence, it is not surprising that tourist arrivals to Malaysia reached a new record high of 16.4 million at the end of 2005.

In the recently unveiled Ninth Malaysia Plan (9MP) 2006 – 2010, the tourism industry has been identified as a priority sector. This is especially timely as 2007 is Visit Malaysia Year where over 20 million tourist arrivals are expected. Under the 9MP, the government is targeting growth of 8.4 percent per annum in tourist arrivals up to year 2010. Moreover, it has pledged RM1.85 billion to further enhance Malaysia's appeal as a global tourist destination.

In view of government and private sector initiatives dovetailing to promote Malaysian tourism to a wider international audience, forecasts are positive for a country that has much to offer.



Review of Operations

“Prospects for growth in revenue base for the E&O Hotel and Lone Pine Hotel are promising as both hotels possess unique positioning – each with history and heritage unrivalled within the hospitality industry in Malaysia.”

REVIEW OF PERFORMANCE

Within the E & O group's hospitality division, are its flagship Eastern & Oriental Hotel (E&O Hotel) and the Lone Pine Hotel. Despite a turbulent year for the travel and tourism industry across the region, both hotels registered a positive increase in occupancy and room rates.

In a recent report by Deutsche Bank (*dated 23 June 2006*), the E&O Hotel and Lone Pine Hotel were among the top resorts recommended for stay in Penang. Fondly known as the '*Pearl of the Orient*', Penang island boasts the famed Batu Ferringhi beach, UNESCO acclaimed heritage sites, and a rich display of cultures evident in its varied architecture, cuisine and customs. Located on an island northwest of Peninsular Malaysia that is also a thriving economic zone, Penang Island is a favoured destination to combine work and play.

In a review of operations, E&O Hotel registered a 15.4 percent increase in revenue to RM18.1 million for the year ended 31 March 2006, compared to RM15.3 million in revenue recorded in the previous financial year while revenue for the Lone Pine Hotel grew 9.75 percent to approximately RM3.3 million.

E&O Hotel has a loyal customer base from both the corporate sector, particularly multinationals based in Penang, as well as international tourists on vacation. The history and prestige of our heritage hotel is a unique draw that we consciously nurture. Plans are in place for the hotel to tap on these inherent strengths, for example in our recruitment to maintain personalised butler service for every room; raising our food and beverage profile and offerings for walk-in dining and functions; and generally seeking ways to heighten the experience of each valued customer who comes through our door. The Lone Pine also has historical precedence, being the first hotel built along Batu Ferringhi in 1948. Today it is the only boutique hotel along the busy coastline, providing serenity and intimacy in its 50 spacious rooms. Its idyllic setting by the beach shaded by large casuarina trees, is host to many open air weddings on the Lone Pine's manicured lawns.





In addition to E&O Hotel's established clientele from Europe, USA, Australia and Japan, it is acting on several fronts to capture new target markets, such as growing tourist arrivals from Singapore, Hong Kong, Thailand, the Middle East, Germany and the Netherlands. Similarly with Lone Pine Hotel, these markets are also targeted while cross-selling shall be optimised within the two hotels.

In conjunction with Penang state tourism promotions and by identifying reputable in-bound tour operators and travel agents, including Dot.com travel agents, we hope to garner greater exposure and bookings for our hotels locally and globally.

To maintain and exceed the level of quality service, the hospitality division is continuously investing in employee training programme to ensure service quality exceeds guest expectations. Staffs are given the opportunity to participate in continuous development programme such as the Cornell Hotel Administration Simulation Exercise (CHASE), Certificate in Revenue Management and Professional Sommelier Certificate, all offered by expert consultants within the hospitality industry. As at the end of March 2006, the E&O Hotel has approximately total staff strength of 200 while Lone Pine Hotel has 38 employees.

Presently, the E&O Hotel is undertaking a dedicated programme to refresh its spaces and upgrade its facilities, which includes the 1885 restaurant, main lobby and its suites. This ongoing commitment is to ensure the E&O Hotel remains one of the world's most exclusive heritage hotels, offering the highest levels of luxury and quality of service to our guests.

A landmark heritage hotel rich in history and tradition, the E & O brand carries the hallmark of timeless elegance, luxury and personalised service. While positioning the E&O Hotel as the only premier and heritage hotel in Penang, it is our intention to nurture this reputation so that any future plans for expansion will be strongly supported by an established E & O brand.

Review of Operations

PROPERTY DEVELOPMENT AND PROPERTY INVESTMENT DIVISION

INDUSTRY TRENDS & PROSPECTS

Several industry proponents have predicted a cautious outlook for Malaysia's property development sector. This stems largely from a series of macroeconomic policy announcements, namely rising interest rates towards end of 2005 and continuing on to 2006. Towards the end of November last year, the central bank moved up the overnight policy rate (OPR) by 30 basis points to 3 percent. In February this year, the OPR was increased by another 25 basis points to 3.25 percent and once again in April by 25 basis points to 3.5 percent.

Compared to regional markets, Malaysia's interest rate still falls within the lower bracket. Malaysian property prices, particularly residential properties, are still considered inexpensive relative to other Asian capital cities. It should be noted that although the negative association persists, there is no conclusive evidence that interest rates are in direct correlation with demand for residential properties. In fact, it was observed that during the mid-1990s, property demand as well as property prices continued to increase despite rising interest rates. The key determinant seems to be perception of a vibrant economy and income security that drives decisions to purchase property.

That being the case, there is room for optimism as Malaysia's economic growth begins to gather momentum, with GDP rising 5.3 percent in the first quarter of 2006. Furthermore, a positive move by the government to encourage home ownership is the recent relaxation of Employee Provident Fund (EPF) rules allowing annual withdrawal of funds to reduce the financial burden of housing loans.

The recent 9MP expects approximately 63.4 percent of Malaysia's population to be urbanised by 2010. This trend has seen many flocking to Klang Valley and other cities over the last decade, resulting in a demand build-up for properties in urban centres. With approximately 40 percent of Malaysia's population between the age of 15 and 39 and an average of 4 persons per household, demand for properties will persist. Malaysia has a population growth of 1.9 percent per annum, one of the highest in the world after Brunei and the Philippines. Malaysia's population is now 24.4 million and growing.

In addition to Klang Valley, Johor Bahru and Penang Island are the next two cities in Malaysia enjoying strong demand for residential properties. Penang Island, already popular as a '*Malaysia My Second Home*' location, received a further boost under the 9MP. Two slated infrastructure projects – the second bridge and monorail – will improve accessibility and ease of travel to, and within, Penang Island respectively. It is anticipated that properties benefiting from these new transport networks are likely to enjoy faster value appreciation, along with accelerated development along its corridors.

Review of Operations

“Our strategy has always been consistent and focused – that is, to build premium properties within sought-after locations.”

REVIEW OF PERFORMANCE

It has been an exciting year for E&OPROP, the property development arm of EOB, recording commendable sales take-up as well as the much anticipated launch of the landmark seafront development, Seri Tanjung Pinang.

As at mid-August, sales of high-end condominium Dua Residency reached 86 percent with 247 units sold out of the total 288 units available. In April this year, E&OPROP officially launched Idamansara, a fully landscaped, gated and guarded community in Kuala Lumpur's prime residential area of Damansara Heights. Idamansara comprises 82 units of semi-detached and 9 units of detached homes. To date, sales have reached 71 percent, with 57 semi-detached and 8 detached homes sold.

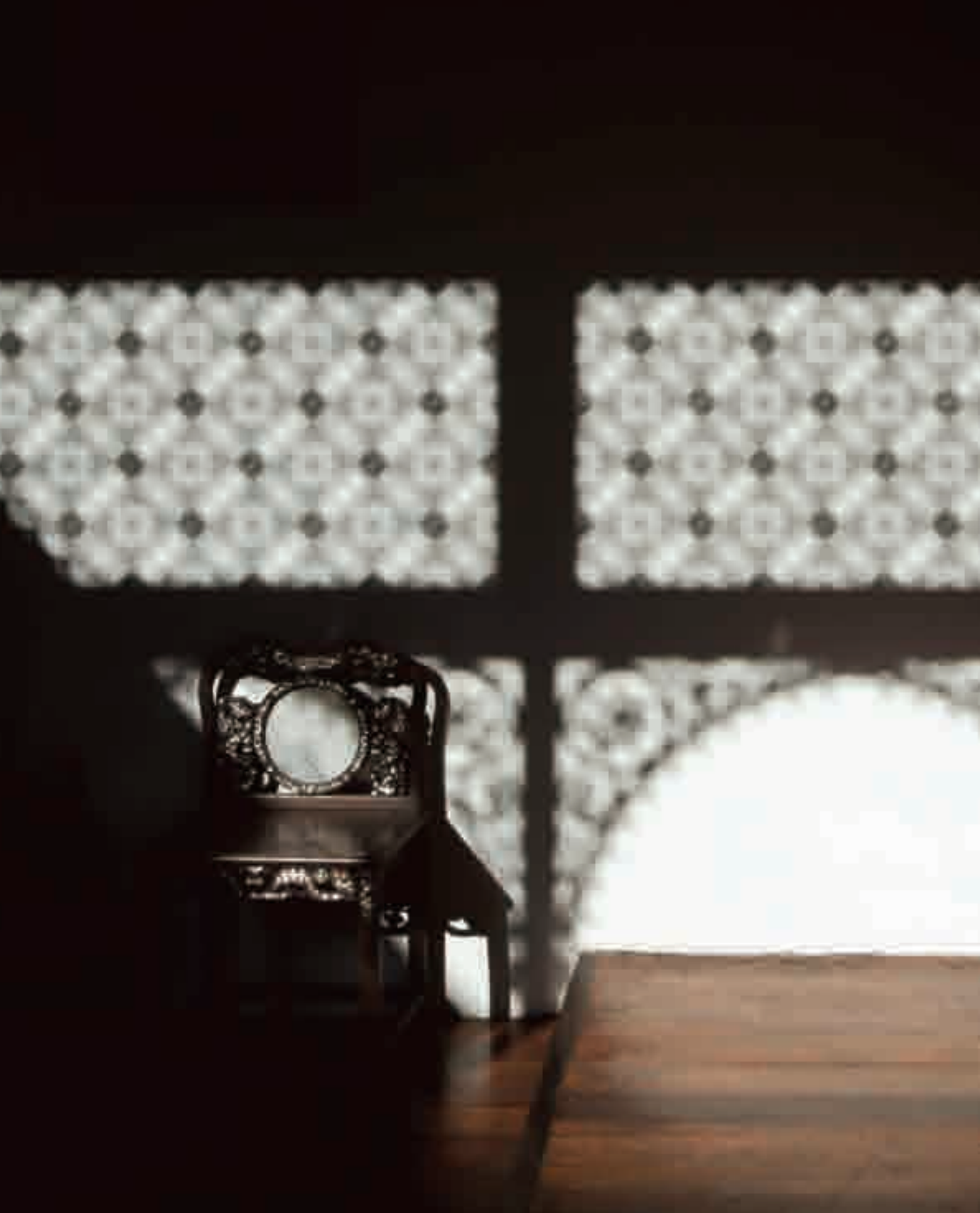
In arguably the greenest parcel of Damansara Heights, lies Seventy Damansara, an enclave of merely 12 detached homes each with its own swimming pool. Neighbouring the former official residence of the Prime Minister of Malaysia, the gated and guarded Seventy Damansara has set a new benchmark in exclusivity and privacy. A total of 7 homes have been sold, while other units are to be retained for rental under the group's Property Investment Division.

Seri Tanjung Pinang is slated to be the largest masterplanned seafront development on Penang Island. Designed by international award-winning concept architect Wimberly Allison Tong & Goo (WATG), Seri Tanjung Pinang features a headland and multi-island concept spanning 980 acres. Currently, Phase One of 240 acres introduces landscaped parks, boulevards and seafront esplanades set amidst a guarded community of terraced, semi-detached and detached homes, condominiums and service apartments. The development also features commercial and retail precincts surrounding a vibrant marina. In planning, Phase Two of 740 acres will see a cluster of islands emerging offshore, linked via a series of bridges.

In October last year, the maiden launch of Seri Tanjung Pinang took place with the sale of its ARIZA courtyard terraces. To date, a total of 166 units of terraced homes have been launched with a sales take-up of 90 percent. Bungalow parcels-by-the-sea were also introduced earlier in the year, with sales take-up of 87 percent. The most recent offering at Seri Tanjung Pinang is the AVALON semi-detached homes. Since sales opened to the public in July this year, 40 percent has been sold.

In May 2006, the E & O group signed a joint venture agreement with the Lion group to develop 5.28 acres in the heart of Kuala Lumpur's Golden Triangle, formerly the site of St. Mary's School. Development plans feature service apartments and commercial towers to cater to affluent professionals from Malaysia and overseas choosing to work and live in the city centre, taking full advantage of the increasingly cosmopolitan lifestyle within Kuala Lumpur.

Going forward with profitability and cashflow in mind, the management team is focused respectively on concept and development plans for its landbanks, and working towards the handover of properties to purchasers.





CONSTRUCTION DIVISION

INDUSTRY TRENDS & PROSPECTS

The year 2005 presented several challenges for the construction industry. By large, most construction companies faced margin compression with the rise in raw material and operating costs such as cement, steel and diesel. Nevertheless, although the total value of government-funded construction projects were much lower than that in 2004, the total value of construction jobs secured by Malaysian contractors doubled to RM19.3 billion in year 2005.

Based on Budget 2006, development spending is expected to rise approximately 10 percent to RM33.5 billion. According to Master Builders Association Malaysia (MBAM), the construction industry is poised for a turnaround with a modest growth of 3 percent this year.

Another impetus for growth, the 9MP comes with an additional budget of RM220.0 billion which represents an increase of 29 percent compared to the Eighth Malaysia Plan (8MP) of RM170.0 billion. Sectors standing to gain under the 9MP include the services, manufacturing, agriculture, infrastructure, utilities, information technology and biotechnology, as well as small-medium enterprises (SMEs). Local construction companies are expected to benefit from the implementation of up to RM23.8 billion in large scale projects within the 9MP plan, with opportunities flowing across the construction industry spectrum as a consequence (*Sector Update Report by Am Research Sdn Bhd, March 06*).

Construction activities are considered a vital contribution towards the development of a nation. Indeed, there are no substitution for this activity, hence the Government's emphasis towards this sector. The prevailing relatively low interest rate regime works to the advantage of this sector, as it will support the financing needs of private-funded construction projects.

Review of Operations

“PPB will continue to grow its order book, with expertise in providing innovative construction solutions, such as Energy-Efficient buildings.”

REVIEW OF PERFORMANCE

With a strong track record and led by an experienced management team, PPB has received approvals from the Securities Commission and Foreign Investment Committee for its proposed listing on the Main-board of Bursa Malaysia. PPB had obtained approval from shareholders of E&OPROP via an Extraordinary General Meeting (EGM), held on July 28. PPB expects to be listed within year 2006.

Currently, PPB has an outstanding order book in excess of RM1.3 billion. PPB is currently involved in major projects such as the construction of the Second Interchange of KESAS Expressway in Shah Alam, Container Terminal 4 at Westport and Kolej Universiti Teknikal Kebangsaan Malaysia (KUTKM) in Malacca, as well as residential projects within Precinct 16 in Putrajaya. PPB had also secured contracts for the construction of MARC Service Residence located within the vicinity of the Kuala Lumpur City Centre (KLCC), as well as The Pavilion along Jalan Bukit Bintang. Riding on PPB's expertise in building Energy-Efficient (EE) buildings, it has recently secured a contract to build the new head office for Suruhanjaya Tenaga, a regulatory authority for the energy sector.

Though several challenges are present within the construction industry, we believe that PPB continues to have the competitive advantages such as strength of its management team, good reputation in delivering quality projects on time as well as the skills to adopt leading-edge technologies. Having ownership of fundamental construction expertise and equipment, and with a strong support from its consultants, suppliers and subcontractors, PPB is set to deliver and add value to its client base.

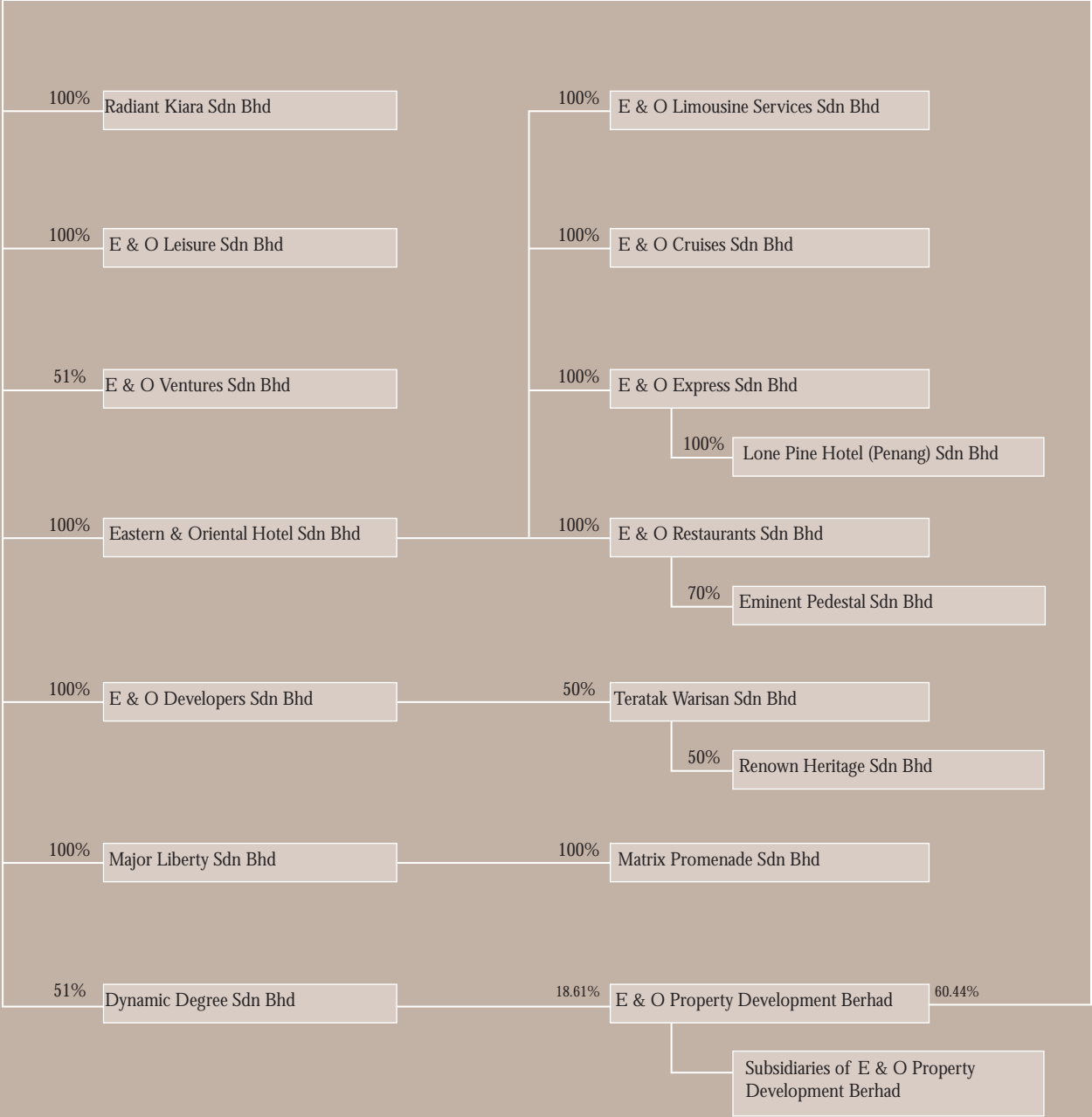
Dato' Tham Ka Hon

Managing Director

Eastern & Oriental Berhad

August 2006

Group Structure



Corporate Information

DIRECTORS

Datuk Azizan bin Abd Rahman (CHAIRMAN)
Dato' Tham Ka Hon (MANAGING DIRECTOR)
Datuk Henry Chin Poy Wu
Mr Aloysius Choong Kok Sin
Mr Chan Kok Leong
Encik Kamil Ahmad Merican
Mr Vijeyaratnam a/l V. Thamotharam Pillay

COMPANY SECRETARY

Fam Chai Hing (MAICSA 7025279)

MAIN BANKERS

AmInvestment Group Berhad
AmBank Berhad
Affin Bank Berhad
Alliance Merchant Bank Berhad
EON Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Southern Bank Berhad

AUDITORS

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Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Tel : 603 7495 8000 Fax : 603 2095 9076

REGISTRAR

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30.02, 30th Floor, Menara Multi-Purpose
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50100 Kuala Lumpur, Malaysia
Tel : 603 2698 3232 Fax : 603 2698 0313

REGISTERED OFFICE

Level 3A (Annexe), Menara Milenium
8 Jalan Damanlela, Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel : 603 2095 6868 Fax : 603 2095 9898

STOCK EXCHANGE LISTING

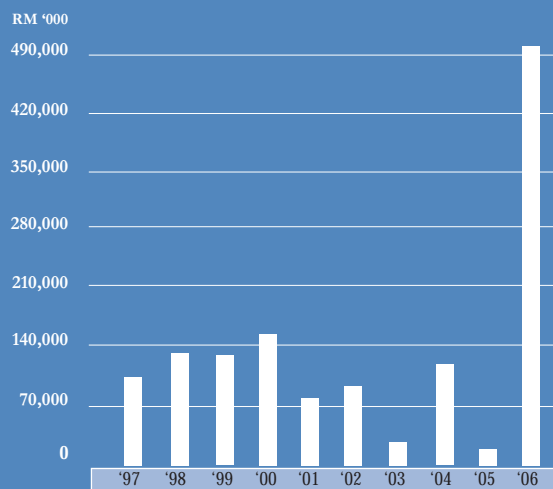
The Main Board of Bursa Malaysia Securities Berhad

WEBSITE

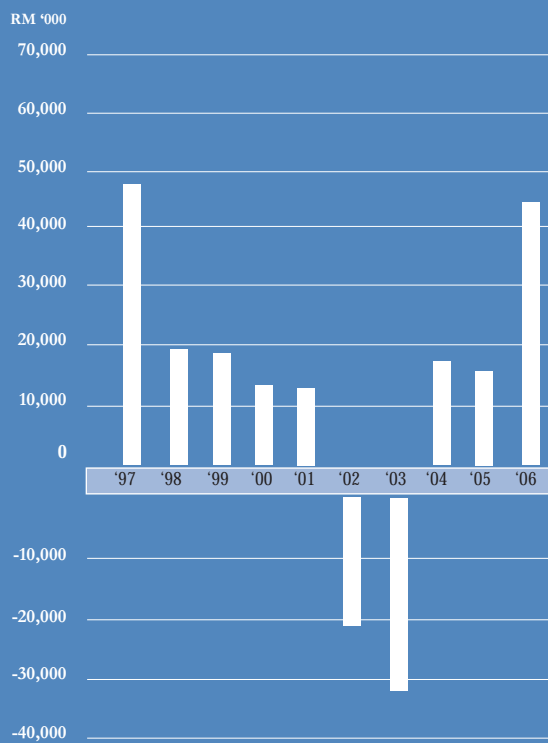
www.easternandoriental.com

10-year Group Financial Highlight

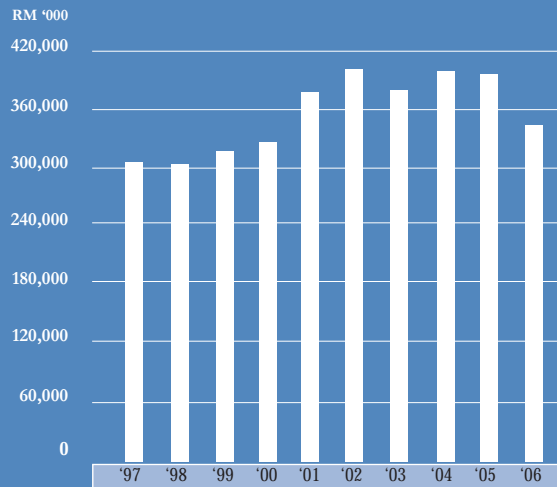
REVENUE



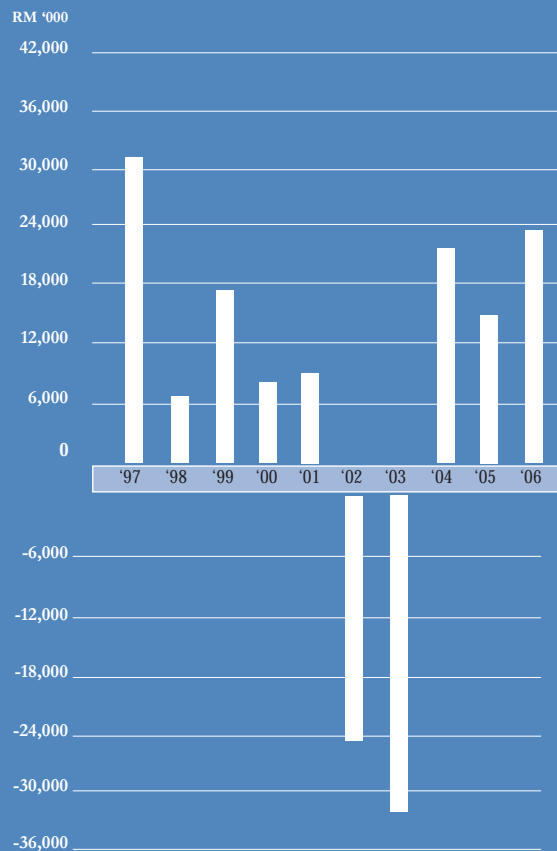
PROFIT/(LOSS) BEFORE TAX



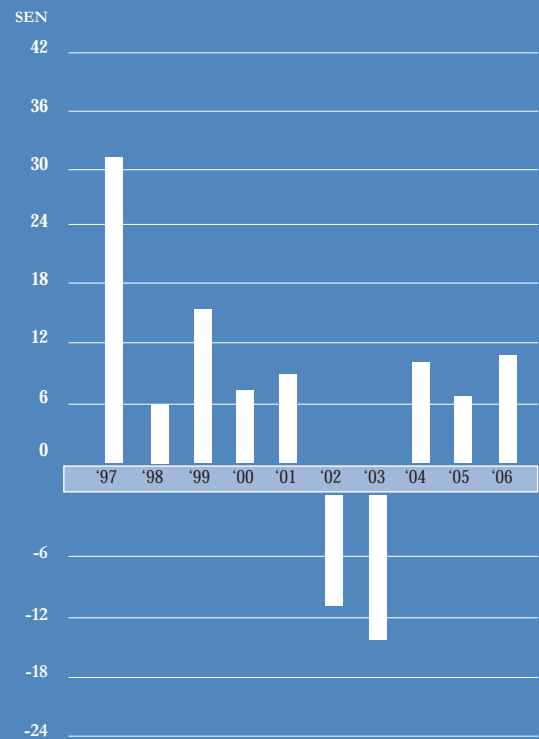
SHAREHOLDERS' FUND



PROFIT/(LOSS) AFTER TAX & MI



NET EARNINGS PER STOCK UNIT



10-year Group Financial Review

(RM'000)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
INCOME STATEMENT										
Revenue	500,015	21,130	117,882	33,449	91,156	79,398	141,405	127,859	130,586	113,075
Profit/(Loss) before tax	44,919	16,771	17,707	(32,505)	(21,254)	13,226	13,806	19,123	19,247	48,359
Taxation	(12,972)	(2,509)	(2,815)	3,427	5,263	5,458	6,109	1,763	13,082	17,045
Profit/(Loss) after tax and MI	23,058	15,341	20,553	(32,269)	(24,388)	8,779	7,697	17,360	6,165	31,314
Dividend - Net**	3,201	3,348	1,674	1,674	2,511	2,592	2,592	2,592	5,109	2,451
BALANCE SHEET										
Issued and Paid-up Capital	232,472	232,472	232,472	232,472	232,472	122,353	102,841	102,841	102,841	102,841
Weighted Average No. of Stock units	221,715	229,384	232,472	232,472	222,274	106,850	102,841	102,841	102,841	102,136
Shareholders' Fund	347,121	388,171	391,816	373,515	405,894	374,098	324,286	319,212	304,444	308,498
RATIOS										
Net Earnings per stock unit (sen)	10.4	6.7	8.8	(13.9)	(11.0)	8.2	7.5	16.9	6.0	30.7
Net Dividend per stock unit (sen)***	1.4	1.4	0.7	0.7	2.1	2.5	2.5	2.5	5.0	2.5
NTA per stock unit (RM)	1.55 *	1.77	1.69	1.61	1.75	3.06	3.15	3.10	2.96	3.00

* In view of the share buy back during the financial year, NTA is computed based on the number of ordinary stock units in issue at 31.03.06 : 224,271,000

** Dividends which were previously accrued upon proposal by Directors are now only recognised upon approval by shareholders at the Annual General Meeting, in compliance with FRS 110 "Events after the balance sheet date".

*** In line with FRS 110 "Events after the balance sheet date", net dividends per share of the year relates to net dividends approved by shareholders in respect of the preceeding financial year. The ratio is hence calculated based on the preceeding year's share capital.





Seated from left to right:

Datuk Henry Chin Poy Wu
Senior Independent Non-Executive Director

Datuk Azizan bin Abd Rahman
Independent Non-Executive Director / Chairman

Dato' Tham Ka Hon
Managing Director

Standing from left to right:

Mr Chan Kok Leong
Executive Director

Mr Vijeyaratnam a/l V. Thamotharam Pillay
Independent Non-Executive Director

Encik Kamil Ahmad Merican
Non-Independent Non-Executive Director

In absentia:

Mr Aloysius Choong Kok Sin
Executive Director

DIRECTORS' PROFILE

DATO' THAM KA HON **MANAGING DIRECTOR**

Dato' Tham Ka Hon, a Malaysian, aged 53 was appointed a Director and Managing Director of Eastern & Oriental Berhad on 16 May 1994. He also currently sits on the Board and is Managing Director of E & O Property Development Berhad.

Dato' Tham started his career as a Trainee Actuary with American International Assurance in Kuala Lumpur. Since 1980, his experience and expertise in property development and investment saw the highly profitable completion of Sri Damansara - one of the pioneer low and medium cost housing schemes in Kuala Lumpur – when heading the property division at Land & General Berhad.

In 1994, Dato' Tham took over Jack Chia Enterprise Berhad which was later renamed Eastern & Oriental Berhad, responsible for several prestigious residential developments within Kuala Lumpur city centre such as 202 Desa Cahaya, Kampung Warisan and Sri Se-Ekar. He also spearheaded the restoration and refurbishment of two historic hotels on Penang island – the heritage 121-year old E&O Hotel in Georgetown, and Lone Pine Hotel along Batu Ferringhi.

Dato' Tham and his wife are both substantial shareholders of the Company. Other than as disclosed above, Dato' Tham is not related to any Director and/or other major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

DATUK AZIZAN BIN ABD RAHMAN **INDEPENDENT NON-EXECUTIVE DIRECTOR/CHAIRMAN**

YBhg Datuk Azizan bin Abd Rahman, DMSM, aged 56, a Malaysian, was appointed as Chairman of Eastern & Oriental Berhad on 6 November 2003 and is a member of the Audit Committee. He started his career as a Shipping Executive in Harper Gilfillan (M) Sdn Bhd after graduating from University of Malaya in 1973 with a degree in Bachelor of Arts. In 1975, he joined Pernas MISC Shipping Agencies Sdn Bhd as its first Branch Manager in the new Johor Port. He later became Penang Branch Manager and MISC Marketing Manager based in Kuala Lumpur. In 1981, he was attached to Panocean Limited in London in their Chartering Department.

He left MISC to join JF Apex Securities Berhad in 1982 as Director and launched his career in stockbroking and finance. As a stockbroker, he was an active member of the stockbrokers fraternity and had held the post of President of the Association of Stockbroking Companies of Malaysia until he left the industry. Datuk Azizan brought with him vast experience in stockbroking and corporate finance having helped Tongkah Holdings Berhad and also the Kedah State owned Bina Darulaman Berhad in their debt restructuring plans. He joined the MBf Group in 2000 to help in the restructuring of the MBf Group and was subsequently appointed the Managing Director of MBf Capital Berhad in 2001. Upon completion of the exercise, Datuk Azizan stepped down as Managing Director and was appointed as the non-executive Chairman of MBf Corporation Berhad. He is also a Director of MBf Holdings Berhad, Apex Equity Holdings Berhad and TH Plantations Berhad. Datuk Azizan is a member of the Investment Panel of Lembaga Tabung Haji.

Datuk Azizan has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

DIRECTORS' PROFILE

DATUK HENRY CHIN POY WU

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Henry Chin Poy Wu, a Malaysian, aged 69, was appointed to the Board of Eastern & Oriental Berhad as an Independent non-executive Director on 15 April 1994. He is also the Chairman of the Audit Committee. He also sits on the Board of several public listed companies, namely, Malaysian Mosaics Berhad, J.T. International Berhad, Nanyang Press Holdings Berhad, Glenealy Plantations Malaysia Berhad, Magnum Corporation Berhad and Hap Seng Consolidated Berhad.

Datuk Henry spent over 38 years of his career with The Royal Malaysian Police and was holding the position of Chief of Police, Kuala Lumpur when he retired in 1993 from government service. After his retirement, Datuk Henry continues to be actively involved in communal services working for the benefit of education and welfare, and is a Board member of University Malaysia Sabah and a member of the Sabah State Pardon Board.

Datuk Henry has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

MR ALOYSIUS CHOONG KOK SIN

EXECUTIVE DIRECTOR

Mr Aloysius Choong Kok Sin, a Malaysian, aged 60, was appointed Executive Director of Eastern & Oriental Berhad on 23 October 1996. He is also the Executive Director of E & O Property Development Berhad. Mr Choong holds a Masters of Science Degree in Urban Land Appraisal from Reading University United Kingdom. He is a Fellow of the Royal Institution of Chartered Surveyors and the past President of the Institution of Surveyors, Malaysia. He is also a former member of the Board of Valuers, Appraisers and Estate Agents, Malaysia. He joined the government service culminating as the Deputy Director General in Jabatan Penilaian dan Perkhidmatan Harta, Kementerian Kewangan, where he served from 1964 to 1994 before joining Eastern & Oriental Berhad to head the projects division in the Group. He has extensive experience in property consultancy and valuation.

Mr Choong has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

DIRECTORS' PROFILE

MR CHAN KOK LEONG EXECUTIVE DIRECTOR

Mr Chan Kok Leong, a Malaysian, aged 36, was appointed Executive Director of Eastern & Oriental Berhad on 11 May 2006. He is also the Executive Director of E & O Property Development Berhad. Currently, he sits on the Board of Putrajaya Perdana Berhad and Fututech Berhad.

Mr Chan holds a Master in Business Administration from Institut Superieur de Gestion, Paris. He is also a member of the Malaysian Association of Certified Public Accountants.

Mr Chan has more than 17 years of experience in the realm of audit and corporate finance whereby he was involved in, amongst others, special assignments in accountancy and taxation related services, listing, restructuring, take-over and merger as well as privatisation exercises.

Mr Chan started his career in 1989 with KPMG Peat Marwick in its audit division culminating as a Team Leader. In 1996, he joined RHB Sakura Merchant Bankers as Assistant Manager – Corporate Finance. He later joined Danaharta Nasional Berhad in 1998 as a pioneer member of the Corporate Finance team.

In 2000, Mr Chan moved on to BNP Paribas as Associate Director, where he was part of the core team in the initiation of the Malaysian investment banking unit. In 2002, he joined Newfields Advisors Sdn Bhd and became Acting Managing Director. The company is licensed by the Securities Commission to provide investment advisory services in Malaysia. In May 2003, he joined E & O Property Development Berhad as Director – Corporate & Investment.

Mr Chan has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

ENCIK KAMIL AHMAD MERICAN NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Encik Kamil Ahmad Merican, a Malaysian, aged 56, a non-independent non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 26 April 1999 and is a member of the Audit Committee. He also sits on the Board of E & O Property Development Berhad and Putrajaya Perdana Berhad.

Encik Kamil graduated in Architecture from Universiti Teknologi Malaysia and the Architectural Association in London. He has worked in various architectural firms in London and Malaysia and possesses vast experience in the architectural field. He is currently the Chief Executive Officer of GDP Architects Sdn Bhd. He has been an external examiner for Universiti Teknologi Malaysia and Universiti Malaya for the past 8 years.

Encik Kamil has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.

DIRECTORS' PROFILE

MR VIJEYARATNAM A/L V. THAMOTHARAM PILLAY **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 54, an Independent non-executive Director was appointed to the Board of Eastern & Oriental Berhad on 28 July 2003. Mr Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has more than 25 years post qualifying experience covering auditing, financial planning, general management and corporate advisory. He is currently the Managing Director of an advisory and consultancy firm.

Currently, Mr Vijeyaratnam also sits on the Board of Multi-Purpose Holdings Berhad, Bandar Raya Developments Berhad, Fututech Berhad and several other private limited companies.

Mr Vijeyaratnam has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has had no conviction for offences within the past 10 years.



directors' responsibility statement

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made in accordance with applicable approved accounting standards and which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted and consistently applied appropriate accounting policies;
- make judgements and estimates that are prudent and reasonable; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities.

Corporate Governance Statement

The Board of Eastern & Oriental Berhad (“Board”) supports the Malaysian Code on Corporate Governance (“the Code”), which companies should adopt, to raise the standards of corporate governance.

Eastern & Oriental Berhad (“E&O”) acknowledges that corporate governance is an on-going process that requires reassessment and refinement of management practices and systems. The Board is committed to ensuring that appropriate standards of corporate governance are practiced throughout the E&O group of companies (“Group”). Set out below is a statement of how the Group has applied the principles of the Code and compliances with the best practices provisions.

1. DIRECTORS

BOARD OF DIRECTORS

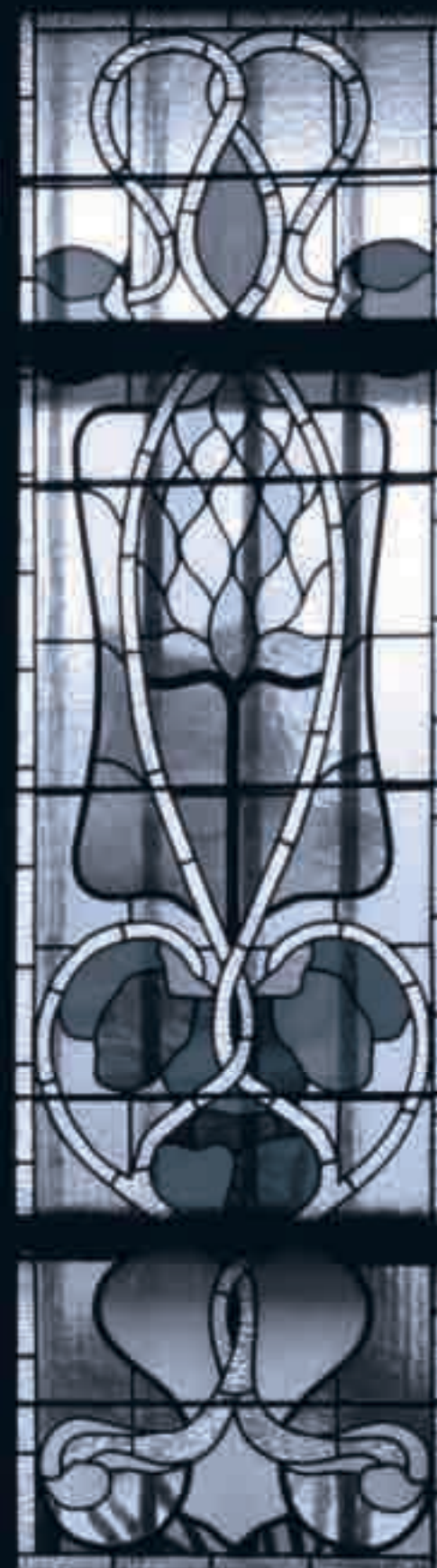
E&O is headed by an effective board which leads and controls the Group. The Board acknowledges its key responsibilities in directing the strategic plans, development and control of the Group and has taken steps to adopt the specific responsibilities listed by the code, which facilitates the discharge of the Board’s stewardship responsibilities

BOARD BALANCE

The Board has seven (7) members, comprising of three (3) Executive Directors, three (3) Independent Non-Executive Directors and One (1) Non-Executive Director. The current Board composition is in compliance with paragraph 15.02 of the listing requirements of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) (“Listing Requirements”) The non-executive directors are independent of management and they exercise independent and objective judgement in Board decisions.

The Board is of the view that its current board size provides an effective blend of entrepreneurship, business and professional expertise sufficient to discharge the responsibilities and perform the functions of an effective Board. Datuk Henry Chin has been identified as the Senior Independent Director to whom concerns may be conveyed if necessary.

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



Corporate Governance Statement

BOARD MEETINGS

The Board meets at least four (4) times a year with additional meetings whenever necessary. During the year ended 31 March 2006, seven (7) Board Meetings were held.

The following is the record of attendance of the Directors at Board Meetings:

NAME OF DIRECTORS	NO. OF BOARD MEETINGS ATTENDED
1 Datuk Azizan bin Abd Rahman	6/7
2 Dato' Tham Ka Hon	7/7
3 Datuk Henry Chin Poy Wu	7/7
4 Mr Aloysius Choong Kok Sin	4/7
5 Encik Kamil Ahmad Merican	4/7
6 Mr Vijeyaratnam a/l V. Thamocharan Pillay	7/7
7 Mr Chan Kok Leong (<i>appointed on 11 May 2006</i>)	-

SUPPLY OF INFORMATION

All the Directors have access to the advice and services of the Company Secretary and other Management Staff of the Group. They may also take independent advice, at the Company's expense, in furtherance of their duties if so required.

Prior to each Board meeting, all the Directors are provided with the meeting's agenda, the necessary board papers and appropriate supporting documents for a focused discussion at the Board meeting. All the Directors have the right and duty to make further enquires when they consider necessary.

RE-ELECTION OF DIRECTORS

The Articles of Association of the Company provides that at least one third (1/3) or the number nearest to one third (1/3) of the directors, including the Managing Director be subject to retirement by rotation at least once in every three (3) years and shall be eligible for re-election.

DIRECTORS' TRAINING

All Directors have attended and successfully completed the Mandatory Accreditation Programme and the Continuous Education Programme as required by the Listing Requirements. They will also attend directors' training programmes for the next financial year as required by the Listing Requirements and from time to time, to keep abreast with the relevant changes and development in laws and regulations, as well as the business environment.

Corporate Governance Statement

2. BOARD COMMITTEES

The following Committees have been set up to assist the Board to discharge its responsibilities effectively.

i. AUDIT COMMITTEE

The Audit Committee, headed by a capable independent Director, is governed by its written terms of reference. The Audit Committee ensures that the information disclosed in relation to the financial statements and internal controls are accurate and adequate.

The composition, terms of reference and the activities of the Audit Committee are set out in the Audit Committee Report in this Annual Report.

ii. NOMINATION COMMITTEE

The Nomination Committee was set up on 27 February 2004 and comprises of four (4) Non-Executive Directors, three (3) of whom are independent. The Nomination committee members are:

Datuk Henry Chin Poy Wu (*independent and non-executive*)

Datuk Azizan bin Abd Rahman (*independent and non-executive*)

Mr Vijeyaratnam a/l V. Thamothearam Pillay (*independent and non-executive*)

Encik Kamil Ahmad Merican (*non-independent and non-executive*)

The responsibilities of the Nomination Committee include recommending to the Board, candidates for directorships in the Company and directors to fill the seats on board committees of the Company. A process is in place for assessing the effectiveness of the Board members and the board committees. Their roles and responsibilities and the powers of the Nomination Committee is set out in its terms and reference.

iii. REMUNERATION COMMITTEE

The Remuneration Committee was set up on 27 February 2004 and comprises of the following members, with majority who are non-executive directors.

Mr Vijeyaratnam a/l V. Thamothearam Pillay (*independent and non-executive*)

Encik Kamil Ahmad Merican (*non-independent and non-executive*)

Mr Aloysius Choong Kok Sin (*executive*)

The responsibilities of the Remuneration Committee include the reviewing and recommending to the Board the remuneration packages of the executive directors. The Remuneration Committee is empowered by its terms of reference, which is approved by the Board.

The remuneration packages of executive directors and non-executive directors of the Company are decided by the Board as a whole, with the director concerned abstaining from participating in decision in respect of his individual remuneration.

Corporate Governance Statement

The directors' fees are determined by the full Board and approved by the stockholders of the Company at its annual general meetings.

The aggregate remuneration of Directors of the Board for the financial year ended 31 March 2006 are as follows:

	SALARIES /FEES RM'000	OTHER EMOLUMENTS (including bonus, allowances, benefits-in-kind) RM'000	TOTAL RM'000
Executive Directors	921	232	1,153
Non-Executive Directors	190	160	350
			<hr/> 1,503 <hr/>

The broad band disclosure of Directors' remuneration is set out in Note 6 of the Financial Statements in this Annual Report.

3. SHAREHOLDERS

In line with good corporate governance, the Group encourages the adoption of an open and transparent policy in respect of its relationship with its stockholders and investors. The Board acknowledges the need for stockholders to be informed of all material business matters affecting the Group.

The Group conducts dialogues with investors from time to time as a means of effective communication that enables the Board and Management to convey information about the Company's performance, corporate strategies and other matters affecting stockholders' interests.

The Annual Report and Notice of Annual General Meeting ("AGM") are sent out to all stockholders at least twenty-one (21) days before the date of the meeting. The AGM is the principal forum for dialogue with all the Company's stockholders and they are encouraged to participate in the question and answer session. The Directors are available at the meeting to respond to the questions raised.

Corporate Governance Statement

4. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcements to stockholders, the Board aims to present a fair assessment on the Group's position and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. This also applied to other price-sensitive public reports and reports to regulators.

INTERNAL CONTROLS

Information on the Group's internal control is presented in the Statement on Internal Control set out on pages 44 to 46.

RELATIONSHIP WITH THE AUDITORS

The Board maintains a formal and transparent relationship with the Auditors. The Audit Committee meets with the Auditors whenever necessary. The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report set out on pages 47 to 50.



Statement on Internal Control

INTRODUCTION

This Statement on Internal Control is made pursuant to paragraph 15.27(b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board of Directors ("the Board") of Eastern & Oriental Berhad is pleased to present its Statement on Internal Control for financial year ended 31 March 2006, prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies. The Statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

RESPONSIBILITY

The Board re-affirms its responsibility in maintaining a sound system of internal controls within the Group to safeguard shareholders investment and protecting the assets of the Group. However, due to the inherent limitations in any system of internal control, the system put in place within the Group can only manage rather than eliminate the risk that may impede the achievement of the Group's business objectives. Hence, the internal control system established can only provide reasonable rather than absolute assurance against material misstatements or losses. The extent of responsibility of the Board for the Group's system of internal control does not extend to include that of the Group's associated companies as the Board does not have any direct control over their operations.

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the internal control system through independent reviews conducted and reports it received from internal audit function and Management. Significant internal control matters were brought to the attention of the Audit Committee. The Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

The principal features of the Group's system of internal control that have been established to facilitate the proper conduct of the Group's businesses can be summarised as follows:

Statement on Internal Control

1. CONTROL ENVIRONMENT

- ***Organisation Structure & Authorisation Procedures***

The Group maintains a formal organisation structure with clear lines of reporting to Board Committees and Senior Management including defined lines of accountability within which senior management operates, such as roles and responsibilities, authority limits, review and approval procedures, etc.

- ***Policies and Procedures***

Clearly defined policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

- ***Human Resources Policy***

Proper guidelines on the employment and retention of staff, formal training programmes, annual performance appraisals and other relevant procedures are in place within the Group to ensure that competent employees are employed and are adequately trained in carrying out their responsibilities.

2. RISK MANAGEMENT FRAMEWORK

The Board maintains an on-going commitment in strengthening the Group's risk management framework and processes. Day-to-day risk management of the individual operating units are delegated to the respective Executive Directors and Senior Management. In this regard, the Executive Directors are responsible for timely identification of the Group's risks of each business units and implementation of systems to manage these risks. The Executive Directors, in turn will update the Board of any significant matters which will require the latter's attention via periodic Board and management meetings. Periodic management meetings are held to assess and monitor the Group's risk as well as discuss, deliberate and address matters associated with strategic, financial and operational facets of the Group.

3. INTERNAL CONTROL FUNCTION

The Group's internal audit function is outsourced to a professional internal audit service provider firm, to provide the Board with the assurance on the adequacy and integrity of the Group's systems of internal control. The outsourced internal audit function focuses on the review of areas which are related to and aligned with the key business risks of the Group. The areas of review were set out in a three year internal audit plan which has been approved by the Audit Committee. Since the appointment of the outsourced internal audit function, periodic internal audit visits have been carried out to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's systems of internal control.

The internal auditors carried out audit to ensure that the controls are in place and any risk identified or where controls are not in place, are reported in their reports together with the recommendations for improvement are presented to the Audit Committee for their consideration. Internal control weaknesses identified during the financial period under review have been or are being addressed by key Management. Areas of improvement in internal controls have been identified and the implementations of action plans on the proposed recommendations have been implemented.

Statement on Internal Control

During the year under review, nothing has come to the attention of the Board which would result in material losses, contingencies or uncertainties requiring separate disclosure in the annual report. Notwithstanding this, the Board will continue to ensure that the Group's systems of internal control will continue to evolve to keep up with its dynamic business environment.

4. INFORMATION AND COMMUNICATION

Information critical to the identifying risk and meeting Group's business objectives is communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. REVIEW & MONITORING PROCESS

Regular management meetings are held to discuss and monitor the Group's operations and performance, including meetings to discuss deviation of results against performance targets, with significant variances explained for and corrective management action formulated, where necessary. In addition to the above, schedule and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary.

During the financial year under review, the Group has enhanced its investment in a listed company to convert it from an associated company to a subsidiary of the Group. The Group's interest in this investment is served through representation on the board of this subsidiary. This representation provides the Board with access to direct and control the listed subsidiary so that goal congruence is achieved. In reviewing and monitoring the performance of this investment, the Board is provided with periodic reports and information on its key activities.

Although the Board does not have direct control over the operations of its listed associate company, the Group's interest is served through representation on the board of its listed associate company. This representation also provides the Board with information for timely decision making on the continuity of the Group's investments.

CONCLUSION

The Board is of the view that the risks faced by the Group are within tolerable levels in the context of the business environment the Group operates in and the system of internal control that existed throughout the year is sound and adequate to safeguard the interest of the Group and to facilitate the evolution of its businesses.

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

Datuk Henry Chin Poy Wu

Senior Independent non-executive Director (Chairman)

Datuk Azizan bin Abd Rahman

Independent non-executive Director/ Chairman of the Board (Member)

Encik Kamil Ahmad Merican

Non-independent non-executive Director (Member)

Mr Vijeyaratnam a/l V. Thamotharam Pillay

Independent non-executive Director (Member)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

STRUCTURE OF THE AUDIT COMMITTEE

The Audit Committee (“Committee”) shall be appointed by the board of directors (“Board”) and shall comprise at least three directors with the majority of the members to be independent directors. The Chairman of the Committee shall be an independent director and be elected from amongst their members. All members of the Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Committee resulting in the non-compliance with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, the Board of Directors shall within three months of that event appoint such new member(s) as may be required to comply with the Bursa Securities Listing Requirements.

OBJECTIVES

The objective of the Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, corporate accounting and reporting practices of the Group. The Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company’s shareholders.

AUTHORITY

The Committee is authorised by the Board to:

- i. investigate any matter within its terms of reference;
- ii. have the resources which are required to perform its duties;

Audit Committee Report

- iii. have full and unrestricted access to any information pertaining to the Company;
- iv. have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity (if any);
- v. obtain independent professional or other advice; and
- vi. convene any meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

FUNCTIONS

1. To review the followings and report the same to the Board of the Company:
 - a. with the external auditors, the audit plan;
 - b. with the external auditors, their evaluation of the system of internal controls;
 - c. with the external auditors, their audit report;
 - d. the assistance given by the employees of the Company to the external auditors;
 - e. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - f. the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - g. the quarterly results and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on:
 - i. changes in or implementation of major accounting policy;
 - ii. significant and unusual events arising; and
 - iii. compliance with accounting standards, regulatory and other legal requirements.
 - h. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - i. any letter of resignation from the external auditors of the Company;

Audit Committee Report

- j. whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
2. To recommend the nomination of a person or persons as external auditors.
3. To carry out such other functions as may be agreed by the Audit Committee and Board of Directors.

MEETINGS AND REPORTING PROCEDURES

The Committee shall meet at least four times a year and to form a quorum for any meeting the majority of members present must be independent directors. The Managing Director and the Finance Director shall be invited to attend all meetings of the Committee and the internal and external auditors will be invited to attend when appropriate.

The Company Secretary shall be the secretary of the Committee and as a reporting procedure, the minutes of the meeting shall be circulated to all members of the Board.

The Audit Committee met five times during the financial year ended 31 March 2006 and the record of the attendance of the Audit Committee Members are as follows:

NAME OF THE MEMBERS	NO. OF MEETINGS ATTENDED
1. Datuk Henry Chin Poy Wu	5/5
2. Datuk Azizan bin Abd Rahman	3/5
3. Encik Kamil Ahmad Merican	3/5
4. Mr Vijeyaratnam a/l V. Thamotharam Pillay	5/5

INTERNAL AUDIT FUNCTION

The Board had appointed an independent professional services firm to assist the Audit Committee in the review on the adequacy and effectiveness of the internal control system of the Group.

During the year, the outsourced internal audit function assisted the committee in discharging its duties and responsibilities by executing independent review on the Group's system of internal control. Periodic activities were carried out to provide the Committee with reasonable assurance that such systems continued to operate satisfactorily and effectively.

Audit Committee Report

Summary of activities that were carried out include:

- i. Formulated annual audit plan that focuses on controls managing the principal risks of the group and reviews the resource requirements for audit executions;
- ii. Internal audit reviews executed in accordance with the approved annual audit plan;
- iii. Reports on the results of internal audit reviews to the Committee on a periodic basis;
- iv. Follow-up on the implementation of audit recommendations and Management's agreed upon action plans; and
- v. Ensured satisfactory actions taken to address previous internal audit findings.

The internal audit reviews conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

ACTIVITIES DURING THE YEAR

A summary of the activities of the Audit Committee in discharging its functions and duties included the followings:

- i. review of the quarterly financial statements before its announcements;
- ii. review of the external auditors' reports in relation to audit, accounting and internal control issues arising from the audit and updates of the developments on accounting standards issued by the Malaysian Accounting Standards Board;
- iii. review of the audit plan of the external auditors.
- iv. review of internal audit plans and reports; and
- v. review of related party transactions.

The Audit Committee through discussions with management and the executive directors, reviews of quarterly financial performance and input from the internal and external auditors had discharged its functions effectively during the year.

Other Compliance Information

1. UTILISATION OF PROCEEDS

As at 2 August 2006

On 26 May 2006, the Company had issued and allotted 8,300,000 ordinary stock units of RM1.00 each ("Stock Units") pursuant to the Company's special issue of new Stock Units to identified Bumiputera and the proceeds raised were utilized for working capital.

2. SHARE BUYBACKS

For the financial year under review, the details of the share buy-backs are as follows:

STOCK UNITS BOUGHT BACK

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	
August 2005	100	1.10	1.10	1.10	123.05
February 2006	100	1.00	1.00	1.00	113.04
Total	200				236.09

TREASURY STOCK UNITS RESOLD

MONTH	UNITS	LOWEST PRICE (RM)	HIGHEST PRICE (RM)	AVERAGE PRICE (RM)	
October 2005	2,860,300	1.00	1.08	1.04	2,971,890.42
December 2005	605,200	0.95	0.97	0.96	578,816.62
February 2006	1,348,900	1.00	1.01	1.00	1,344,287.79
Total	4,814,400				4,894,994.83

As at 31 March 2006, there were 8,200,400 Stock Units held in treasury.

Other Compliance Information

3. OPTIONS OR WARRANTS

EMPLOYEES SHARE OPTIONS SCHEME (“ESOS”)

On 20 November 2003, the Company granted options over 12.486 million Stock Units to eligible employees of the Group under its ESOS. The exercise price per Stock Unit has been fixed at RM1.05.

During the financial year under review there was no ESOS option exercised. There was a total of 230,800 options which has lapsed due to resignation of employees during the financial year under review. As at 31 March 2006, there was a balance outstanding ESOS options of 11,576,100.

WARRANTS 2001/2011

On 18 May 2001, the Company issued 61,176,623 warrants. The exercise price of the warrants is RM1.03 per warrant. There were no warrants exercised during the financial year under review. The number of outstanding warrants as at 31 March 2006 was 61,176,298.

4. AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMME.

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

5. SANCTIONS AND/OR PENALTIES

During the financial year under review, there was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

6. NON-AUDIT FEES

During the financial year under review, the Company did not pay any non-audit fees to the external auditor.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the results for the financial year under review and the unaudited results previously announced.

Other Compliance Information

8. PROFIT FORECAST/PROFIT GUARANTEE

During the financial year under review, the Company did not issue any Profit Forecast/Profit Guarantee.

9. MATERIAL CONTRACTS

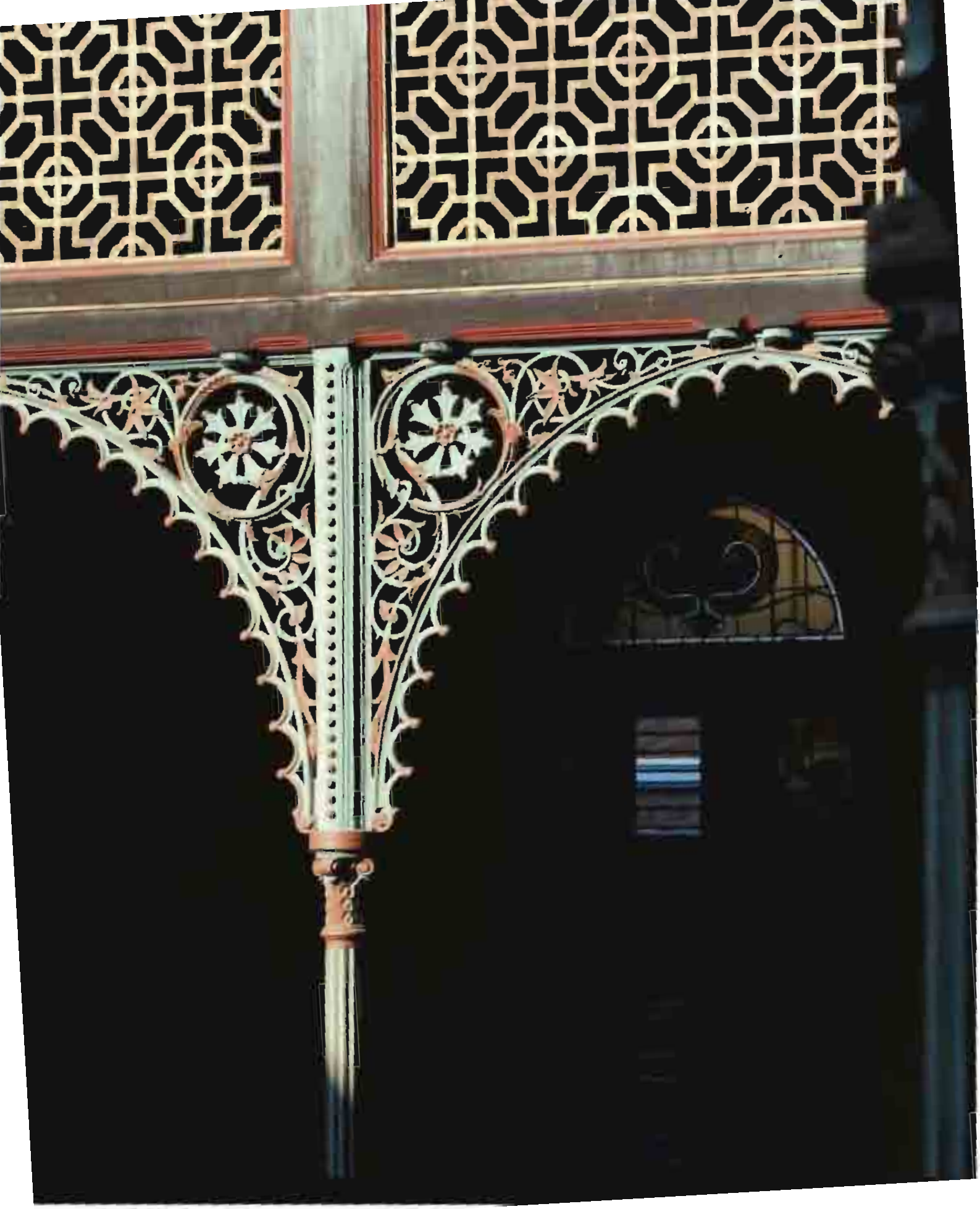
Save for those disclosed in the audited financial statements of the Group and the Company for the financial year ended 31 March 2006, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of the Company's Directors and/or its major shareholders.

10. REVALUATION POLICY

The Group does not have a revaluation policy on landed properties.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions entered into during the financial year under review.



The background of the slide is a photograph of a highly ornate architectural detail, likely from a historic building. It features a complex metal grille with a geometric pattern at the top, and below it, a large, intricate cast-iron bracket or corbel with floral and scrollwork designs. The structure is supported by several vertical columns with decorative capitals. The lighting is dramatic, highlighting the textures and colors of the metal and stone.

Financial Statements 2006

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Directors' Report

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary and associated companies are disclosed in Notes 12 and 13 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year other than as a result of the acquisition of E & O Property Development Berhad ("E&OPROP"), which is involved in investment holding, property development, property investments, land reclamation, construction and contracting activities.

RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Profit after taxation	31,947	10,512
Minority interests	(8,889)	-
Net profit for the year	23,058	10,512

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the acquisition of subsidiary companies resulting in an increase in the Group's net profit for the year by RM29.508 million as disclosed in Note 12(a) to the financial statements.

DIVIDENDS

The dividends paid by the Company since 31 March 2005 were as follows:

	RM'000
In respect of the financial year ended 31 March 2005:	
First and final dividend of 2.0% less 28% income tax, on 222,317,092 ordinary stock units, declared on 28 September 2005 and paid on 18 November 2005	3,201

Directors' Report

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2006, of 2.0% less 28% income tax on the ordinary stock units in issue at book closure date will be proposed for stockholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2007.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:-

Datuk Azizan bin Abd Rahman

Dato' Tham Ka Hon

Datuk Henry Chin Poy Wu

Aloysius Choong Kok Sin

Kamil Ahmad Merican

Vijeyaratnam a/l V. Thamothearam Pillay

Chan Kok Leong

(appointed on 11 May 2006)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 38 to the financial statements.

Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in stock units and options over stock units in the Company during the financial year were as follows:

	NUMBER OF ORDINARY STOCK UNITS OF RM1 EACH			
	1.4.2005	ACQUIRED	SOLD	31.3.2006
THE COMPANY				
Direct Interest				
Dato' Tham Ka Hon	4,699,586	-	-	4,699,586
Datuk Azizan bin Abd Rahman	-	4,549,000	-	4,549,000
Indirect Interest				
Dato' Tham Ka Hon	54,614,067	6,458,700	(13,908,800)	47,163,967
	WARRANTS 2001/2011 OF RM1 EACH			
	1.4.2005	ACQUIRED	EXERCISED	31.3.2006
Direct Interest				
Dato' Tham Ka Hon	6,699,586	-	-	6,699,586
Indirect Interest				
Dato' Tham Ka Hon	6,600,000	-	-	6,600,000
	NUMBER OF OPTIONS OVER ORDINARY STOCK UNITS OF RM1 EACH			
	1.4.2005	GRANTED	EXERCISED	31.3.2006
Dato' Tham Ka Hon	4,500,000	-	-	4,500,000
Aloysius Choong Kok Sin	4,500,000	-	-	4,500,000

Dato' Tham Ka Hon by virtue of his interest in ordinary stock units in the Company is also deemed interested in shares of all the Company's subsidiary and associated companies to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in stock units in the Company or its related corporations during the financial year.

Directors' Report

WARRANTS

In conjunction with the rights issue of 61,176,623 new ordinary stock units of RM1 each that were allotted on 18 May 2001, 61,176,623 free detachable warrants 2001/2011 were issued. The exercise price of warrants 2001/2011 is RM1.03 per warrant.

During the financial year, no warrants were converted into ordinary stock units. The number of outstanding warrants as at 31 March 2006 was 61,176,298.

TREASURY STOCK UNITS

During the financial year, the Company repurchased 200 of its issued ordinary stock units from the open market at an average price of RM1.05 per stock unit. The total consideration paid for the repurchase including transaction costs was RM236. The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

The Company has, during the year, sold 4,814,400 treasury stock units in the open market. The average sale price of the treasury stock units was RM1.02 per stock unit. The total proceeds from the sale are for working capital purposes.

Further relevant details are disclosed in Note 32 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("Scheme") was approved by the stockholders at an Extraordinary General Meeting convened on 21 November 2000.

The salient features of the Scheme are:

- a. the number of new stock units to be offered under the Scheme shall be subject to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company at any time during the existence of the Scheme;
- b. any employee shall be eligible to participate in the Scheme if the following conditions are satisfied:
 - i. the employee must be a confirmed employee of the Company or of an eligible subsidiary and not be on probation;
 - ii. the employee must have served the Company or of an eligible subsidiary for a period of at least six (6) continuous months;
and
 - iii. the employee must have attained the age of eighteen (18) years.

Directors' Report

An Executive Director of the Company is eligible to participate in the Scheme if the Executive Director is involved in the day-to-day management of the Company, on the payroll of the Company, and the allotment to be made to the Executive Director has been approved by the Company in a general meeting.

- c. the option price shall be based on a discount of not more than 10% of the five days weighted average market price at the date on which the options are offered. Notwithstanding this, the exercise price per new stock unit shall in no event be less than its par value;
- d. the new stock units to be allotted upon exercise of an option will upon allotment rank pari passu in all respects with the then existing issued stock units save and except that they will not be entitled to any dividends, rights, allotment or any distribution declared, made or paid to stockholders in respect of which the entitlement date precedes the allotment date of the aforesaid stock units;
- e. the Scheme shall be in force for a period of five years and may be extended for another five years subject to the approval of the stockholders and relevant authorities; and
- f. the options granted may be exercised at any time from the date of offer of the options up to five years from the date of implementation of the scheme on 29 April 2002.

As at 31 March 2006, the total number of options granted, which is at the option price of RM1.05 each, and the movements in the option to take up the unissued ordinary shares of RM1 each of the Company are as follows:

	NUMBER OF ORDINARY STOCK UNITS UNDER OPTIONS
At 1 April 2005	11,806,900
Less: Lapsed due to resignation	(230,800)
At 31 March 2006	11,576,100

OTHER STATUTORY INFORMATION

- a. Before the income statements and balance sheets of the Group and of 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 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 value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report

OTHER STATUTORY INFORMATION (contd)

- b. At the date of this report, the directors are not aware of any circumstances which would render:
 - i. the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - ii. the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- c. At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d. At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e. As at the date of this report, there does not exist:
 - i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii. any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f. In the opinion of the directors:
 - i. 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 or of the Company to meet their obligations when they fall due; and
 - ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made, except as disclosed under "Significant Events Subsequent to The Balance Sheet Date."

Directors' Report

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events subsequent to the balance sheet date are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

DATO' THAM KA HON

CHAN KOK LEONG

Kuala Lumpur, Malaysia
25 July 2006

Statement By Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATO' THAM KA HON and CHAN KOK LEONG, being two of the directors of EASTERN & ORIENTAL BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 66 to 141 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

DATO' THAM KA HON

CHAN KOK LEONG

*Kuala Lumpur, Malaysia
25 July 2006*

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, KOK MENG CHOW, being the officer primarily responsible for the financial management of EASTERN & ORIENTAL BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 66 to 141 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 KOK MENG CHOW
at Kuala Lumpur in the Federal Territory
on 25 July 2006.

KOK MENG CHOW

Before me,

SOH AH KAU
No. W315
Commissioner for Oaths

Report of the Auditors

TO THE MEMBERS OF EASTERN & ORIENTAL BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 66 to 141. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on 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 applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a. the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - i. the financial position of the Group and of the Company as at 31 March 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b. the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YEO ENG SENG
No. 1212/12/06(J)
Partner

Kuala Lumpur, Malaysia
25 July 2006

income statements

FOR THE YEAR ENDED 31 MARCH 2006

	NOTE	GROUP		COMPANY	
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
Revenue	3	500,015	21,130	5,054	6,057
Cost of sales	4	(401,577)	(11,771)	-	-
Gross profit		98,438	9,359	5,054	6,057
Other operating income		10,507	12,058	27,240	10,163
Selling and marketing expenses		(3,841)	(948)	-	-
Administrative expenses		(28,002)	(8,741)	(3,772)	(5,226)
Other operating expenses		(10,974)	(5,133)	(498)	(1,830)
Profit from operations	5	66,128	6,595	28,024	9,164
Finance costs	7	(29,100)	(10,296)	(17,430)	(6,130)
Share of results of associates		7,891	20,472	-	-
Profit before taxation		44,919	16,771	10,594	3,034
Taxation:					
Company and subsidiaries	8	(9,898)	1,174	(82)	1,206
Associates	8	(3,074)	(3,683)	-	-
		(12,972)	(2,509)	(82)	1,206
Profit after taxation		31,947	14,262	10,512	4,240
Minority interests		(8,889)	1,079	-	-
Net profit for the year		23,058	15,341	10,512	4,240
Earnings per stock unit (sen)					
Basic	9	10.4	6.7		
Diluted	9	-	-		
Net dividends per ordinary stock unit in respect of the year (sen)		1.44	1.44	1.44	1.44

The accompanying notes form an integral part of the financial statements.

Balance Sheets

AS AT 31 MARCH 2006

	NOTE	GROUP		COMPANY	
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	150,668	120,840	12	40
Investments in subsidiaries	12	-	-	439,161	67,253
Investments in associates	13	18,054	323,008	-	143,297
Other investments	14	40,964	16,935	10,425	7,667
Land held for property development	15	914,524	55,688	-	-
Investment properties	16	10,906	-	-	-
Long term receivable	17	3,829	-	-	-
Deferred tax assets	18	16,429	3,858	-	-
		1,155,374	520,329	449,598	218,257
CURRENT ASSETS					
Property development costs	19	333,822	-	-	-
Inventories	20	44,132	647	-	-
Receivables	21	251,742	21,436	14,134	14,610
Tax recoverable		10,309	-	2,033	2,033
Amount due from customers on construction works	22	34,253	-	-	-
Accrued billings in respect of property development costs		47,195	-	-	-
Amounts due from subsidiary companies	23	-	-	346,837	334,192
Deposits with licensed banks and financial institutions	24	129,861	1,150	5,096	-
Cash and bank balances	25	74,829	3,442	491	50
		926,143	26,675	368,591	350,885

Balance Sheets

AS AT 31 MARCH 2006

	NOTE	GROUP		COMPANY	
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
CURRENT LIABILITIES					
Payables	26	330,346	13,382	17,922	2,252
Amount due to customers on construction work	22	2,054	-	-	-
Progress billings in respect of property development costs		268	-	-	-
Provisions	27	41,914	-	-	-
Amounts due to subsidiary companies	28	-	-	10,390	94,360
Provision for retirement benefits	29	82	4	-	-
Borrowings	30	408,766	42,230	213,949	25,994
Tax payable		5,099	59	-	-
		788,529	55,675	242,261	122,606
Net Current Assets/(Liabilities)		137,614	(29,000)	126,330	228,279
		1,292,988	491,329	575,928	446,536
Financed By:					
Share capital	31	232,472	232,472	232,472	232,472
Treasury stock units		(6,281)	(9,968)	(6,281)	(9,968)
Reserves	33	120,930	165,667	152,551	144,032
		347,121	388,171	378,742	366,536
Minority interests	34	214,242	(13,047)	-	-
Provision for retirement benefits	29	49	76	-	-
Borrowings	30	659,275	111,424	197,186	80,000
Long term liability	35	3,188	-	-	-
Deferred tax liabilities	18	69,113	4,705	-	-
		1,292,988	491,329	575,928	446,536
Net tangible assets per stock unit (RM)		1.55	1.77		

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2006

NOTE	NON-DISTRIBUTABLE					DISTRIBUTABLE	TOTAL
						RETAINED	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	REVALUATION RESERVE RM'000	RESERVE RM'000	PROFITS/ (ACCUMULATED LOSS) RM'000	
AT 1 APRIL 2004	232,472	128,004	-	8,610	-	22,730	391,816
Purchase of treasury stock units	32	-	-	(9,968)	-	-	(9,968)
Profit for the year	-	-	-	-	-	15,341	15,341
Share of associate's reserves	-	-	-	-	-	(5,398)	(5,398)
Goodwill written off	-	-	-	-	-	(272)	(272)
Dividend	10	-	-	-	-	(3,348)	(3,348)
AT 31 MARCH 2005	232,472	128,004	(9,968)	8,610	-	29,053	388,171
Sale of treasury stock units	32	-	1,208	3,687	-	-	4,895
Profit for the year	-	-	-	-	-	23,058	23,058
Acquisition of subsidiary	-	-	-	22,101	66	-	22,167
Goodwill written off	-	-	-	-	-	(87,969)	(87,969)
Dividend	10	-	-	-	-	(3,201)	(3,201)
Transfer from revaluation reserve	-	-	-	(3,954)	-	3,954	-
AT 31 MARCH 2006	232,472	129,212	(6,281)	26,757	66	(35,105)	347,121

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2006

	NOTE	NON-DISTRIBUTABLE			DISTRIBUTABLE	TOTAL RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY STOCK UNITS RM'000	RETAINED PROFITS RM'000	
AT 1 APRIL 2004		232,472	128,004	-	15,136	375,612
Purchase of treasury stock units	32	-	-	(9,968)	-	(9,968)
Profit for the year		-	-	-	4,240	4,240
Dividend	10	-	-	-	(3,348)	(3,348)
AT 31 MARCH 2005		232,472	128,004	(9,968)	16,028	366,536
Sale of treasury stock units	32	-	1,208	3,687	-	4,895
Profit for the year		-	-	-	10,512	10,512
Dividend	10	-	-	-	(3,201)	(3,201)
AT 31 MARCH 2006		232,472	129,212	(6,281)	23,339	378,742

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2006

	NOTE	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		44,919	16,771
Adjustment for:			
Adjustment to property, plant and equipment		406	-
Allowance for doubtful debts		11	19
Amortisation of other investment		8	8
Bad debts written off		158	-
Depreciation of property, plant and equipment		5,175	3,545
Impairment loss in:			
- land held for property development		2,846	-
- other investments		1,314	-
Investment property written off		94	-
Interest expense		29,100	10,296
Property, plant and equipment written off		31	-
Provision for retirement benefits		817	17
Doubtful debts written back		(87)	-
Gain on disposal of:			
- property, plant and equipment		(35)	(2)
- quoted investments		(3,840)	(10,159)
- other investments		(650)	-
- investment properties		(305)	-
- subsidiary		(4)	-
Realisation of unrealised gain from disposal of land and subsidiary companies to an associated company		(535)	(673)
Interest income		(2,354)	(42)
Dividend income		(1,061)	(587)
Share of results of associates		(7,891)	(20,472)
Profit accrued based on percentage of completion method		(70,870)	-
Goodwill written off		-	(272)
Operating loss before working capital changes		(2,753)	(1,551)

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2006

NOTE

2006	2005
RM'000	RM'000

CASH FLOWS FROM OPERATING ACTIVITIES (contd)

Working capital changes:

Land held for property development	(75,418)	-
Property development cost	(142,295)	-
Inventories	5,740	(118)
Amount due to customers on construction work	(7,996)	-
Add: Depreciation	1,403	-
	(6,593)	-
Receivables	226,662	(227)
Payables	51,507	(41,037)
Cash generated from/(used in) operations	56,850	(42,933)
Interest paid	(39,109)	(9,656)
Payment for retirement benefits	(766)	(27)
Income tax refund	92	4,158
Income tax paid	(15,163)	-
Net cash generated from/(used in) operating activities	1,904	(48,458)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(a)	(3,798)	(37)
Purchase of other investments		(2,906)	(3,199)
Additional investment in associated company		-	(604)
Net cash flow on acquisitions of subsidiary companies		(163,163)	-
Proceeds from disposal of property, plant and equipment		101	2
Proceeds from disposal of investment properties		4,300	19,000
Proceeds from disposal of other investments		11,075	-
Proceeds from disposal of subsidiary companies		6,800	-
Dividends received		680	423
Interest received		2,716	42
Net cash (used in)/generated from investing activities		(144,195)	15,627

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2006

	NOTE	2006 RM'000	2005 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		402,467	90,000
Proceeds from sale of treasury stocks units		4,895	-
Repayment of borrowings		(71,635)	(73,058)
Dividends paid		(3,201)	(3,348)
Purchase of treasury stock units		-	(9,968)
Net cash generated from financing activities		332,526	3,626
Exchange translation differences		66	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		190,301	(29,205)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(19,812)	9,393
CASH AND CASH EQUIVALENTS AT END OF YEAR	(b)	170,489	(19,812)

Notes:

- Purchase of property, plant and equipment during the financial year was fully paid for in cash.
- Cash and cash equivalents comprise the following:

	2006 RM'000	2005 RM'000
Cash and bank balances	74,829	3,442
Deposits with licensed banks and financial institutions (Note 24)	129,861	1,150
Bank overdrafts (Note 30)	(34,201)	(24,404)
	170,489	(19,812)
Less : Deposits pledged as security (Note 24)	(15,617)	(1,000)
	154,872	(20,812)

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2006

NOTE

CASH FLOWS FROM OPERATING ACTIVITIES

	2006 RM'000	2005 RM'000
Profit before taxation	10,594	3,034
Adjustment for:		
Depreciation of property, plant and equipment	12	22
Property, plant and equipment written off	23	-
Impairment of investment in subsidiary companies	-	1,744
Impairment of other investment	99	-
Gain on disposal of subsidiary companies	(1,640)	-
Gain on disposal of quoted investments	-	(10,159)
Gain on disposal of other investments	(25,598)	-
Interest expense	17,430	6,130
Interest income	(5,054)	(5,945)
Dividend income	-	-
Operating loss before working capital changes	(4,134)	(5,174)
Receivables	476	(622)
Payables	15,588	(32,358)
Changes in intercompany balances	(13,559)	(6,690)
Cash used in operations	(1,629)	(44,844)
Interest paid	(17,430)	(6,130)
Income tax refund	-	2,974
Net cash used in operating activities	(19,059)	(48,000)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of subsidiary companies	6,800	-
Purchase of property, plant and equipments (a)	(7)	-
Purchase of other investments	(2,857)	(3,199)
Additional investment in subsidiary companies	(286,235)	-
Additional investment in associated company	-	(604)
Dividend received	-	-
Interest received	60	8
Net cash used in investing activities	(282,239)	(3,795)

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2006

	2006	2005
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(6,000)	(52,315)
Drawdown of borrowings	301,687	85,000
Dividends paid	(3,201)	(3,348)
Proceeds from sale of treasury stock units	4,895	-
Purchase of treasury stock units	-	(9,968)
Net cash generated from financing activities	297,381	19,369
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,917)	(32,426)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(19,694)	12,732
CASH AND CASH EQUIVALENTS AT END OF YEAR	(23,611)	(19,694)

Notes:

- Purchase of property, plant and equipment during the financial year was fully paid for in cash.
- Cash and cash equivalents comprise the following:

	2006	2005
	RM'000	RM'000
Cash and bank balances	491	50
Deposits with licensed banks and financial institutions (Note 24)	5,096	-
Bank overdrafts (Note 30)	(29,198)	(19,744)
	(23,611)	(19,694)

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 MARCH 2006

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary and associated companies are disclosed in Notes 12 and 13 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year other than as a result of the acquisition of E & O Property Development Berhad ("E&OPROP"), which is involved in investment holding, property development, property investments, land reclamation, construction and contracting activities.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur.

The number of employees in the Group and in the Company at the end of the financial year were 785 (2005: 257) and 4 (2005: 5) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 July 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain assets included under property, plant and equipment.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

b. BASIS OF CONSOLIDATION

i. Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial 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 subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill. Goodwill or negative goodwill are written off against retained profits in the year of acquisition.

Notes to the Financial Statements

31 MARCH 2006

Intra-group 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 a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets and is recognised in the consolidated income statement.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

ii. Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investment in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves, including premium on acquisition. Premium on acquisition of associated companies is not amortised.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

c. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

d. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost/deemed cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Certain freehold land and building and leasehold land are stated at valuation less impairment losses. Revaluations were made based on the valuation by independent valuers on an open market value basis in 1982. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets are stated at their previous revalued amount (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) on the basis that the revaluation carried out then, was a one off isolated event and not intended to be an adoption of a revaluation policy in place of historical cost.

Notes to the Financial Statements

31 MARCH 2006

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

d. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION^(contd)

Long term leasehold properties comprise properties with an unexpired lease period of 50 years and more. All other leasehold properties are classified as short term.

Freehold land and capital-work-in-progress are not depreciated. Leasehold lands are depreciated over the period of the respective leases which range from 7 to 99 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Long leasehold land and buildings	2%
Plant, machinery and equipment	12% - 20%
Office equipment, renovation and furniture and fittings	7.5% - 20%
Vessel	10%
Motor vehicles	16% - 20%

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

e. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

i. Land Reclamation Cost

Land reclamation cost is in respect of expenditure incurred relating to the Tanjong Tokong Reclamation Project and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Land reclamation cost includes related development expenditure including interest expense incurred during the period of active development.

ii. Land Held For Property Development

Land held for property development consist of land and attributable development costs where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost consists of land acquisition cost, attributable development expenditure and borrowing costs relating to the financing of the land and development. Such assets are classified within non-current assets and are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

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

Notes to the Financial Statements

31 MARCH 2006

iii. Property Development Cost

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

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.

f. INVESTMENT PROPERTIES

Investment properties consist of investments in land and buildings that are not substantially occupied for use by, or in the operations, of the Group.

Investment properties are held for long term rental yield. These properties are treated as long term investments and are stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

g. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION WORK

Construction work are stated at cost plus attributable profit less progress billings. Cost comprised direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the income statement as and when incurred.

Provision is made for contractors' claims, and warranties for making good certain defects and damages within the warranty periods.

Notes to the Financial Statements

31 MARCH 2006

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

g. **AMOUNT DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION WORK** (contd)

Profit on construction work is recognised on stage of completion method based on the actual completion of a physical proportion of construction work. Provision is made for all anticipated losses on construction work.

The aggregate of the costs incurred and the profits or losses recognised are compared against the progress billings up to the year end for all contracts in progress. The balances are shown as amount due from customers on construction work when costs incurred plus recognised profits (less recognised losses) exceed progress billings. The balances are shown as amount due to customers on construction work when progress billings exceed costs incurred plus recognised profits (less recognised losses).

h. **REVENUE RECOGNITION**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

i. **Hotel Operations**

Revenue from rental of hotel rooms are recognised on an accrual basis.

Revenue from sale of food and beverage is recognised based on invoiced value of goods sold.

Revenue from services incidental to the hotel operations is recognised net of service taxes when the services have been performed.

ii. **Rental Income**

Rental income from investment properties is recognised on an accrual basis based on agreed upon rental rates.

iii. **Management Fees**

Revenue from management services provided is recognised when service has been rendered.

iv. **Interest Income**

Interest income is recognised on accrual basis. If the recoverability is in doubt, then the interest income is recognised on cash basis.

v. **Dividend Income**

Dividend income is recognised when the stockholder's right to receive payment has been established.

vi. **Construction Activities**

Revenue relating to construction work is recognised on stage of completion method based on the actual completion of a physical proportion of construction work.

Notes to the Financial Statements

31 MARCH 2006

vii. Sale of Properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2(e)(iii).

Revenue from completed properties sold is recognised upon the finalisation of sale and purchase arrangements and when the risks and rewards of ownership have passed.

viii. Sale of Trading Inventories

Revenue on sale of trading inventories are recognised upon the transfer of risks and rewards.

i. INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

j. INVENTORIES

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

The cost of completed properties is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads. The cost of trading inventories, food, beverages and consumables, which includes expenditure incurred in bringing inventories to store, is determined based on the weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the Financial Statements

31 MARCH 2006

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

k. PROVISIONS FOR LIABILITIES

Provisions for liabilities 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 of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

l. FOREIGN CURRENCIES

i. Transactions in Foreign Currencies

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange differences are recognised in the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are recognised directly in equity until the disposal of the net investment, at which time they are recognised in the income statement.

ii. Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated into Malaysian Ringgit at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2006	2005
	RM	RM
1 US Dollar	3.715	3.825
1 Singapore Dollar	2.300	2.283

m. OPERATING LEASES

Lease payments made under operating leases, where substantially all the risks and rewards incident to ownership remain with the lessor, are charged as expenses in the income statement on a straight-line basis over the term of the relevant lease.

Notes to the Financial Statements

31 MARCH 2006

n. 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 accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (“EPF”). A foreign subsidiary company makes contributions to its country’s statutory pension scheme. Such contributions are recognised as an expense in the income statement or capitalised under construction work cost as the case may be, as incurred.

iii. Defined Benefit Plans

- a. Certain subsidiary companies of the Group contribute to a funded, defined benefit scheme, known as the Putrajaya Perdana Group Retirement Benefit Scheme (“Funded Scheme”) for its eligible employees. The subsidiary companies’ obligations under the Funded Scheme, calculated using the Project Credit Unit Method, is determined based on actuarial computations by independent actuaries in every three years, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Funded Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.
- b. A subsidiary company of the Group, namely Lone Pine Hotel (Penang) Sdn Bhd, operates an unfunded, defined benefit Retirement Benefit Scheme (“Unfunded Scheme”) for the eligible employees of the subsidiary company. The subsidiary company’s obligations under the Unfunded Scheme are determined based on triennial actuarial valuation where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Unfunded Scheme exceed 10% of the present value for the defined benefit obligation. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

Notes to the Financial Statements

31 MARCH 2006

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

n. EMPLOYEE BENEFITS (contd)

iv. Equity Compensation Benefits

The Company's Employee Share Option Scheme allows the Group's employees to acquire ordinary stock units of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

o. CASH AND CASH EQUIVALENTS

Cash comprises cash and bank balances and deposits with licensed banks and financial institutions. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

p. IMPAIRMENT OF ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

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

q. FINANCIAL INSTRUMENTS

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

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

i. Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates and investment properties are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p). On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

ii. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

Notes to the Financial Statements

31 MARCH 2006

iii. Payables

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

iv. Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the reclamation, acquisition and construction of land held for property development, development properties, investment properties and other properties, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will be suspended when the assets are completed or during the period in which development and construction are interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

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

v. Redeemable Secured Bonds

The Redeemable Secured Bonds are regarded as compound instruments, consisting of a liability component and equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the redeemable secured bonds and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible bond to the instrument. The difference between this amount and the interest paid is added to the carrying value of the redeemable secured bonds.

vi. Equity Instruments

Ordinary stock units are classified as equity. Dividends on ordinary stock units are recognised in equity in the period in which they are approved for payment.

Notes to the Financial Statements

31 MARCH 2006

2. SIGNIFICANT ACCOUNTING POLICIES (contd)

q. FINANCIAL INSTRUMENTS (contd)

vi. Equity Instruments (contd)

The consideration paid, including attributable transaction costs on repurchased ordinary stock units of the Company that have not been cancelled, are classified as treasury stock units and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury stock units. When treasury stock units are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3. REVENUE

Revenue of the Group and of the Company consists of the followings:

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Sales of properties	251,409	-	-	-
Construction and related activities	223,453	-	-	-
Hotel operations	23,598	20,576	-	-
Rental income	977	546	-	-
Management fee from subsidiary companies	-	-	-	112
Interest income from:				
- subsidiary companies	-	-	4,994	5,937
- others	60	8	60	8
Gross dividend income from other investments	518	-	-	-
	500,015	21,130	5,054	6,057

Notes to the Financial Statements

31 MARCH 2006

4. COST OF SALES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Property development costs	189,003	-	-	-
Construction contract costs	197,079	-	-	-
Cost of hotels operations	13,252	11,597	-	-
Cost of inventories sold	1,863	-	-	-
Cost of services rendered	380	174	-	-
	401,577	11,771	-	-

5. PROFIT FROM OPERATIONS

a. PROFIT FROM OPERATIONS IS STATED AFTER CHARGING/(CREDITING):

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- audit fee	245	69	30	25
- other services	19	-	-	-
Allowance for doubtful debts	11	19	-	-
Amortisation of other investment	8	8	-	-
Bad debts written off	158	-	-	-
Depreciation of property, plant and equipment	5,175	3,545	12	22
Impairment loss in:				
- land held for property development	2,846	-	-	-
- other investments	1,314	-	99	-
- subsidiary companies	-	-	-	1,744
Management fees received from subsidiary companies	-	-	-	(112)
Property, plant and equipment written off	31	-	23	-
Provision for retirement benefits	817	17	-	-
Rental of land and buildings	1,487	834	85	146
Rental of plant and machinery	2	-	-	-
Realised loss/(gain) on foreign exchange	174	(16)	-	-
Doubtful debt written back	(87)	-	-	-

Notes to the Financial Statements

31 MARCH 2006

5. PROFIT FROM OPERATIONS (contd)

a. PROFIT FROM OPERATIONS IS STATED AFTER CHARGING/(CREDITING) (contd)

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of:				
- property, plant and equipment	(35)	(2)	(2)	-
- investment properties	(305)	-	-	-
- quoted investments	(3,840)	(10,159)	-	(10,159)
- other investments *	(650)	-	(25,598)	-
- subsidiary company	(4)	-	(1,640)	-
Gross dividend income from:				
- quoted investments	(873)	-	-	-
- unquoted investments	(188)	(587)	-	-
Interest income from:				
- subsidiary companies	-	-	(4,994)	(5,937)
- others	(2,354)	(42)	(60)	(8)
Rental income	(251)	-	-	-

* The RM25,598,000 gain on disposal of other investments of the Company arose from the capital repayment for preference shares held in a former subsidiary company, True Vitality Sdn. Bhd. ("TVSB"). Subsequent to the capital repayment, TVSB was disposed by the Company to E & O Property Development Berhad, as disclosed in Note 40 (A)(iii).

b. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
- Staff costs charged to income statements	12,459	6,390	205	847
- Staff costs capitalised in construction work under cost incurred to-date (Note 22)	12,471	-	-	-
	24,930	6,390	205	847

Staff costs charged to income statements:

Notes to the Financial Statements

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	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	9,195	4,338	30	280
Employees Provident Fund contribution	1,289	461	4	42
Short term accumulating compensated absences	99	-	-	-
Pension costs - defined benefit plan (Note 29)	817	17	-	-
Other staff related expenses	1,059	1,574	171	525
	12,459	6,390	205	847

Staff costs charged to income statements exclude directors' remuneration. The directors' remuneration are disclosed in Note 6 to the financial statements.

6. DIRECTORS' REMUNERATION

DIRECTORS OF THE COMPANY

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	925	1,357	262	1,357
Fees	241	156	148	156
Benefits-in-kind *	19	21	19	21
Pension costs - defined contribution plans	158	230	44	230
Others	160	240	160	240
	1,503	2,004	633	2,004

OTHER DIRECTORS

Salaries and other emoluments	455	-	-	-
Fees	198	-	-	-
Benefits-in-kind *	14	-	-	-
Pension costs - defined contribution plans	55	-	-	-
	722	-	-	-
	2,225	2,004	633	2,004

Notes to the Financial Statements

31 MARCH 2006

6. DIRECTORS' REMUNERATION (contd)

The remuneration of the directors is analysed as follows:

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
EXECUTIVE DIRECTORS				
Salaries and other emoluments	1,786	1,848	485	1,848
Fees	51	-	-	-
NON-EXECUTIVE DIRECTORS				
Fees	388	156	148	156
	2,225	2,004	633	2,004

* The estimated monetary value of benefits-in-kind are provided to the directors by way of usage of the Group's and the Company's assets such as motor vehicles and the provision of accommodation and other benefits such as drivers.

The number of directors of the Company whose total remuneration (including director's fees) during the financial year fell within the following bands is analysed below:

	COMPANY NUMBER OF DIRECTORS	
	2006	2005
EXECUTIVE DIRECTORS		
RM50,001 to RM100,000	1	-
RM250,001 to RM300,000	1	-
RM400,001 to RM450,000	-	1
Above RM1,000,000	-	1
NON-EXECUTIVE DIRECTORS		
Below RM50,000	3	4
RM150,001 to RM200,000	1	1

Notes to the Financial Statements

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7. FINANCE COSTS

Interest expense on:

- revolving credits

- bank overdrafts

- term loans

- redeemable secured bonds

- others

GROUP		COMPANY	
2006	2005	2006	2005
RM'000	RM'000	RM'000	RM'000
568	371	376	371
2,161	1,044	1,793	964
36,790	8,589	15,261	4,503
4,550	-	-	-
1,279	292	-	292
45,348	10,296	17,430	6,130

Less: Interest expense capitalised in:

Land held for property development (Note 15)

Property development costs (Note 19)

(11,209)	-	-	-
(5,039)	-	-	-
29,100	10,296	17,430	6,130

8. TAXATION

Income tax:

Malaysian income tax

Real property gains tax on disposal of subsidiary

GROUP		COMPANY	
2006	2005	2006	2005
RM'000	RM'000	RM'000	RM'000
20,503	-	-	-
82	-	82	-
20,585	-	82	-

(Over)/under provided in prior years:

Malaysian income tax

Real property gains tax

(3,562)	(1,205)	-	(1,206)
18	-	-	-
(3,544)	(1,205)	-	(1,206)

Deferred tax (Note 18):

Relating to origination and reversal of temporary differences

Under provided in prior years

(9,326)	31	-	-
2,183	-	-	-

Notes to the Financial Statements

31 MARCH 2006

8. TAXATION (contd)

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
	(7,143)	31	-	-
Share of taxation of associated companies	3,074	3,683	-	-
Total tax expenses	12,972	2,509	82	(1,206)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year, except for the tax incentive of 8% exempted for the first RM500,000 (2005: RM500,000) taxable profit for qualifying subsidiary companies.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2006	2005
	RM'000	RM'000
GROUP		
Profit before taxation	44,919	16,771
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	12,577	4,696
Effect of income not subject to tax	(1,881)	(2,858)
Effect of expenses not deductible for tax purposes	10,547	924
Effect of income subject to tax rate of 20%	(217)	-
Effect of utilisation of previously unrecognised deferred tax assets	(10,957)	-
Deferred tax assets not recognised during the year	5,720	839
Deferred tax assets recognised	(1,616)	-
Real property gains tax on disposal of subsidiary companies	82	-
Overprovision of income tax in prior years	(3,544)	(1,205)
Underprovision of deferred tax in prior year	2,183	-
Others	78	113

Notes to the Financial Statements

31 MARCH 2006

	2006	2005
	RM'000	RM'000
Tax expense for the year	12,972	2,509

COMPANY

Profit before taxation	10,594	3,034
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	2,966	850
Effect of income not subject to tax	(7,627)	(2,845)
Effect of expenses not deductible for tax purposes	4,661	1,844
Deferred tax assets not recognised during the financial year	-	6
Real property gains tax on disposal of subsidiary company	82	-
Overprovision of income tax in prior years	-	(1,206)
Others	-	145
Tax expense for the year	82	(1,206)

9. EARNINGS PER STOCK UNIT

a. BASIC

Basic earnings per ordinary stock unit is calculated by dividing the net profit for the year by the weighted average number of ordinary stock units in issue during the financial year.

	GROUP	
	2006	2005
Net profit for the year (RM'000)	23,058	15,341
Weighted average number of ordinary stock units in issue ('000)	221,715	229,384
Basic earnings per stock unit (sen)	10.4	6.7

b. DILUTED

For the purpose of calculating diluted earnings per stock unit, the net profit for the year and the weighted average number of ordinary stock units in issue during the financial year is adjusted to assume conversion of all dilutive potential ordinary stock units, i.e. warrants and share options granted to employees.

No adjustment has been made to the weighted average number of ordinary stock units in issue in the calculation of diluted earnings per stock unit in both the current and previous financial year due to the anti dilutive effect of the warrants and employee's share options.

Notes to the Financial Statements

31 MARCH 2006

10. DIVIDENDS

	GROUP/COMPANY			
	2006		2005	
	NET DIVIDEND PER STOCK UNIT	AMOUNT OF DIVIDEND NET OF TAX	NET DIVIDEND PER STOCK UNIT	AMOUNT OF DIVIDEND NET OF TAX
	SEN	RM'000	SEN	RM'000
First and final dividend in respect of previous year	1.44	3,201	1.44	3,348

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 March 2006, of 2.0% less 28% income tax on the ordinary stock units in issue at book closure date will be proposed for stockholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2007.

11. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS*	PLANT, MACHINERY AND EQUIPMENT	OFFICE EQUIPMENT, RENOVATION AND FITTINGS	VESSEL	MOTOR VEHICLES	CAPITAL WORK-IN- PROGRESS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP							
Cost							
At 1 April 2005	123,310	2,697	12,143	-	1,419	-	139,569
Acquisitions of subsidiary companies	17,347	58,185	11,772	4,560	13,644	-	105,508
Additions	-	2,519	627	-	117	535	3,798
Disposals	-	-	(160)	-	(237)	-	(397)
Written off	-	(446)	(708)	-	-	-	(1,154)
Adjustment	(406)	-	-	-	-	-	(406)
At 31 March 2006	140,251	62,955	23,674	4,560	14,943	535	246,918
Representing:							
At cost	121,302	62,955	23,674	4,560	14,943	535	227,969
At deemed cost (or valuation)	18,949	-	-	-	-	-	18,949

Notes to the Financial Statements

31 MARCH 2006

LAND AND BUILDINGS*	PLANT, MACHINERY AND EQUIPMENT	OFFICE EQUIPMENT, RENOVATION AND FITTINGS	VESSEL	MOTOR VEHICLES	CAPITAL WORK-IN- PROGRESS	TOTAL
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
140,251	62,955	23,674	4,560	14,943	535	246,918

Accumulated Depreciation

At 1 April 2005	10,553	1,381	5,376	-	1,419	-	18,729
Acquisitions of subsidiary companies	270	55,533	6,618	1,444	8,532	-	72,397
Charge for the year (Note 11 (a))	2,242	965	2,118	266	987	-	6,578
Disposals	-	-	(149)	-	(182)	-	(331)
Written off	-	(444)	(679)	-	-	-	(1,123)
At 31 March 2006	13,065	57,435	13,284	1,710	10,756	-	96,250

Analysed as:

Accumulated depreciation	13,065	57,435	13,127	1,710	10,756	-	96,093
Accumulated impairment losses	-	-	157	-	-	-	157
	13,065	57,435	13,284	1,710	10,756	-	96,250

Net Book Value

At 31 March 2006:

At cost	110,101	5,520	10,390	2,850	4,187	535	133,583
At deemed cost (or valuation)	17,085	-	-	-	-	-	17,085
	127,186	5,520	10,390	2,850	4,187	535	150,668

At 31 March 2005

At cost	95,594	1,316	6,767	-	-	-	103,677
At deemed cost (or valuation)	17,163	-	-	-	-	-	17,163
	112,757	1,316	6,767	-	-	-	120,840

Depreciation charge for 2005

	2,149	220	1,172	-	4	-	3,545
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Notes to the Financial Statements

31 MARCH 2006

11. PROPERTY, PLANT AND EQUIPMENT (contd)

* LAND AND BUILDINGS FOR THE GROUP

	FREEHOLD LAND	FREEHOLD BUILDING	FREEHOLD LAND AND BUILDING	SHORT TERM LEASEHOLD LAND	SHORT TERM LEASEHOLD LAND AND BUILDING	LONG TERM LEASEHOLD LAND	LONG TERM LEASEHOLD LAND AND BUILDING	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 April 2005	15,200	3,000	102,361	386	2,000	363	-	123,310
Acquisitions of subsidiary companies	-	-	16,756	-	-	-	591	17,347
Adjustment	-	-	(406)	-	-	-	-	(406)
At 31 March 2006	15,200	3,000	118,711	386	2,000	363	591	140,251
Representing:								
At cost	-	-	118,711	-	2,000	-	591	121,302
At deemed cost (or valuation)	15,200	3,000	-	386	-	363	-	18,949
	15,200	3,000	118,711	386	2,000	363	591	140,251
Accumulated Depreciation								
At 1 April 2005	-	1,380	7,394	291	1,373	115	-	10,553
Acquisition of subsidiary companies	-	-	227	-	-	-	43	270
Charge for the year	-	60	1,931	16	229	2	4	2,242
At 31 March 2006	-	1,440	9,552	307	1,602	117	47	13,065
Net Book Value								
At 31 March 2006:								
At cost	-	-	109,159	-	398	-	544	110,101
At deemed cost (or valuation)	15,200	1,560	-	79	-	246	-	17,085
	15,200	1,560	109,159	79	398	246	544	127,186

Notes to the Financial Statements

31 MARCH 2006

	FREEHOLD LAND	FREEHOLD BUILDING	FREEHOLD LAND AND BUILDING	SHORT TERM LEASEHOLD LAND	SHORT TERM LEASEHOLD LAND AND BUILDING	LONG TERM LEASEHOLD LAND	LONG TERM LEASEHOLD LAND AND BUILDING	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 March 2005								
At cost	-	-	94,967	-	627	-	-	95,594
At deemed cost (or valuation)	15,200	1,620	-	95	-	248	-	17,163
	15,200	1,620	94,967	95	627	248	-	112,757
Depreciation charge for 2005	-	60	1,837	16	229	7	-	2,149

COMPANY

Cost

	FURNITURE, FITTINGS AND EQUIPMENT RM'000	RENOVATIONS RM'000	TOTAL RM'000
At 1 April 2005	367	2	369
Addition	7	-	7
Disposal	(8)	-	(8)
Write-Off	(340)	(2)	(342)
At 31 March 2006	26	-	26

Accumulated Depreciation

	FURNITURE, FITTINGS AND EQUIPMENT RM'000	RENOVATIONS RM'000	TOTAL RM'000
At 1 April 2005	327	2	329
Charge for the year	12	-	12
Disposal	(8)	-	(8)
Write-Off	(317)	(2)	(319)
At 31 March 2006	14	-	14

Net Book Value

	FURNITURE, FITTINGS AND EQUIPMENT RM'000	RENOVATIONS RM'000	TOTAL RM'000
At 31 March 2006	12	-	12
At 31 March 2005	40	-	40

Notes to the Financial Statements

31 MARCH 2006

11. PROPERTY, PLANT AND EQUIPMENT^(contd)

- a. Depreciation charge for the year include:

	GROUP	
	2006	2005
	RM'000	RM'000
Depreciation charged to income statement (Note 5)	5,175	3,545
Contract cost incurred during the year (Note 22)	1,403	-
	6,578	3,545

- b. The Group's properties were revalued based on valuation by independent valuers on the open market value basis in 1982. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets are stated at their previous revalued amount (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) on the basis that the revaluation carried out then, was a one off isolated event and not intended to be an adoption of a revaluation policy in place of historical cost.
- c. Had the revalued freehold, long and short term leasehold land and freehold building been carried at historical cost, the net book value of the revalued properties that would have been included in the financial statements of the Group as at balance sheet date would have been as follows:

	GROUP	
	2006	2005
	RM'000	RM'000
Freehold Land	5,872	5,872
Long term leasehold land	112	114
Short term leasehold land	38	43
Freehold building	1,124	1,169
	7,146	7,198

- d. The net book value of property, plant and equipment pledged for borrowings (Note 30) are as follows:

	GROUP	
	2006	2005
	RM'000	RM'000
Freehold land and buildings	87,796	99,158
Long term leasehold land	246	248
Short term leasehold land and building	79	95
	88,121	99,501

- e. A subsidiary company is currently undertaking the transfer of the freehold land title from an affiliated company to a subsidiary company's name. The affiliated company is described in Note 38 to the financial statements.

Notes to the Financial Statements

31 MARCH 2006

12. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2006	2005
	RM'000	RM'000
Unquoted shares at cost	73,581	112,650
Less: Accumulated impairment losses	(45,397)	(45,397)
	28,184	67,253
Quoted shares at cost	410,977	-
	439,161	67,253
Market value of quoted shares	364,284	-

The directors are of opinion that there has been no impairment loss in the value of investment in shares and accordingly, no impairment loss is made.

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF	GROUP'S EFFECTIVE		PRINCIPAL ACTIVITIES	PAID-UP SHARE CAPITAL
		2006	2005		
		%	%		RM
i. SUBSIDIARIES OF THE COMPANY					
## E & O Property Development Berhad (“E&OPROP”)	Malaysia	69.94	-	Property	568,623,904
Dynamic Degree Sdn. Bhd.	Malaysia	51	51	Investment holding	3,000,000
E & O Developers Sdn. Bhd.	Malaysia	100	100	Investment holding	5,500,000
E & O Ventures Sdn. Bhd.	Malaysia	51	51	Dormant	100
Eastern & Oriental Hotel Sdn.Bhd.	Malaysia	100	100	Hotel owner and operator, property development and property investment	29,700,000
E & O Leisure Sdn. Bhd.	Malaysia	100	100	Property investment	2

Notes to the Financial Statements

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12. INVESTMENT IN SUBSIDIARIES (contd)

NAME OF SUBSIDIARIES	COUNTRY OF	GROUP'S EFFECTIVE		PRINCIPAL ACTIVITIES	PAID-UP SHARE CAPITAL
		2006	2005		
		%	%		RM

i. SUBSIDIARIES OF THE COMPANY (contd)

Radiant Kiara Sdn. Bhd.	Malaysia	100	100	Property investment	920,004
@ True Vitality Sdn. Bhd.	Malaysia	-	100	Property investment	6,000,000
Major Liberty Sdn. Bhd.	Malaysia	100	-	Investment holding	300,000

ii. SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BHD.

E & O Restaurants Sdn. Bhd.	Malaysia	100	100	Investment holding	2
E & O Express Sdn. Bhd.	Malaysia	100	100	Hotel operator	500,000
E & O Cruises Sdn. Bhd.	Malaysia	100	100	Dormant	2
E & O Limousine Services Sdn. Bhd.	Malaysia	100	100	Dormant	2

a. Subsidiary of E & O Restaurants Sdn. Bhd.

Eminent Pedestal Sdn. Bhd.	Malaysia	70	70	Operation of restaurant	100
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b. Subsidiary of E & O Express Sdn. Bhd.

Lone Pine Hotel (Penang) Sdn. Bhd.	Malaysia	100	100	Hotel management	320,000
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iii. SUBSIDIARY OF MAJOR LIBERTY SDN. BHD.

Matrix Promenade Sdn. Bhd.	Malaysia	100	-	Investment holding	300,000
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Notes to the Financial Statements

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NAME OF SUBSIDIARIES	COUNTRY OF	GROUP'S EFFECTIVE		PRINCIPAL ACTIVITIES	PAID-UP SHARE CAPITAL
		2006	2005		
		%	%		RM

iv. SUBSIDIARIES OF E & O PROPERTY DEVELOPMENT BERHAD ("E&OPROP")

# ^ Ambangan Puri Sdn. Bhd.	Malaysia	69.94	-	Property development and property investment	1,250,000
Edisi Utama Sdn. Bhd.	Malaysia	69.94	-	Property development	250,000
E & O Properties Sdn. Bhd.	Malaysia	69.94	-	Property development and property investment	16,580,000
Emerald Designs Sdn. Bhd.	Malaysia	69.94	-	Property development	300,000
Galaxy Prestige Sdn. Bhd. ("GPSB")	Malaysia	69.94	-	Investment holding	250,000
Kamunting Management Services Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
KCB Holdings Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
K.L. Land Development Sdn. Bhd.	Malaysia	81.36	-	Investment holding	42,553,609
* Kamunting Investments (S) Pte. Ltd.	Singapore	69.94	-	Dormant	S\$500,000
** Kamunting Tin Dredging Limited	England	69.94	-	Dormant	£2,006,250
Pelicrest Sdn. Bhd.	Malaysia	69.94	-	Investment holding	119,005
Prime-Lite Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2

Notes to the Financial Statements

31 MARCH 2006

12. INVESTMENT IN SUBSIDIARIES (contd)

NAME OF SUBSIDIARIES	COUNTRY OF	GROUP'S EFFECTIVE		PRINCIPAL ACTIVITIES	PAID-UP SHARE CAPITAL
		2006	2005		
		%	%		RM

iv. SUBSIDIARIES OF E & O PROPERTY DEVELOPMENT BERHAD ("E&OPROP") (contd)

Regal Alliance Sdn. Bhd. ("RASB")	Malaysia	69.94	-	Property development	24,152,582
Ribuan Imbang Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
Samudra Pelangi Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
Staboc Marketing Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
Tinggi Murni Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
@ True Vitality Sdn. Bhd.	Malaysia	69.94	-	Sales and marketing service	6,000,000

a. Subsidiary of Ambangan Puri Sdn. Bhd.

# ^ Seventy Damansara Sdn. Bhd.	Malaysia	69.94	-	Property development and investment holding	3,250,000
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b. Subsidiary of E & O Properties Sdn. Bhd.

E & O Management Services Sdn. Bhd.	Malaysia	69.94	-	Property management and property investment	2
# Kayangan Budaya Sdn. Bhd.	Malaysia	61.55	-	Property development	12,700
Minat Ganda Sdn. Bhd.	Malaysia	69.94	-	Property development and property investment	500,060

Notes to the Financial Statements

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NAME OF SUBSIDIARIES	COUNTRY OF	GROUP'S EFFECTIVE		PRINCIPAL ACTIVITIES	PAID-UP SHARE CAPITAL
		2006	2005		
		%	%		RM

c. Subsidiary of Kamunting Management Services Sdn. Bhd.

Bridgecrest Resources Sdn. Bhd.	Malaysia	48.96	-	Investment holding	100
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i. Subsidiaries of Bridgecrest Resources Sdn. Bhd.

Permaijana Ribu (M) Sdn. Bhd.	Malaysia	34.97	-	Investment holding	5,000,000
^^ E & O Property (Penang) Sdn. Bhd. ("EOPP")	Malaysia	48.96	-	Property development	2

ii. Subsidiary of Permaijana Ribu (M) Sdn. Bhd.

Tanjung Pinang Development Sdn. Bhd.	Malaysia	24.48	-	Land reclamation and development	5,000,000
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d. Subsidiaries of KCB Holdings Sdn. Bhd.

KCB Geotechnics Sdn. Bhd.	Malaysia	48.96	-	Piling construction and consultancy	500,000
KCB Trading Sdn. Bhd.	Malaysia	69.94	-	Trading in building materials	5,000,000
Trans-Mutual Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
WCW Technologies Sdn. Bhd.	Malaysia	69.94	-	General contractor	667,000

i. Subsidiary of KCB Trading Sdn. Bhd.

Niphotash (M) Sdn. Bhd.	Malaysia	69.94	-	Inactive	500,000
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Notes to the Financial Statements

31 MARCH 2006

12. INVESTMENT IN SUBSIDIARIES (contd)

NAME OF SUBSIDIARIES	COUNTRY OF	GROUP'S EFFECTIVE		PRINCIPAL ACTIVITIES	PAID-UP SHARE CAPITAL
		2006	2005		
		%	%		RM

iv. SUBSIDIARIES OF E & O PROPERTY DEVELOPMENT BERHAD ("E&OPROP") (contd)

d. Subsidiaries of KCB Holdings Sdn. Bhd. (contd)

ii. Subsidiary of Trans-Mutual Sdn. Bhd.

* Kamunting Management (HK) Limited	Hong Kong	69.94	-	Dormant	HK\$1,000
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e. Subsidiary of K.L. Land Development Sdn. Bhd.

Putrajaya Perdana Berhad	Malaysia	55	-	Investment holding	20,000,000
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f. Subsidiaries of Putrajaya Perdana Berhad

Putra Perdana Construction Sdn. Bhd.	Malaysia	55	-	Construction	20,000,000
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Putra Perdana Development Sdn. Bhd.	Malaysia	55	-	Property development and investment holding	10,000,000
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i. Subsidiaries of Putra Perdana Development Sdn. Bhd.

Perdana Land Development Sdn. Bhd.	Malaysia	55	-	Dormant	2
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Sarjana Sejati (M) Sdn. Bhd.	Malaysia	55	-	Property development	2
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Senandung Budiman Sdn. Bhd.	Malaysia	55	-	Property development and construction	250,000
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g. Subsidiary of Ribuan Imbang Sdn. Bhd.

Mergexcel Property Development Sdn. Bhd.	Malaysia	69.94	-	Dormant	2
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NAME OF SUBSIDIARIES	COUNTRY OF	GROUP'S EFFECTIVE		PRINCIPAL ACTIVITIES	PAID-UP SHARE CAPITAL
		2006	2005		
		%	%		RM

h. Subsidiaries of Samudra Pelangi Sdn. Bhd.

Hexon Housing Development Sdn. Bhd.	Malaysia	69.94	-	Dormant	2
Indasu Housing Development Sdn. Bhd.	Malaysia	69.94	-	Housing development	2
KSM Property Development Sdn. Bhd.	Malaysia	69.94	-	Inactive	500,002
Patsawan Properties Sdn. Bhd.	Malaysia	69.94	-	Investment holding	140,000
Rhinever Housing Development Sdn. Bhd.	Malaysia	69.94	-	Housing development	2
Rimelite Sdn. Bhd.	Malaysia	69.94	-	Dormant	2
Senna Sdn. Bhd.	Malaysia	69.94	-	Investment holding	2
Terra Damansara Sdn. Bhd.	Malaysia	69.94	-	Property development	540,000
Unicorn Housing Development Sdn. Bhd.	Malaysia	69.94	-	Housing development	2

i. Subsidiary of Indasu Housing Development Sdn. Bhd.

Monplus Housing Development Sdn. Bhd.	Malaysia	69.94	-	Housing development	250,000
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i. Subsidiary of Pelicrest Sdn. Bhd.

** KCB (Guernsey) Limited	Channel Islands	69.94	-	Investment holding	£1,000
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Notes to the Financial Statements

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12. INVESTMENT IN SUBSIDIARIES (contd)

- * Audited by affiliate of Ernst & Young Global
- ** Audited by firms of auditors other than Ernst & Young
- # Investments in these subsidiary companies have been pledged as security for redeemable secured bonds issued by E&OPROP
- ^ All fixed and floating assets of these subsidiary companies, except for property development costs of RM88,105,000 have been pledged as security for redeemable secured bonds issued by E&OPROP.
- ^^ Debenture incorporating a first fixed and floating charge over all the present and future assets of EOPP for credit facilities granted to EOPP.
- @ As disclosed in Note 40 (A) (iii) to the financial statements, the Company had completed the disposal of True Vitality Sdn. Bhd. ("TVSB") to E&OPROP on 22 April 2006, for a total consideration of RM6,800,000.
- ## The quoted shares in the subsidiary company of RM410,793,679 have been pledged as security for borrowings as disclosed in Note 30 to the financial statements.

a. ACQUISITIONS OF SUBSIDIARY COMPANIES

As disclosed in Note 40 (A) (i) to the financial statements, the Group had completed the acquisitions of E & O Property Development Berhad ("E&OPROP") and Major Liberty Sdn. Bhd. ("MLSB").

- i. The effects of the acquisitions on the financial results of the Group from the date of acquisition up to 31 March 2006 are as follows:

	E&OPROP	MLSB	TOTAL
	RM'000	RM'000	RM'000
Revenue	476,358	-	476,358
Profit from operations	65,342	1,960	67,302
Net profit	24,662	4,846	29,508

Notes to the Financial Statements

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- ii. The effects of the acquisitions on the financial position of the Group as at 31 March 2006 are as follows:

	E&OPROP	MLSB	TOTAL
	RM'000	RM'000	RM'000
Property, plant and equipment	33,747	-	33,747
Land held for property development	858,837	-	858,837
Investment properties	10,906	-	10,906
Other investments	32,477	209	32,686
Investments in associates	14,731	-	14,731
Deferred tax assets	16,429	-	16,429
Long term receivable	3,829	-	3,829
Property development costs	333,822	-	333,822
Inventories	43,393	-	43,393
Receivables	323,074	3,245	326,319
Short term deposits	123,765	-	123,765
Cash and bank balances	70,289	55	70,344
Payables	(308,647)	(2,966)	(311,613)
Taxation	(5,099)	-	(5,099)
Provisions	(41,914)	-	(41,914)
Borrowings	(604,099)	(16,971)	(621,070)
Long term liabilities	(3,188)	-	(3,188)
Deferred tax liabilities	(68,179)	-	(68,179)
Minority interest	(271,590)	39,332	(232,258)
Group's share of net assets	562,583	22,904	585,487

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12. INVESTMENT IN SUBSIDIARIES (contd)

a. ACQUISITIONS OF SUBSIDIARY COMPANIES (contd)

- iii. The fair value of the assets acquired and liabilities assumed from the acquisitions of the subsidiaries were as follows:

	E&OPROP	MLSB	TOTAL
	RM'000	RM'000	RM'000
Property, plant and equipment	33,111	-	33,111
Land held for property development	839,412	-	839,412
Investment properties	14,995	-	14,995
Other investments	34,836	1,350	36,186
Investment in associates	17,943	-	17,943
Deferred tax assets	12,826	-	12,826
Long term receivable	3,861	-	3,861
Property development costs	332,714	-	332,714
Inventories	42,211	-	42,211
Receivables	361,144	385	361,529
Short term deposits	94,507	-	94,507
Cash and bank balances	28,768	30	28,798
Payables	(363,991)	(284)	(364,275)
Taxation	(3,176)	-	(3,176)
Provisions	(25,688)	-	(25,688)
Borrowings	(553,060)	(19,336)	(572,396)
Long term payable	(6,376)	-	(6,376)
Deferred tax liabilities	(71,806)	-	(71,806)
Fair value of total net assets	792,231	(17,855)	774,376
less: Minority interest	(254,310)	35,913	(218,397)
Group's share of net assets	537,921	18,058	555,979
Goodwill on acquisition	87,472	497	87,969
Cost of acquisition	625,393	18,555	643,948
Purchase consideration satisfied by:			
Cash	267,680	18,555	286,235
Transfer from cost of investment in associate	357,713	-	357,713
Total cost of acquisition	625,393	18,555	643,948

Notes to the Financial Statements

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	E&OPROP	MLSB	TOTAL
	RM'000	RM'000	RM'000
Cash outflow arising on acquisitions:			
Purchase consideration satisfied by cash	267,680	18,555	286,235
Cash and cash equivalents (net of bank overdrafts) of subsidiaries acquired	(123,042)	(30)	(123,072)
Net cash outflow from the group	144,638	18,525	163,163

b. DISPOSAL OF TRUE VITALITY SDN BHD TO E&OPROP

As disclosed in Note 40 (A) (iii) to the financial statements, the Company had completed the disposal of True Vitality Sdn. Bhd. ("TVSB") to E&OPROP on 22 April 2005, for a total consideration of RM6,800,000.

The effects of the disposal on the financial results and financial position of the Group for the period/year are not material.

The tax charge arising from the disposal of subsidiary company during the financial year amounted to approximately RM82,000 (Note 8).

13. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Quoted shares, at cost	18,383	294,107	-	143,297
Unquoted shares, at cost	3,462	3,422	-	-
Unrealised gain arising from sale of land and subsidiary companies to E&OPROP (previously an associated company)	-	(4,554)	-	-
Share of post acquisition reserves	(3,791)	30,033	-	-
	18,054	323,008	-	143,297
Market value of quoted shares	9,282	246,637	-	141,859

Notes to the Financial Statements

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13. INVESTMENTS IN ASSOCIATES (contd)

	2006	2005
	RM'000	RM'000
Unrealised gain arising from sale of land and subsidiary companies to E&OPROP (previously an associated company)	-	(4,554)
Share of net tangible assets	13,436	264,628
Share of goodwill in associated company	2,850	-
Premium on acquisition	1,768	62,934
	18,054	323,008

The Group's interests in the associates are analysed as follows:

Unrealised gain arising from sale of land and subsidiary companies to E&OPROP (previously an associated company)

Share of net tangible assets

Share of goodwill in associated company

Premium on acquisition

Details of the associates, all of which are incorporated in Malaysia, are as follows:

NAME OF COMPANY	PRINCIPAL ACTIVITIES	GROUP'S EQUITY INTEREST HELD	
		2006	2005
		%	%
E & O Property Development Berhad ("E&OPROP")	Property	-	43.81
Teratak Warisan (M) Sdn. Bhd.	Investment holding	50.00	50.00
Renown Heritage Sdn. Bhd.	Property Investment	25.00	25.00
Fututech Berhad	Investment holding	17.41	-
Puncak Madu Sdn. Bhd.	Property development	27.90	-

During the financial year, the Company had in aggregate acquired 400,744,328 E&OPROP shares which represents approximately 35.24% of the issued and paid-up share capital of E&OPROP. Hence, as at 31 March 2006, the Group's effective interest in E&OPROP is 69.94%, and accordingly, E&OPROP became a subsidiary of the Group.

Investment in associated company of the Group amounting to RM14,691,000 has been pledged to financial institutions for credit facilities granted to E&OPROP.

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14. OTHER INVESTMENTS

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Quoted investments in Malaysia,				
at cost:				
- shares	51,929	30,019	199	199
- warrants	37	4,468	7,325	4,468
Quoted investments outside Malaysia,				
at cost:				
- shares	51	51	-	-
Unquoted shares, at cost	23,792	-	-	-
Others	6,267	3,726	3,000	3,000
	82,076	38,264	10,524	7,667
Less : Accumulated impairment losses	(41,112)	(21,329)	(99)	-
	40,964	16,935	10,425	7,667
At Market Value:				
Quoted shares:				
- in Malaysia	18,868	10,767	100	110
- outside Malaysia	148	86	-	-
Warrants quoted in Malaysia	7,541	8,464	7,485	8,464

The Group and the Company were granted by Alliance Merchant Bank Berhad an unsecured fixed rate term loan facility of RM50,000,000 and RM30,000,000 respectively. As an integral part of the facility agreement, the Group and the Company were required to subscribe for a Variable Rate Asset Backed Subordinated Bonds amounting to RM5,000,000 and RM3,000,000 respectively which shall be redeemed five (5) years from the date of issue.

The directors are of the opinion that there has been no further impairment loss in the value of investment in shares and accordingly, no further impairment loss is made.

As at 31 March 2006, investment in quoted shares in Malaysia with a net book value of RM20,211,000 (2005: RM8,740,000) and market value of RM23,552,000 (2005: RM10,853,000) have been pledged to various financial institutions for credit facilities granted to the Group and to the Company, as disclosed in Note 30 to the financial statements.

Notes to the Financial Statements

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15. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP

At 31 March 2006:

Land costs

	FREEHOLD LAND RM'000	LAND RM'000	FREEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
At 1 April 2005	-	-	9,700	9,700
Acquisition of subsidiary companies	350,362	427,072	-	777,434
Additions	2,078	43,919	-	45,997
Disposals	(192)	-	-	(192)
Transfer to property development costs	-	(50,135)	-	(50,135)
At 31 March 2006	352,248	420,856	9,700	782,804

Development expenditure

At 1 April 2005	-	-	45,988	45,988
Acquisition of subsidiary companies	28,496	33,482	-	61,978
Incurred during the year	7,416	26,843	-	34,259
Disposals	-	-	-	-
Transfer to property development costs	-	(7,659)	-	(7,659)
At 31 March 2006	35,912	52,666	45,988	134,566

Less: Accumulated impairment losses

	-	(2,846)	-	(2,846)
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Carrying amount at 31 March 2006

	FREEHOLD LAND AND BUILDING RM'000	TOTAL RM'000
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GROUP

At 31 March 2005:

Land costs

At 1 April 2004/31 March 2005	9,700	9,700
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Development expenditure

At 1 April 2004/31 March 2005	45,988	45,988
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Carrying amount at 31 March 2005

	55,688	55,688
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Notes to the Financial Statements

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- a. Freehold land and building amounting to RM55,688,000 (2005: RM55,688,000) have been pledged as security for borrowings as disclosed in Note 30 to the financial statements.

Included in the development expenditure are borrowing costs capitalised of RM18,663,246 (2005: RM18,663,246).

- b. Freehold land and leasehold land of the Group with carrying amount of RM140,210,000 and RM3,629,000 respectively are pledged as security for credit facilities granted to the Group.
- c. The State Government of Pulau Pinang (“the State Government”) and a shareholder of Tanjung Pinang Development Sdn. Bhd. (“TPD”), KGN-PDC Holdings Sdn Bhd (“KGN-PDC”), entered into a Concession Agreement dated 4 October 1990 to reclaim and develop that part of the coast of Pulau Pinang embracing the foreshore near Mukim 18 of the District of Tanjong Tokong.

Subsequently, KGN-PDC and TPD entered into a Novation Agreement on 5 March 1992 whereby KGN-PDC assigned its rights and transferred its liabilities and obligations under the Concession Agreement to TPD conditional upon the approval of the State Government which was issued on 2 June 1992.

On 5 February 2004, TPD entered into a conditional Joint Land Development Agreement with E&O Property (Penang) Sdn. Bhd. (“EOPP”) to develop approximately 240.63 acres of the gross area of approximately 980 acres land near Mukim 18 of the district of Tanjong Tokong in Penang.

During the financial year, certain leasehold land of TPD has been granted the right for conversion to freehold status by the relevant authority.

Included in land held for property development is land reclamation cost amounting to RM394,591,000 is pledged as security for credit facilities granted to a subsidiary company.

- d. The titles to certain freehold land and buildings with an aggregate carrying value of RM27,642,000 will be delivered to the Group by the vendor upon full payment of the purchase price as disclosed under Note 35 to the financial statements.
- e. Included in development expenditure incurred during the financial year is interest expense of RM11,209,000.

Notes to the Financial Statements

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16. INVESTMENT PROPERTIES

Freehold land, at cost

	GROUP	
	2006	2005
	RM'000	RM'000
At 1 April	-	-
Acquisitions of subsidiary companies	14,995	-
Disposals	(4,089)	-
At 31 March	10,906	-

The directors are of the opinion that the estimated market value of the investment properties held at the financial year end approximate to its carrying amount.

The titles to certain investment properties with an aggregate carrying value of RM253,000 will be delivered to the Group by the vendor upon full payment of the purchase price as disclosed under Note 35 to the financial statements.

17. LONG TERM RECEIVABLE

This represents a secured advance by a subsidiary company to a joint venture partner subject to the terms and conditions as stipulated in the Joint Venture Agreement.

18. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2006	2005
	RM'000	RM'000
At 1 April	(847)	(816)
Acquisition of subsidiary companies	(58,980)	-
Recognised in income statement	7,143	(31)
At 31 March	(52,684)	(847)
Presented after appropriate offsetting as follows:		
Deferred tax assets	16,429	3,858
Deferred tax liabilities	(69,113)	(4,705)
	(52,684)	(847)

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The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	UNUTILISED CAPITAL ALLOWANCES	PROPERTY, PLANT AND EQUIPMENT	LAND HELD FOR PROPERTY	PROPERTIES	PROPERTY COSTS		TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2004	(98)	(4,576)	-	-	-	-	(4,674)
Recognised in income statement	-	(31)	-	-	-	-	(31)
At 31 March 2005	(98)	(4,607)	-	-	-	-	(4,705)
Acquisitions of subsidiary companies	-	(2,290)	(53,938)	(30)	(11,761)	(3,787)	(71,806)
Recognised in income statement	-	(92)	1,425	23	2,738	490	4,584
At 31 March 2006	(98)	(6,989)	(52,513)	(7)	(9,023)	(3,297)	(71,927)

Deferred Tax Assets of the Group:

	UNUTILISED CAPITAL ALLOWANCES	PROPERTY, PLANT AND EQUIPMENT	INVENTORIES	PROVISIONS	OTHERS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2004	3,738	98	-	-	21	3,857
Recognised in income statement	(5)	-	-	-	6	1
At 31 March 2005	3,733	98	-	-	27	3,858
Acquisitions of subsidiary companies	-	-	153	12,324	349	12,826
Recognised in income statement	(46)	-	(5)	2,957	(347)	2,559
At 31 March 2006	3,687	98	148	15,281	29	19,243

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18. DEFERRED TAX ASSETS/(LIABILITIES) (contd)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unutilised business losses	57,298	62,543	684	684
Unabsorbed capital allowances	22,580	13,545	495	495
Unabsorbed reinvestment allowances	47,755	47,755	-	-
Provisions	24,959	18,143	16,354	16,354
Others	9,804	117	-	-
	162,396	142,103	17,533	17,533

The availability of the unutilised business losses and unabsorbed capital allowances for offsetting against future taxable profits of the Company and the subsidiary companies are subject to no substantial changes in shareholdings of the respective companies under Section 44(5A) and (5B) of Income Tax Act, 1967.

19. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2006	2005
	RM'000	RM'000
At 1 April		
Freehold land	-	-
Development costs	-	-
	-	-
On acquisitions of subsidiary companies		
Freehold land	265,808	-
Development costs	254,942	-
	520,750	-
Costs incurred during the year		
Freehold land	-	-
Development costs	138,182	-
	138,182	-
Costs eliminated due to completion of projects		
Freehold land	(2,834)	-
Development costs	(19,046)	-
	(21,880)	-

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	GROUP	
	2006	2005
	RM'000	RM'000
Costs recognised in income statement		
At 1 April	-	-
At date of acquisitions of subsidiary companies	(188,036)	-
Recognised during the year	(187,854)	-
Costs eliminated due to completion of projects	21,880	-
At 31 March	(354,010)	-
 Add: Transfer from land held for property development	57,794	-
Less: Transfer of unsold properties to inventories	(7,014)	-
Carrying amount at 31 March	333,822	-

Included in property development costs incurred during the financial year is interest expense of RM5,039,000.

Development properties of the Group with carrying amount of RM113,218,000 are pledged as security for credit facilities granted to certain subsidiary companies.

Proceeds of certain development properties of the Group with carrying amount of RM84,177,000 are assigned as security for redeemable secured bonds issued by a subsidiary as disclosed in Note 30 to the financial statements.

20. INVENTORIES

	GROUP	
	2006	2005
	RM'000	RM'000
At cost:		
Completed properties	42,845	-
Trading inventories	548	-
Food, beverages and tobacco	488	349
General supplies	251	298
	44,132	647

Inventories of completed properties totaled RM3,928,000 are assigned as security for redeemable secured bonds issued by a subsidiary as disclosed in Note 30 to the financial statements.

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21. RECEIVABLES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Trade receivables	198,214	927	-	-
Retention sum receivable	26,032	-	-	-
	224,246	927	-	-
Less: Allowance for doubtful debts	(24,033)	(32)	-	-
	200,213	895	-	-
Amount due from associated companies	17,282	8,889	3,532	3,858
Performance deposit	7,200	8,000	7,200	8,000
Deposits and prepayments	6,599	1,686	1,514	1,223
Other receivables	20,448	1,966	1,888	1,529
	251,742	21,436	14,134	14,610

The amount due from associated companies are unsecured, interest free and repayable on demand.

The Group's normal trade credit term ranges from 30 to 170 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group is an amount of RM60,460,000 due from affiliated companies namely Putrajaya Holding Sdn. Bhd. Group. Affiliated companies are described in Note 38 to the financial statements.

Included in other receivables of the Group is an amount of RM6,000,000 represents unsecured and interest free advances given to a minority shareholder of a subsidiary company, which is to be repaid from future dividends to be declared by the subsidiary company.

22. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION WORK

	GROUP	
	2006	2005
	RM'000	RM'000
Cost incurred to-date	629,386	-
Add: Attributable profit	44,266	-
	673,652	-
Less: Progress billings	(641,453)	-
	32,199	-

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	GROUP	
	2006	2005
	RM'000	RM'000
Represented by:		
Amount due from customers on construction work	34,253	-
Amount due to customers on construction work	(2,054)	-
	32,199	-
Contract revenue recognised as revenue in the year	197,635	-
Contract cost recognised as expenses in the year	(178,428)	-
The following charges have been included in cost incurred during the financial year:		
Staff costs (Note 5(b)) (Inclusive of pension costs - defined contribution plans of RM1,331,628)	12,471	-
Depreciation of property, plant and equipment (Note 11 (a))	1,403	-
Hire of machinery	1,772	-
Rental of premises	129	-

23. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	COMPANY	
	2006	2005
	RM'000	RM'000
Non-trade	363,191	350,546
Less: Allowance for doubtful debts	(16,354)	(16,354)
	346,837	334,192

The amounts due from subsidiary companies are unsecured and repayable on demand. The non-trade amounts bear interest at rates ranging from 0.5% to 5% (2005: 0.5% to 5%) per annum.

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24. DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deposits placed with:				
Licensed banks	38,143	1,150	5,096	-
Discount houses	91,718	-	-	-
	129,861	1,150	5,096	-

The effective interest rates and the maturity periods of deposits at the end of the financial year were as follows:

	GROUP		COMPANY	
	INTEREST RATES	MATURITIES	INTEREST RATES	MATURITIES
	%	DAYS	%	DAYS
2006				
Licensed banks	2.50 - 4.75	30	2.60 - 2.65	30
Discount houses	2.60 - 3.15	1 to 31 days	-	-
2005				
Licensed banks	3.00	30	-	-

Deposits with licensed banks and financial institutions amounted to RM15,617,000 (2005: RM1,000,000) have been pledged for redeemable secured bonds issued and as security for credit facilities granted to certain subsidiaries, as described in Note 30 to the financial statements.

25. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are amounts of RM48,987,000 (2005: RM3,110) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Cash and bank balance of RM185,000 and RM27,861,000 as at the end of the financial year, are assigned as security for redeemable secured bonds issued by a subsidiary and to a financial institution for credit facilities granted to a subsidiary company respectively.

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26. PAYABLES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Trade payables	196,704	1,345	-	-
Retention sum payable	69,845	-	-	-
	266,549	1,345	-	-
Accruals	37,774	3,491	17,678	2,218
Deposits received	1,046	275	-	-
Amounts due to affiliated companies	-	6,998	-	12
Amount due to minority shareholder	12,826	-	-	-
Other payables	12,151	1,273	244	22
	330,346	13,382	17,922	2,252

The normal trade credit terms granted to the Group range from 14 days to 120 days.

As disclosed in Note 40 (A) (i), E&OPROP had become a subsidiary of the Group during the financial year. In previous financial year, affiliated companies refers to subsidiaries of E&OPROP. The amount due to an affiliated companies was unsecured, interest-free and repayable on demand

The amounts due to minority shareholder are unsecured, interest-free and repayable on demand.

27. PROVISIONS

GROUP	CONTRACTOR'S CLAIMS AND WARRANTIES		
	OTHERS		TOTAL
	RM'000	RM'000	RM'000
At 1 April 2005	-	-	-
Acquisition of subsidiary company	25,507	181	25,688
Additional provision during the financial year	17,510	-	17,510
Utilisation of provision during the financial year	(1,284)	-	(1,284)
At 31 March 2006	41,733	181	41,914

CONTRACTORS' CLAIMS AND WARRANTIES

Contractors' Claims and Warranties relate to estimated repair costs for making good certain defects and damages during the warranty periods.

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The amounts due to subsidiary companies represent advances from subsidiary companies which are unsecured, interest free and repayable on demand.

- i. Certain subsidiary companies of the Group contribute to a funded, defined benefit scheme, known as the Putrajaya Perdana Group Retirement Benefit Scheme (“Funded Scheme”) for its eligible employees. Contributions to the Funded Scheme are to be made to a separately administered fund. The Group has made a total contribution of RM731,000 during the financial year.
- ii. A subsidiary of the Group, namely Lone Pine Hotel (Penang) Sdn. Bhd., operates an unfunded, defined benefit Retirement Benefit Scheme (“Unfunded Scheme”) for the eligible employees. Under the Unfunded Scheme, eligible employees are entitled to retirement benefits based on last drawn monthly salary adjusted for the number of years of service on attainment of Normal Retirement Age of 55 or Optional Retirement Age of 45.

Based on the last actuarial valuation carried out, the defined benefit obligations for the financial year are shown as follows:

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At 31 March 2005

Present value of defined benefit obligations

Fair value of plan assets

Unrecognised actuarial losses

Analysed as:

- current

- non-current

RM'000	RM'000
83	83
-	-
83	83
(3)	(3)
80	80
4	4
76	76
80	80

The amounts recognised in the income statement are as follows:

At 31 March 2006

Current service cost

Interest cost

Expected return on plan assets

Amortisation of transition amount

Total, included in staff cost (Note 5(b))

FUNDED	UNFUNDED	TOTAL
RM'000	RM'000	RM'000
595	8	603
308	6	314
(129)	-	(129)
27	2	29
801	16	817

At 31 March 2005

Current service cost

Interest cost

Amortisation of transition amount

Total, included in staff cost (Note 5(b))

UNFUNDED	TOTAL
RM'000	RM'000
10	10
5	5
2	2
17	17

The Funded Scheme is based on the recent valuation done in March 2006 and the Unfunded Scheme is based on the valuation done in April 2003.

The entire charge for the year has been included in administrative expenses.

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29. PROVISION FOR RETIREMENT BENEFITS (contd)

Movements in the net liability in the current year were as follows:

	GROUP	
	2006	2005
	RM'000	RM'000
At 1 April	80	90
Amount recognised in the income statement	817	17
Contributions paid	(766)	(27)
At 31 March	131	80

Principal actuarial assumptions used:

	GROUP	
	2006	2005
	%	%
Discount rate	6.00 - 7.00	7.00
Expected return on plan assets	3.00	-
Expected rate of salary increase	3.50 - 5.00	5.00

30. BORROWINGS

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts	33,784	24,404	29,198	19,744
Revolving credits	10,220	-	5,000	-
Bridging Loans	4,000	-	-	-
Term loans	341,844	16,576	174,501	5,000
	389,848	40,980	208,699	24,744

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	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bank overdrafts	417	-	-	-
Revolving credits	1,750	1,250	250	1,250
Term loans	16,751	-	5,000	-
	18,918	1,250	5,250	1,250
	408,766	42,230	213,949	25,994
Long Term Borrowings				
Secured:				
Bridging loans	5,000	-	-	-
Redeemable secured bonds	113,912	-	-	-
Term loans	490,363	81,424	167,186	50,000
	609,275	81,424	167,186	50,000
Unsecured:				
Term loan	50,000	30,000	30,000	30,000
	659,275	111,424	197,186	80,000
Total Borrowings				
Secured:				
Bank overdrafts	33,784	24,404	29,198	19,744
Revolving credits	10,220	-	5,000	-
Bridging loans	9,000	-	-	-
Term loans	832,207	98,000	341,687	55,000
Redeemable secured bonds	113,912	-	-	-
	999,123	122,404	375,885	74,744
Unsecured:				
Bank overdrafts	417	-	-	-
Revolving credits	1,750	1,250	250	1,250
Term loans	66,751	30,000	35,000	30,000
	68,918	31,250	35,250	31,250
	1,068,041	153,654	411,135	105,994

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30. BORROWINGS (contd)

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Maturity of borrowings:				
Within one year	408,766	42,230	213,949	25,994
More than 1 year and less than 2 years	264,174	17,205	76,096	10,000
More than 2 years and less than 5 years	369,046	65,500	121,090	53,000
5 years or more	26,055	28,719	-	17,000
	1,068,041	153,654	411,135	105,994

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

	GROUP		COMPANY	
	2006	2005	2006	2005
	%	%	%	%
Bank overdrafts	7.50 to 8.25	7.25 to 7.58	7.75 to 8.25	7.25
Revolving credits	5.25 to 6.15	6.51 to 7.75	5.95 to 6.15	6.51 to 7.75
Term loans	5.81 to 8.05	3.75 to 8.00	5.81 to 7.70	6.15 to 7.25
Bridging loans	7.50 to 8.05	-	-	-
Redeemable secured bonds	7.05	-	-	-

The borrowings are secured by certain assets of the Group and of the Company as disclosed in the relevant notes to the financial statements and corporate guarantees issued by the Company.

a. TERM LOANS

The term loans are secured by corporate guarantees from the Company and E&OPROP and charge on certain assets of the Group and of the Company as disclosed in the relevant notes to the financial statement.

b. BRIDGING LOAN

This bridging loan is secured by charge on certain development properties of the Group as disclosed in Notes 15 and 19 to the financial statements.

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c. REDEEMABLE SECURED BONDS

A subsidiary company, E&OPROP, had on 24 November 2003 issued 116,000,000 of 4-year Redeemable Secured Bonds 2003/2007 (“Bonds”) at a nominal value of RM1 each with 116 million 4-year detachable warrants (“Warrants”) for debt settlement and debt acquisition purposes. The redemption of the Bonds are as follows:

	REDEMPTION AMOUNT		PRESENT VALUE OF REDEMPTION AMOUNT	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Between two and five years	116,000	-	113,912	-
Accreted interest	(2,088)	-	-	-
	113,912	-	113,912	-

The terms of the Bonds are as follows:

- i. All outstanding Bonds will be mandatorily redeemed in full by E&OPROP on 24 November 2007;
- ii. The Bonds carry coupon rate at 4% per annum payable semi-annually for the first 3 years and 8.4% per annum payable semi-annually in forth year, if not redeemed on the third anniversary from the issuance date; and
- iii. The Bonds are secured by the following:
 - Charge over certain assets of E&OPROP and certain subsidiary companies as disclosed in the relevant notes to the financial statements; and
 - Assignment of 95% to 100% of the remaining proceeds from certain cash and bank balances of certain subsidiary companies.

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30. BORROWINGS (contd)

c. REDEEMABLE SECURED BONDS (contd)

The proceeds received from the issue of the Bonds with Warrants have been split between the liability component, representing the carrying amount of the Bonds, and the equity component, representing the fair value of the Warrants. The Bonds are accounted for in the balance sheets of the Group as follows:

	2006 RM'000	2005 RM'000
On acquisition of subsidiary company	106,582	-
Interest accretion	7,330	-
Liability component as at 31 March	113,912	-

Interest expense on the Bonds is calculated on the effective yield basis by applying the coupon interest rate of 7.05% for an equivalent non-convertible bond to the liability component of the Bonds with Warrants.

31. SHARE CAPITAL

	GROUP/COMPANY			
	NUMBER OF ORDINARY STOCK UNITS OF RM1 EACH		AMOUNT	
	2006 '000	2005 '000	2006 RM'000	2005 RM'000
Authorised:				
At 1 April/31 March	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 April/31 March	232,472	232,472	232,472	232,472

32. TREASURY STOCK UNITS

This amount relates to the acquisition cost of treasury stock units net of the proceeds received on their subsequent sale or issuance.

The stockholders of the Company, by a special resolution passed in a general meeting held on 28 September 2005 renewed their approval for the Company's plan to repurchase its own ordinary stock units. The directors of the Company are committed to enhancing the value of the Company for its stockholders and believe that the repurchase plan can be applied in the best interests of the Company and its stockholders.

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During the financial year, the Company repurchased 200 (2005: 13,014,600) of its issued ordinary stock units from the open market at an average price of RM1.05 (2005: RM0.77) per stock unit. The total consideration paid for the repurchase including transaction costs was RM236 (2005: RM9,967,829). The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

The Company has, during the year, sold 4,814,400 treasury stock units in the open market. The average sale price of the treasury stock units was RM1.02 per stock unit. The total proceeds from the sale are for working capital purposes.

Of the total 232,471,492 (2005: 232,471,492) issued and fully paid ordinary stock units as at 31 March 2006, 8,200,400 (2005: 13,014,600) are held as treasury stock units by the Company. As at 31 March 2006, the number of outstanding ordinary stock units in issue and fully paid is therefore 224,271,092 (2005: 219,456,892) ordinary stock units of RM1 each.

33. RESERVES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Distributable:				
(Accumulated losses)/Retained profits	(35,105)	29,053	23,339	16,028
Non-distributable:				
Share premium	129,212	128,004	129,212	128,004
Revaluation reserve	26,757	8,610	-	-
Exchange reserve	66	-	-	-
	156,035	136,614	129,212	128,004
	120,930	165,667	152,551	144,032

The share premium of the Group arose mainly from the initial listing exercise of the Company.

The revaluation reserve of the Group arose as a result of the revaluation of lands and buildings of a subsidiary company, net of deferred taxation effect.

The exchange reserve arose as a result of translation of foreign subsidiary companies' financial statements.

34. MINORITY INTERESTS

The minority interests in the previous financial year reflect a net debit balance due to losses borne by a minority shareholder, who has agreed to take up its share of liabilities arising from the losses incurred by a subsidiary company.

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35. LONG TERM LIABILITY

	GROUP	
	2006	2005
	RM'000	RM'000
Deferred purchase consideration	15,940	-
Amount payable within one year (included in trade payables under current liabilities)	(12,752)	-
Amount payable after one year	3,188	-
Maturity of long term liability:		
Within 1 year	12,752	-
More than 1 year and less than 2 years	3,188	-
	15,940	-

Long term liability represents the deferred purchase consideration in respect of certain land held for property development and certain investment properties. This deferred amount is repayable by twelve half-yearly equal instalments commencing on 8 October 2002 and is secured against certain land held for property development and certain investment properties as disclosed under Notes 15 and 16 to the financial statements.

Interest is payable in arrears calculated on daily basis at the rate equivalent to the Hongkong Bank Malaysia Berhad's base lending rate prevailing at the date of commencement of each half-yearly interest period plus 1.5%. Rate of interest payable for the current financial year is 8.0% per annum.

36. COMMITMENTS

a. CAPITAL COMMITMENT

	GROUP	
	2006	2005
	RM'000	RM'000
Proposed acquisition of land	4,050	-

b. NON-CANCELLABLE LEASE COMMITMENTS

The future minimum lease payables of the Group under non-cancellable operating leases are summarised as follows:

	GROUP	COMPANY	
	2006	2005	2006
	RM'000	RM'000	RM'000
1 year after balance sheet date	1,378	658	720
More than 1 year but not later than five years	2,001	1,819	840

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37. CONTINGENT LIABILITIES

	COMPANY	
	2006	2005
	RM'000	RM'000
Guarantees given to financial institutions for credit facilities granted to subsidiary companies:		
- Secured *	34,346	41,214
<p>* The secured portion relates to term loans secured by legal charges over the Group's property, plant and equipment, investment properties and pledge of fixed deposits as disclosed in the respective notes to the financial statements.</p>		

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP	
	2006	2005
	RM'000	RM'000
Progress billings to affiliated companies:		
- Putrajaya Holdings Sdn. Bhd.'s Group	(63,331)	-
Transactions with companies in which a director of a subsidiary company has financial interest:		
Progress claim from:		
- Tidalmarine Engineering Sdn. Bhd.	3,615	-
- Dr. Nik & Associates Sdn. Bhd.	165	-
Rendered of consulting services from companies which key management personnel also hold directorship in the Company		
- GDP Group	3,600	-

The directors are of the opinion that all the 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.

The other transactions between related parties on corporate affairs are dealt with in Notes 40 and 41 to the financial statements.

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38. SIGNIFICANT RELATED PARTY TRANSACTIONS (contd)

The affiliated companies and their relationships with the Group are as follows:

AFFILIATED COMPANIES	RELATIONSHIP
Putrajaya Holdings Sdn. Bhd. ("PHSB")	PHSB is a substantial shareholder of Putrajaya Perdana Berhad, which in turn is a subsidiary company of the Company.

39. COMPARATIVE FIGURES

The following comparative amounts as at 31 March 2005 have been reclassified to conform with current year's presentation:

	AS RESTATED RM'000	ADJUSTMENT RM'000	AS PREVIOUSLY REPORTED RM'000
BALANCE SHEET			
Group			
Deferred tax assets	3,858	3,858	-
Deferred tax liabilities	(4,705)	(3,858)	(847)
Company			
Amounts due from subsidiary companies	334,192	(25,669)	359,861
Amounts due to subsidiary companies	(94,360)	25,669	(120,029)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

A. COMPLETED EVENTS

- i. On 6 September 2005, the Company had in aggregate acquired 400,744,328 E&OPROP shares which represents approximately 35.24% of the issued and paid-up share capital of E&OPROP. Hence, as at 31 March 2006, the Group's effective interest in E&OPROP is 69.94%, and accordingly, E&OPROP became a subsidiary of the Group.
- ii. The Company, had on 28 November 2005 completed the acquisition of 300,000 ordinary shares of RM1.00 each representing 100% equity interest in Major Liberty Sdn. Bhd. ("MLSB"). MLSB has a 100% owned subsidiary company, Matrix Promenade Sdn. Bhd. ("MPSB"), which in turn owned 38% equity interest in K.L. Land Development Sdn. Bhd., a subsidiary company of E&OPROP, which is also a subsidiary of the Company.

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- iii. On 1 April 2005, the Group entered into a conditional Share Sale Agreement with E&OPROP for the proposed disposal of 6,000,000 ordinary shares of RM1.00 each representing the entire ordinary share capital of True Vitality Sdn. Bhd. to E&OPROP for a cash consideration of RM6,800,000. The transaction was completed on 22 April 2005.

B. EVENTS PENDING COMPLETION

- i. On 26 July 2004, the Company announced that it proposed to undertake a special issue of an aggregate of 33,709,000 new ordinary stock units of RM1 each to identified Bumiputra investors (“Special Issue Shares”) to comply with the 30% Bumiputra equity requirement imposed by the Securities Commission and the Foreign Investment Committee by 12 August 2004, which was subsequently extended to 31 December 2004.

The issue price of the Special Issue Shares will be determined at a later date, which will depend on the performance and condition of the stock market of Bursa Malaysia Securities Berhad (“Bursa Securities”) prior to the respective price-fixing dates and the performance of the stock units of the Company.

The Securities Commission (“SC”) had vide a letter dated 23 December 2005 approved an extension of time to 2 January 2007 to implement the Proposed Special Issue.

The Proposed Special Issue was approved by the stockholders at the EGM held on 29 September 2004. The approval was renewed by the stockholders at the AGM held on 28 September 2005.

SC had vide a letter dated 3 January 2005, approved the Proposed Special Issue. The approval is subject to the terms and conditions as mentioned in our announcement on 6 January 2005.

Ministry of International Trade and Industries (“MITI”) had, vide its letter dated 29 April 2006, approved the allocation of 18,900,000 out of an aggregate of 33,709,000 New Stock Units to the proposed Bumiputera investors at an issue price of RM1.00 per New Stock Unit. The approval of MITI for the allocation of the balance 14,809,000 new stock units will be sought later.

Bursa Securities had via its letter dated 5 May 2006 approved in principle the listing of 33,709,000 New Stock Units to be issued pursuant to the Proposed Special Issue.

- ii. On 10 November 2005, AmMerchant Bank Berhad (“AmMerchant Bank”) on behalf of the Company announce that the Company proposed to undertake the following exercises:
 - a. the Proposed Rights Shares Package which comprises a renounceable two-call rights issue of up to 116,867,979 new stock units of RM1.00 each in EOB (“Rights Stock Units”) at an indicative issue price of RM1.00 each (of which the first call of RM0.35 is payable in cash on application and the second call of RM0.65 is payable out of the Company’s share premium account) together with an offer for sale of up to 116,867,979 E&OPROP Shares (“E&OPROP Offer Shares”) at an offer price of RM0.65 per E&OPROP Share (“E&OPROP Share Offer Price”), on the basis of one (1) Rights Stock Unit and one (1) E&OPROP Offer Share for every (3) existing stock units of RM1.00 each in EOB (“Stock Units”) held as at an entitlement date to be determined (“Entitlement Date”);

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40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (contd)

B. EVENTS PENDING COMPLETION (contd)

- b. the Proposed Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) Issuance which entails:
 - i. a renounceable right issue of up to RM175,301,969 nominal value of five (5)-year 8% ICULS in EOB at 100% of its nominal value on the basis of RM1.00 nominal value of ICULS for every two (2) existing Stock Units (“Rights ICULS”) held as at the Entitlement Date (“Proposed Rights ICULS Issue”); and
 - ii. a restricted issue of RM35,000,000 nominal value of five (5)-year 8% ICULS in EOB to the eligible management staff of EOB (“Management ICULS”), at 100% of its nominal value (“Proposed Restricted Issue Of Management ICULS”); and
- c. increase in the authorised share capital of EOB from RM500,000,000 comprising 500,000,000 Stock Units to RM800,000,000 comprising 800,000,000 Stock Units (“Proposed Increase In Authorised Share Capital”)

(collectively referred to as the “EOB Proposed Fund Raising”).

The proposals was approved by the stockholders of the Company at an EGM held on 25 January 2006. The Proposed Increase In Authorised Share Capital was completed on 25 January 2006.

The SC had via its letters dated 16 March 2006 and 26 April 2006, approved the above EOB Proposed Fund Raising.

- iii. On 10 November 2005, E&OPROP has proposed to list its subsidiary company, Putrajaya Perdana Berhad (“PPB”) on the Main Board of Bursa Securities (“Proposed Listing of PPB”).

The Proposed Listing of PPB entails, amongst others, the voluntary liquidation of KL Land Development Sdn. Bhd. (“KLDSB”), a subsidiary company of the Company which will result in the distribution of KLDSB’s 55% equity interest in PPB to its then subsisting shareholders, namely Matrix Promenade Sdn. Bhd. (Held through AMMB Nominees (Tempatan) Sdn. Bhd.) and E&OPROP. On 13 July 2006, the shareholders of KLDSB have passed the special resolution for the voluntary liquidation of KLDSB.

In conjunction with the Proposed Listing of PPB, E&OPROP has proposed to undertake a consolidation of its entire share capital into ordinary shares of RM1.00 each from the existing ordinary shares of RM0.50 each (“Proposed Share Consolidation”).

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The SC had via its letter dated 7 April 2006, approved the application for an exemption for E&OPROP, EOB, Dynamic Degree Sdn. Bhd. (“DDSB”), Major Liberty Sdn. Bhd., Matric Promenade Sdn. Bhd. and K.L. Land Development Sdn. Bhd., collectively as parties acting in concert with E&OPROP from undertaking a mandatory offer for shares in PPB pursuant to the Proposed Listing.

- iv. The SC had via its letter dated 27 April 2006, approved the proposed listing of PPB subject to certain terms and conditions.

The SC had via its letter dated 10 May 2006 approved the proposed declaration of special dividend by E&OPROP (which is an integral part of the Proposed Listing of PPB) (“Proposed Declaration of Special Dividend”) will be effected as follows:

- a. EOB and its subsidiary DDSB will receive PPB Shares; and
- b. the remaining shareholders of the Company will receive cash in lieu of PPB Shares. The amount of cash to be received will be equivalent to each PPB Shares valued at the Offer Price.

Subsequently, the Company has on 28 June 2006 announced its proposal to give the other E&OPROP shareholders a choice of either to receive the Special Dividend in PPB shares or to receive the Special Dividend in cash (in lieu of PPB shares).

The Proposed Listing of PPB and Proposed Share Consolidation will be subject to the approvals being obtained from the relevant authorities and shareholders of E&OPROP.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- i. The Company, had on 16 May 2006 entered into the conditional Supplemental Sale and Purchase Agreement cum Transfer Agreement (“SSPA”) with Lion Courts Sdn. Bhd. (“LCSB”), Mergexcel Property Development Sdn. Bhd. (“JVC”) and the Synod of the Diocese of West Malaysia (“Synod”), essentially for the JVC to acquire for the purpose of development of certain lands in Jalan Tengah from the Synod and to simultaneously nominate the Company or its subsidiary to receive the transfer and conveyance of part of such lands from the Synod upon certain agreed terms.

Consequent to the above and also on 16 May 2006, the Company through its wholly owned subsidiary, Radiant Kiara Sdn. Bhd. (“RKSB”), entered into the conditional Land Purchase Agreement (“LPA”) with the JVC to formalise such transfer and conveyance of that part of such lands as envisaged in the SSPA.

In conjunction with the above proposal, and in a simultaneous announcement, E&OPROP, through its wholly owned subsidiary, Ribuan Imbang Sdn. Bhd. (“RISB”) entered into the conditional Joint Venture Agreement for a Joint Venture Company with LCSB to establish the JVC.

The above Proposals are subject to Foreign Investment Committee’s (“FIC”) approvals.

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41. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (contd)

- ii. On 3 April 2006, KCB Holdings Sdn. Bhd. (“KCB” Holdings), a wholly owned subsidiary company of E&OPROP entered into a Share Sale Agreement for the acquisition of the remaining 150,000 ordinary shares of RM1.00 each representing 30% equity interest in KCB Geotechnics Sdn. Bhd. (“KCB Geotechnics”), a subsidiary company of E&OPROP for a cash consideration of RM145,000 and accordingly, KCB Geotechnics became a wholly-owned subsidiary company of KCB Holdings.
- iii. On 9 May 2006, E&OPROP entered into a Share Sale Agreement with Tinggi Murni Sdn. Bhd. (“TMSB”), to dispose of its entire equity interest in Samudra Pelangi Sdn. Bhd. (“SPSB”), comprising of two ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of SPSB, for a consideration of RM120,486,000 to be satisfied via the issuance of 120,846 redeemable preference shares of nominal value of RM1.00 each (“RPS”) in TMSB to the E&OPROP, at an issue price of RM1,000 per RPS. SPSB and TMSB are both wholly-owned subsidiary companies of E&OPROP.

42. 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 businesses whilst managing its interest rate, foreign exchange, liquidity and credit 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.

b. INTEREST RATE RISK

The Group’s primary interest rate risk relates to interest-bearing debt as the Group had no substantial long term interest-bearing assets as at 31 March 2006. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

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

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

c. FOREIGN EXCHANGE RISK

The Group is not significantly exposed to foreign exchange risk as majority of the Group’s transactions, assets and liabilities are denominated in Ringgit Malaysia.

The Group does not engage in any hedging transactions.

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d. LIQUIDITY RISK

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

e. CREDIT RISK

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group has no significant concentrations of credit risk other than those receivables as analysed in Note 21 to the financial statements. The Group's maximum exposure to credit risk, in the event that the counter-party to the transaction with the Group fails to perform its obligation as of 31 March 2006, is carrying amount of the trade receivables as indicated in Note 21 to the financial statements.

f. FAIR VALUES

The carrying value of the Group's borrowings is considered to be a reasonable estimate of the fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

The carrying amount of financial assets and liabilities approximate their fair value. For unquoted investments, it is not practical to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group and the Company believe that the carrying amount represents the recoverable values.

43. SEGMENT INFORMATION

BUSINESS SEGMENTS

The Group is organised into the following major business segments:

- i. Construction and related activities - construction and building contracting works
- ii. Properties - development and investment in residential and commercial properties
- iii. Hotels operations - management and operations of hotels
- iv. Investment and others

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

31 MARCH 2006

43. SEGMENT INFORMATION (contd)

BUSINESS SEGMENTS (contd)

2006

	AND RELATED ACTIVITIES	PROPERTIES	HOTEL OPERATIONS	INVESTMENT AND OTHERS	TOTAL	CONSOLIDATED	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External sales	223,453	252,386	23,598	578	500,015	-	500,015
Inter-segment sales	33,617	189,686	288	5,636	229,227	(229,227)	-
Total revenue	257,070	442,072	23,886	6,214	729,242	(229,227)	500,015
Result							
Segment results	25,543	59,894	959	(5,935)	80,461	(14,333)	66,128
Finance costs	-	-	-	-	-	-	(29,100)
Share of results of associates	-	-	-	7,891	7,891	-	7,891
Taxation							(12,972)
Profit after taxation							31,947
Minority interests							(8,889)
Net profit for the year							23,058
Assets							
Segment assets	234,065	1,555,964	174,706	848,708	2,813,443	(776,718)	2,036,725
Investments in associates	-	-	-	18,054	18,054	-	18,054
Unallocated corporate assets							26,738
Consolidated total assets							2,081,517

Notes to the Financial Statements

31 MARCH 2006

	AND RELATED ACTIVITIES	PROPERTIES	HOTEL OPERATIONS	INVESTMENT AND OTHERS	TOTAL	CONSOLIDATED	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities							
Segment liabilities	226,711	593,405	6,949	178,223	1,005,288	(591,686)	413,602
Unallocated corporate liabilities							1,106,552
Consolidated total liabilities							1,520,154
Other Information							
Capital and construction related expenditure	2,835	49,273	-	928	53,036	(6,982)	46,054
Depreciation and amortisation	636	265	3,504	778	5,183	-	5,183
Non-cash expenses other than depreciation	161	2,860	-	359	3,380	-	3,380

Notes to the Financial Statements

31 MARCH 2006

43. SEGMENT INFORMATION (contd)

BUSINESS SEGMENTS (contd)

2005

	AND RELATED ACTIVITIES	PROPERTIES	HOTEL OPERATIONS	INVESTMENT AND OTHERS	TOTAL	CONSOLIDATED
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	-	546	20,575	9	21,130	-
Inter-segment sales	-	-	288	6,048	6,336	(6,336)
Total revenue	-	546	20,863	6,057	27,466	(6,336)
Result						
Segment results	-	920	(371)	9,177	9,726	(3,131)
Finance costs						(10,296)
Share of results of associates	-	-	-	20,472	20,472	-
Taxation						(2,509)
Profit after taxation						14,262
Minority interests						1,079
Net profit for the year						15,341
Assets						
Segment assets	-	13,792	184,464	23,124	221,380	(1,242)
Investments in associates	-	-	-	323,008	323,008	-
Unallocated corporate assets						3,858
Consolidated total assets						547,004

Notes to the Financial Statements

31 MARCH 2006

	AND RELATED ACTIVITIES	PROPERTIES	HOTEL OPERATIONS	INVESTMENT AND OTHERS	TOTAL		CONSOLIDATED
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities							
Segment liabilities	-	951	14,886	31,658	47,495	(9,629)	37,866
Unallocated corporate liabilities							134,014
Consolidated total liabilities							171,880
Other Information							
Depreciation and amortisation	-	-	3,523	30	3,553	-	3,553

Note : No geographical segment information is presented as the Group operates principally within Malaysia.

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
PT No. 5985-5997,6332, 6405, 6418 & 6419 Mukim Petaling Daerah Petaling Selangor	Freehold	1989	1.337 acres	Vacant Land	-	548
Lot No. 305, 633-637, 643, 644, 646 & 647 Mukim 2, Daerah Barat Daya Pulau Pinang	Freehold	2001	16.398 acres	Vacant Land	-	12,831
Lot No. 43, 62, 72, 73, 76, 77, 88, 89, 91, 93, 94, 137-140, 149, 150, 168, 169, 171, 172, 177, 179, 183-189, 192(New Lot 244), 194, 202-204, 222-224, 228-234 & PT No. 2 Mukim 8, South-West District Pulau Pinang	Freehold	2002	339.184 acres	Vacant Land	-	116,755
	Lease expiring 10.12.2022	2002	7.787 acres	Vacant Land	-	2,680
	Lease expiring 9.6.2019	2002	1.397 acres	Vacant Land	-	480
	Lease expiring 29.6.2053	2002	0.245 acres	Vacant Land	-	85
Lot No. 334, Seksyen 0063 Bandar dan Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Freehold	2005	5,842 sq. m	Vacant Land	-	33,168
Lot No. 468 PN 2174 (previously H.S.(D) 8969), Lot No. 472 PN 2175 (previously H.S.(D) 8970), Lot No. 475 PN 2176 (previously H.S.(D) 8965), Lot No. 476 PN 2177 (previously H.S.(D) 8966), Lot No. 936 PN 14383 (previously H.S.(D) 29453), Lot No. 1002 PN 22525 (previously H.S.(D) 34270) Kawasan Bandar XXXIX Daerah Melaka Tengah Melaka	Lease expiring 4.10.2082	1997	1.831 acres	Land held for development (Commercial Building)	-	3,590
	Lease expiring 20.3.2094	1997	1.737 acres	Land held for development (Commercial Building)	-	4,540
	Lease expiring 6.12.2095	1997	0.3 acres	Land held for development (Commercial Complex)	-	780

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
Pangsapuri Seri Idaman Lot No. 467, PN 2173 (previously H.S.(D) 8968) Kawasan Bandar XXXIX Daerah Melaka Tengah Melaka	Lease expiring 4.10.2082	1997	16 Units	5-Storey Apartment	8	1,655
PT No. 969 PN 14416 Kawasan Bandar XXXIX Melaka Tengah, Melaka (Plot No. 82)	Lease expiring 20.3.2094	1997	1 Unit	3-Storey Shop Office	9	544
Danau Point PT No. 2494, H.S.(D) 794 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2005	1 Unit	4-Storey Commercial Building with one (1) level sub- basement car park	3	16,444
PT No. 2690, H.S.(D) 913, PT No. 2698, H.S.(D) 921, PT No. 2565, H.S.(D) 845 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2005	3 Units	Semi-detached houses	5	2,766
PT No. 2506, H.S.(D) 796, PT No. 2508, H.S.(D) 798, PT No. 2512, H.S.(D) 802, PT No. 2519, H.S.(D) 809, PT No. 2521, H.S.(D) 811, PT No. 2525, H.S.(D) 815, PT No. 2526, H.S.(D) 816, PT No. 2527, H.S.(D) 817, PT No. 2539, H.S.(D) 829, PT No. 2540, H.S.(D) 830, PT No. 2546, H.S.(D) 836, Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2005	13 Units	Townhouses	2	4,117

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
PT No. 2704, H.S.(D) 927, PT No. 2710, H.S.(D) 933, PT No. 2711, H.S.(D) 934, PT No. 2732, H.S.(D) 955, PT No. 2733, H.S.(D) 956, PT No. 2737, H.S.(D) 960, PT No. 2741, H.S.(D) 964, PT No. 2744, H.S.(D) 967, PT No. 2745, H.S.(D) 968, PT No. 2772, H.S.(D) 987 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2005	9 Units	Terrace houses	-	2,330
PT No. 2306, H.S.(D) 669, PT No. 2395 H.S.(D) 712, PT No. 2317 H.S.(D) 680 - PT No. 2320 H.S.(D) 683, PT No. 2328 H.S.(D) 685 - PT No. 2330 H.S.(D) 687, PT No. 2332 H.S.(D) 689, PT No. 2334 H.S.(D) 691, PT No. 2336 H.S.(D) 693, PT No. 2338 H.S.(D) 695, PT No. 2345 H.S.(D) 698, PT No. 2346 H.S.(D) 699, PT No. 2366 H.S.(D) 704, PT No. 2368 H.S.(D) 706, PT No. 2396 H.S.(D) 713 - PT No. 2403 H.S.(D) 720, PT No. 2422 H.S.(D) 731 - PT No. 2425 H.S.(D) 734, PT No. 2431 H.S.(D) 740, PT No. 2432 H.S.(D) 741, PT No. 2436 H.S.(D) 745 - PT No. 2438 H.S.(D) 747, PT No. 2440 H.S.(D) 749, PT No. 2442 H.S.(D) 751, PT No. 2443 H.S.(D) 752, PT No. 2446 H.S.(D) 755, PT No. 2450 H.S.(D) 756 - PT No. 2461 H.S.(D) 767, PT No. 2463 H.S.(D) 769 - PT No. 2467 H.S.(D) 773, PT No. 2469 H.S.(D) 775, PT No. 2471 H.S.(D) 777, PT No. 2472 H.S.(D) 778, PT No. 2387 H.S.(D) 711 Precinct 16, Bandar Putrajaya Daerah Putrajaya Wilayah Persekutuan Putrajaya.	Freehold	2005	31.484 acres	Land held for development	-	62,840

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
PT No. 1-710 All within Bandar Tanjung Pinang Daerah Timur Laut Pulau Pinang	Lease expiring 28.4.2103	2004	136.07 acres	Reclamation Land	-	476,344
Lot No. 1300 to 1314, 1316, 1318 to 1320, 1322, 1323, 1325, 1326, 1329 to 1333, 1335, 1336, 1338 to 1340, 1342, 1343, 1345 to 1347, 1349, 1351 to 1354, 1356, 1357, 1359, 1360, 1363 to 1369, 1372 to 1374, 1376, 1377, 1379 to 1393 All within Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Lease expiring 2088/89	2003	303.276 acres	Vacant Land	-	104,720
	Lease expiring 19.05.2097	2005	6.256 acres	Vacant Land	-	1,260
H.S.(D) 32393 PT No. 14951 H.S.(D) 32396 PT No. 14954 Jalan Jeletek, Ampang Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Freehold	2003	0.51 acres 3.43 acres	Vacant Land	-	1,778 9,000
PT No. 867, 906, 930-933, 935-939, 942-945, 947-948, 952, 964, 967, 969-973, 976, 979, 986, 994-996, 1000, 1003 HS(D) 44764, 44803, 44825, 44827-830, 44832-836, 44839-842, 44844-845, 44849, 44861, 44864, 44866-870, 44873, 44876, 44883, 44891-893, 44897, 44900 Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2003	62 Units	Strata Shop/ Office	8	8,022
PT 1017, Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2003	1,312 units	5 blocks of low cost apartments	-	1,122
Master Title, PT No. 20213, PT No. 1020 Mukim of Batu District of Gombak Selangor Darul Ehsan	Freehold	2003	1.846 acres	Land held for development	-	8,154

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
202 Desa Cahaya Jalan Ampang Kuala Lumpur	Freehold	2003	8 Units	Residential Condominium	13	8,540
Geran 26963 Lot 183 Seksyen 43 Bandar Kuala Lumpur	Freehold	2006	1427.687 sq. m	Vacant Land	-	450
No. 7 Persiaran Dagang Bandar Sri Damansara Selangor Darul Ehsan PT No. 9186, H.S. (D) 41589 Mukim of Sungai Buloh District of Petaling	Freehold	2003	0.478 acres	4-Storey Office Building	16	5,800
Lot No. 56, Section 51A Town of Petaling Jaya District of Petaling, Petaling Jaya Selangor Darul Ehsan	Lease expiring 2056	2003	1.545 acres	Vacant Land	-	9,800
Taman Zooview Hulu Kelang Selangor Darul Ehsan Lot No. 1685, 3730 to 3733 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	Freehold	2003	0.516 acres	Vacant Land	-	1,350
Jalan Batai Barat Damansara Heights Kuala Lumpur PT No. 1357 H.S.(D) 32559, Lot No. 46346 H.S.(D) 45608 & Lot No. 45424 (G 22944) All in Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2003	0.309 acres	Vacant Bungalow Land	-	1,989
Ukay Heights Selangor Darul Ehsan Lot No. 1621 to 1625, 1641 to 1645, 1647 to 1648 Mukim of Ulu Kelang Lot No. 4779, 4780, 4782, 4786 to 4790, 4796, 4797 Mukim of Ampang All on the District of Kuala Lumpur	Freehold	2003	9.365 acres	Vacant Land	-	16,247

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
Jalan Teruntung Damansara Heights Kuala Lumpur PT No. 783 & PT No. 784 Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2003	3.933 acres	Currently Under development	-	51,797
Jalan Batai Barat Damansara Heights Kuala Lumpur PT No. 1343 H.S. (D) 32545 Lot No. 45263 (G 21368)	Freehold	2003	1 Unit	Bungalow	3	3,760
Jalan Tebrau Ukay Heights Selangor Darul Ehsan Lot No. 1650, 1651 & 4795 Mukim of Ulu Kelang & Ampang District of Kuala Lumpur Selangor Darul Ehsan	Freehold	2003	2 Units	Double Storey Detached Houses	43	3,300
Jalan Tebrau 2 Ukay Heights Selangor Darul Ehsan Lot No. 4792 to 4794, 1630 to 1632, Mukim of Ulu Kelang & Ampang District of Kuala Lumpur Selangor Darul Ehsan	Freehold	2003	3 Units	Double Storey Detached Houses	33	6,800
Kampung Warisan Condominium Jalan Jelatek Kuala Lumpur PT No. 14952, H.S. (D) 32394 Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Freehold	2003	41 units	Residential Condominium	9	15,003
Jalan Lee Woon Taman Zooview Hulu Kelang Selangor Darul Ehsan Lot No. 3872, PT No. 1680, H.S. (D) 14843 Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Freehold	2003	1 Unit	3-Storey Mid Terrace House	26	250

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
Bukit Tunku Kuala Lumpur Lot No. 4833 Mukim of Batu, District of Kuala Lumpur Wilayah Persekutuan	Freehold	2003	1 Unit	3-Storey Detached House	52	4,856
Geran 53368, Lot No. 55330 Geran 53369, Lot No. 55331 Geran 53370, Lot No. 55332 Geran 53373, Lot No. 55335 Geran 53374, Lot No. 55336 Geran 53379, Lot No. 55340 Geran 53380, Lot No. 55341 Jalan Damansara Kuala Lumpur Geran 10348, Lot No. 37860 Mukim and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2003	7 Units	Luxurious detached houses	-	32,548
Jalan Tun Razak Lot No. 123, 130 and 131 Section 63, Town and District of Kuala Lumpur Wilayah Persekutuan	Freehold	2003	5.01 acres	Currently Under development - 288 units of high end condominiums	-	96,494
Lot No. 45191, Geran 9337 Lot No. 55482, Geran 50059 Daerah Kuala Lumpur Mukim Kuala Lumpur	Freehold	2003	12.996 acres	Currently Under development - 82 units of semi-detached houses and 9 units of bungalows	-	79,185
Lot No. 2 & 3 Section 2, Town of Batu Ferringgi North East District Penang	Freehold	1995	1.682 acres	Land with building for hotel use	-	12,834
Lot No. 589, Geran 49047 Town of Batu Ferringgi North East District Penang	Lease expiring 2008	1996	1.86 acres	Land with building for hotel use	-	400
Lot No. 124, Geran 35844 Lot No. 831, Geran 61602 (previously Lot No. 125, Geran 35845) 10 Farquhar Street 10200 Penang	Freehold	1978	1.95 acres	Land held for development	-	56,026

Group's Properties

AS AT 25 JULY 2006

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2006 RM'000
Lot No. 224, Geran 63919 Lot No. 249, Geran 35873 10 Farquhar Street 10200 Penang	Lease expiring 01.01.2013	1978	0.10 acres	Land with building for hotel use	-	89
	Freehold	1978	2.42 acres	Land with building for hotel use	-	97,796
Lot No. 407, PN 1380 10 Farquhar Street 10200 Penang	Lease expiring 31.12.2055	1978	0.08 acres	Land with building for hotel use	-	237

Analysis of Stockholdings

AS AT 3 AUGUST 2006

ORDINARY SHARE CAPITAL

Authorised Capital	:	RM800,000,000.00
Issued and Paid Up Capital	:	RM322,507,856.00
Class of Share	:	Ordinary Stock Unit of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Stock Unit
Number of Treasury Stock Units held	:	519,900

DISTRIBUTION OF STOCKHOLDINGS

SIZE OF STOCKHOLDINGS	NO. OF STOCKHOLDERS	%	NO. OF STOCK UNITS	%
Less than 100	207	5.59	5,521	0.002
100 to 1,000	513	13.85	272,308	0.084
1,001 to 10,000	2,392	64.56	8,586,137	2.662
10,001 to 100,000	478	12.90	11,721,907	3.635
100,001 to less than 5% of issued Stock Units	112	3.02	168,412,518	52.220
5% and above of issued Stock Units	3	0.08	133,509,465	41.397
TOTAL	3,705	100.00	322,507,856	100.00

THIRTY LARGEST STOCKHOLDERS

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
1.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Halfmoon Bay Enterprises Limited</i>	59,421,132	18.42
2.	Cimsec Nominees (Asing) Sdn Bhd <i>CIMB-GK Securities Pte Ltd for Ample Echo Limited</i>	53,333,333	16.54
3.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd for Terra Realty Sdn Bhd (Custodial)</i>	20,755,000	6.44
4.	Mayban Nominees (Asing) Sdn Bhd <i>CIMB-GK Securities Pte. Ltd. For G.K. Goh Strategic Holding S Pte Ltd (990443)</i>	11,138,866	3.45
5.	Lembaga Tabung Angkatan Tentera	10,120,000	3.14
6.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Pusaka Setia Sendirian Berhad (Pusaka)</i>	9,926,528	3.08
7.	Cimsec Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)</i>	9,710,494	3.01
8.	A.A. Anthony Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Citibase Limited</i>	8,335,818	2.58

Analysis of Stockholdings

AS AT 3 AUGUST 2006

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
9.	Citigroup Nominees (Asing) Sdn Bhd <i>Goldman Sachs International</i>	8,289,100	2.57
10.	RHB Merchant Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Devanna Limited</i>	7,220,000	2.24
11.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	7,000,000	2.17
12.	ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kamil Ahmad Merican</i>	6,000,000	1.86
13.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Azizan bin Abd Rahman (100722)</i>	6,000,000	1.86
14.	Polofield Sdn Bhd	5,698,766	1.77
15.	Minister of Finance <i>Akaun Jaminan Pinjaman Kerajaan Persekutuan</i>	5,600,000	1.74
16.	HSBC Nominees (Asing) Sdn Bhd <i>Coutts Bk Von Ernst SG for Bedford Finance Limited</i>	5,166,666	1.60
17.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Bank Berhad</i>	4,699,586	1.46
18.	Southern Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Domestic Star Sdn Bhd</i>	4,600,000	1.43
19.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd for Terra Realty Sdn Bhd</i>	4,325,000	1.34
20.	ABB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Azizan bin Abd Rahman</i>	4,000,000	1.24
21.	Malayasset Ventures Sdn Bhd	2,758,000	0.86
22.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for Maritime and Port Authority of Singapore</i>	2,616,000	0.81
23.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Kenanga Capital Sdn Bhd for Loo Khoo Kwong @ Danny Loo</i>	2,450,000	0.76
24.	Raja Zainal Abidin bin Raja Hussin	2,417,300	0.75
25.	RHB Merchant Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for MWE Holdings Berhad</i>	2,406,666	0.75
26.	Citigroup Nominees (Asing) Sdn Bhd <i>Bear Stearns Securities Corp for Third Avenue Real Estate Opportunities Fund LP</i>	2,254,666	0.70
27.	HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for CF Canlife Far East Unit Trust</i>	1,706,666	0.53
28.	Polofield Sdn Bhd	1,555,666	0.48
29.	MWE Holdings Berhad	1,487,464	0.46
30.	Loo Soo Loong	1,484,866	0.46
TOTAL		272,477,583	84.50

Analysis of Stockholdings

AS AT 3 AUGUST 2006

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 3 AUGUST 2006

NAME OF STOCKHOLDERS	STOCKHOLDINGS			
	DIRECT	%	INDIRECT	%
Ample Echo Limited	53,333,333	16.56	-	-
Halfmoon Bay Enterprises Limited	59,421,132	18.45	-	-
Terra Realty Sdn Bhd	25,080,000	7.79	-	-
Dato' Tham Ka Hon	4,699,586	1.46	⁽¹⁾ 88,339,861	27.43
Datin Chua Cheng Boon	-	-	⁽²⁾ 35,006,528	10.87
G.K. Goh Holdings Limited	-	-	⁽³⁾ 64,472,199	20.02
GKG Investment Holdings Pte Ltd	-	-	⁽⁴⁾ 65,272,199	20.27
Goh Geok Khim	-	-	⁽⁵⁾ 65,272,199	20.27
Goh Yew Lin	-	-	⁽⁵⁾ 65,272,199	20.27

- (1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd, Ample Echo Limited and Pusaka Setia Sendirian Berhad.
- (2) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd and Pusaka Setia Sendirian Berhad.
- (3) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Ample Echo Limited and G.K. Goh Strategic Holdings Pte Ltd.
- (4) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Alpha Securities Pte Ltd and G.K. Goh Holdings Limited.
- (5) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through GKG Investment Holdings Pte Ltd.

Analysis of Stockholdings

AS AT 3 AUGUST 2006

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 3 AUGUST 2006

NAME OF DIRECTORS	STOCKHOLDINGS			
	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	4,699,586	1.46	⁽¹⁾ 88,339,861	27.43
Datuk Azizan bin Abd Rahman	10,145,133	3.15	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Aloysius Choong Kok Sin	-	-	-	-
Kamil Ahmad Merican	6,400,000	1.99	-	-
Vijeyaratnam a/l V. Thamothearam Pillay	-	-	-	-
Chan Kok Leong	200,000	0.06	-	-

- (1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd, Ample Echo Limited and Pusaka Setia Sendirian Berhad.

DIRECTORS' INTEREST IN ESOS OPTIONS AS AT 3 AUGUST 2006

NAME OF DIRECTORS	ESOS OPTIONS			
	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	4,500,000	-	-	-
Datuk Azizan bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Aloysius Choong Kok Sin	4,500,000	-	-	-
Kamil Ahmad Merican	-	-	-	-
Vijeyaratnam a/l V. Thamothearam Pillay	-	-	-	-
Chan Kok Leong	150,000	-	-	-

Analysis of Warrantholdings

AS AT 3 AUGUST 2006

WARRANTS 2001/2011

Total No of Warrants Issued	:	72,962,980
Outstanding Warrants	:	72,952,655
Exercise Price of Warrants	:	RM1.00
Voting Rights	:	One (1) vote per Warrant

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF	%	NO. OF WARRANTS	%
Less than 100	8	0.63	514	0.001
100 to 1,000	59	4.66	32,291	0.044
1,001 to 10,000	587	46.37	2,494,602	3.419
10,001 to 100,000	520	41.07	15,232,589	20.880
100,001 to less than 5% of Warrants in issue	88	6.95	22,046,828	30.221
5% and above of Warrants in issue	4	0.32	33,145,831	45.435
TOTAL	1,266	100.00	72,952,655	100.00

THIRTY LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank AG Singapore PBD for Abrey Limited</i>	11,927,000	16.35
2.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd for Terra Realty Sdn Bhd (Custodial)</i>	7,871,820	10.79
3.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd for Tham Ka Hon (Custodial)</i>	6,797,896	9.32
4.	MWE Holdings Berhad	6,549,115	8.98
5.	RHB Merchant Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Devanna Limited</i>	2,266,130	3.11
6.	Soon Seng Kai	1,419,670	1.95
7.	Wong Nyook Yin	1,063,411	1.46
8.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Gan Eng Kwong (CEB)</i>	1,063,172	1.46
9.	John Jong Khiam Yong	841,688	1.15
10.	United Overseas Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Gan Kok Hiok (MKL)</i>	697,729	0.96
11.	A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities for T C Holdings Sdn Bhd</i>	616,387	0.84

Analysis of Warrantholdings

AS AT 3 AUGUST 2006

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
12.	Chu Yoke Hua	429,372	0.59
13.	Tan Eng Huat	384,645	0.53
14.	Lim Thin Peng	359,241	0.49
15.	Chung Shan Kwang	357,810	0.49
16.	Raja Zainal Abidin bin Raja Hussin	346,598	0.47
17.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Sin Chong (CEB)</i>	316,874	0.43
18.	Tan Hui Ming	292,450	0.40
19.	Chu Chee Choon	279,915	0.38
20.	K.B. Loh Sdn Bhd	247,805	0.34
21.	Lim Kiat Lee	244,622	0.34
22.	H.L.G Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tham Lai Lai</i>	240,329	0.33
23.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Khor Kim Sam (100602)</i>	238,540	0.33
24.	Chong Hui-Xian	238,540	0.33
25.	Eng Ah Leak @ Ng Kok Wah	238,540	0.33
26.	Geh Siew Yin (Eng Ah Leak @ Ng Kok Wah)	238,540	0.33
27.	Pek Chern Kuok Don (Bai Zhenguo Don)	238,540	0.33
28.	Poh Soon Sim	238,540	0.33
29.	Susan Liew Shau Nyee	238,540	0.33
30.	Syed Zaid bin Syed Jaffar Albar	238,540	0.33
TOTAL		46,521,999	63.80

DIRECTORS' INTEREST IN WARRANTS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 3 AUGUST 2006

NAME OF DIRECTORS	WARRANTHOLDINGS			
	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	6,797,896	9.32	⁽¹⁾ 7,871,820	10.79
Datuk Azizan bin Abd Rahman	-	-	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Aloysius Choong Kok Sin	-	-	-	-
Kamil Ahmad Merican	-	-	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	-	-	-	-

(1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Terra Realty Sdn Bhd

Analysis of ICULS holdings

AS AT 3 AUGUST 2006

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2006/2011 (“ICULS”)

Nominal Value of ICULS Issued	:	RM155,835,446
Nominal Value of Outstanding ICULS	:	RM155,835,446
Conversion Price of ICULS	:	RM1.00
Voting Rights	:	One (1) vote per ICULS

DISTRIBUTION OF ICULS HOLDINGS

SIZE OF ICULS HOLDINGS	NO. OF ICULS HOLDERS	%	NO. OF ICULS	%
Less than 100	10	0.97	432	0.001
100 to 1,000	181	17.64	117,670	0.076
1,001 to 10,000	604	58.87	2,018,309	1.295
10,001 to 100,000	161	15.70	4,735,830	3.039
100,001 to less than 5% of ICULS in issue	64	6.24	54,624,189	35.052
5% and above of ICULS in issue	6	0.58	94,339,016	60.538
TOTAL	1,026	100.00	155,835,446	100.00

THIRTY LARGEST ICULS HOLDERS

NO.	NAME OF ICULS HOLDERS	NO. OF ICULS	%
1.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Halfmoon Bay Enterprises Limited</i>	29,299,923	18.80
2.	Cimsec Nominees (Asing) Sdn Bhd <i>CIMB-GK Securities Pte Ltd for Ample Echo Limited</i>	20,000,000	12.83
3.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Pusaka Setia Sendirian Berhad (Pusaka)</i>	14,889,793	9.55
4.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Aloysius Choong Kok Sin (Aloysius)</i>	10,430,000	6.69
5.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Tham Ka Hon (KA Tham)</i>	10,430,000	6.69
6.	Mayban Nominees (Asing) Sdn Bhd <i>CIMB-GK Securities Pte Ltd for G.K. Goh Strategic Holding S Pte Ltd (990443)</i>	9,289,300	5.96
7.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Chan Kok Leong (KL Chan)</i>	5,530,000	3.55
8.	Lembaga Tabung Angkatan Tentera	3,795,000	2.44
9.	RHB Merchant Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for MWE Holdings Berhad</i>	3,610,000	2.32

Analysis of ICULS holdings

AS AT 3 AUGUST 2006

NO.	NAME OF ICULS HOLDERS	NO. OF ICULS	%
10.	A.A. Anthony Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Citibase Limited</i>	3,125,932	2.01
11.	Citigroup Nominees (Asing) Sdn Bhd <i>Goldman Sachs International</i>	2,920,050	1.88
12.	ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kamil Ahmad Merican</i>	2,250,000	1.44
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Azizan bin Abd Rahman (100722)</i>	2,250,000	1.44
14.	Polofield Sdn Bhd	2,114,500	1.36
15.	Cimsec Nominees (Tempatan) Sdn Bhd <i>BCB for Chia Kwoon Meng (MM0678)</i>	1,770,000	1.14
16.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Kok Meng Chow (MC Kok)</i>	1,750,000	1.12
17.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Chong Kim Chuan @ Chong Leong Cheng (KC Chong)</i>	1,750,000	1.12
18.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Mohamed Razeek bin Md Hussain Maricar (Razeek)</i>	1,750,000	1.12
19.	ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Azizan bin Abd Rahman</i>	1,500,000	0.96
20.	MWE Holdings Berhad	1,481,621	0.95
21.	Loo Soo Loong	1,448,350	0.93
22.	Citigroup Nominees (Asing) Sdn Bhd <i>Bear Stearns Securities Corp for Third Avenue Real Estate Opportunities Fund LP</i>	1,419,250	0.91
23.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Lum Kwok Weng @ Lum Kok Weng</i>	1,120,000	0.72
24.	AMMB Nominee (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Loi Kok Mun (KM Loi)</i>	1,120,000	0.72
25.	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd for Chai Kim-Lyn (KL Chai)</i>	1,120,000	0.72
26.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for Maritime and Port Authority of Singapore</i>	981,000	0.63
27.	Cimsec Nominees (Asing) Sdn Bhd <i>Exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)</i>	740,836	0.48
28.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Kenanga Capital Sdn Bhd for Loo Khoo Kwong @ Danny Loo</i>	675,000	0.43
29.	HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for CF Canlife Far East Unit Trust</i>	640,000	0.41
30.	Chin Siew Ling	615,000	0.40
TOTAL		139,815,555	89.72

Analysis of ICULS holdings

AS AT 3 AUGUST 2006

DIRECTORS' INTEREST IN ICULS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 3 AUGUST 2006

NAME OF DIRECTORS	ICULS HOLDINGS			
	DIRECT	%	INDIRECT	%
Dato' Tham Ka Hon	10,430,000	6.69	⁽¹⁾ 34,889,793	22.38
Datuk Azizan bin Abd Rahman	3,894,200	2.50	-	-
Datuk Henry Chin Poy Wu	-	-	-	-
Aloysius Choong Kok Sin	10,430,000	6.69	-	-
Kamil Ahmad Merican	2,400,000	1.54	-	-
Vijeyaratnam a/l V. Thamotharam Pillay	-	-	-	-
Chan Kok Leong	5,695,000	3.65	-	-

- (1) Deemed interest by virtue of section 6A(4) of the Companies Act, 1965 held through Ample Echo Limited and Pusaka Setia Sendirian Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventy-Ninth (79th) Annual General Meeting of Eastern & Oriental Berhad (“EOB” or “Company”) will be held at Berjaya Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, on Thursday, 28 September 2006 at 10.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|---|--|
| 1. | To receive and adopt the Audited Financial Statements for the year ended 31 March 2006 together with the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. | To re-elect the following Directors who retire in accordance with Article 98 of the Company’s Articles of Association: -
i. Datuk Azizan bin Abd Rahman
ii Mr Vijeyaratnam a/l V. Thamothearam Pillay | Resolution 2
Resolution 3 |
| 3. | To re-elect Mr Chan Kok Leong who retire in accordance with Article 103 of the Company’s Articles of Association. | Resolution 4 |
| 4. | To approve the payment of Directors’ fees in respect of the year ended 31 March 2006 | Resolution 5 |
| 5. | To approve a first and final dividend of 2% less income tax for the year ended 31 March 2006 | Resolution 6 |
| 6. | To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |

AS SPECIAL BUSINESS

- | | | |
|----|---|---------------------|
| 7. | To consider and if thought fit, to pass the following Ordinary Resolution:

Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965

“ THAT , subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue ordinary stock units in the Company (“Stock Units”) from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of Stock Units issued pursuant to this resolution does not exceed ten percent (10%) of the total issued capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.” | Resolution 8 |
| 8. | To consider and if thought fit, to pass the following Ordinary Resolution:

Renewal of Stockholders’ Approval for Proposed Share Buy-Back | Resolution 9 |

Notice of Annual General Meeting

“**THAT**, subject always to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other relevant applicable laws, regulations and guidelines and the approvals of all relevant authorities, the approval granted by the stockholders of the Company at the Seventy Eighth Annual General Meeting (“AGM”) of the Company held on 28 September 2005, authorizing the Company to purchase and/or hold such amount of ordinary stock units of RM1.00 each (“Stock Units”) in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors from time to time through Bursa Securities be and is hereby renewed, provided that: -

- i. the aggregate number of Stock Units which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at the time of purchase; and
- ii. the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company’s retained profit and share premium accounts.

THAT the Directors of the Company be and are hereby authorised to deal with the Stock Units so purchased in their absolute discretion in any of the following manners:

- a. cancel all the Stock Units so purchased; and/or
- b. retain the Stock Units so purchased as treasury shares for distribution as dividend to the stockholders and/or resell on the market of Bursa Securities; and/or
- c. retain part thereof as treasury shares and cancel the remainder.

AND THAT such authority shall commence immediately upon the passing of this resolution, until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution of the stockholders of the Company in general meeting.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements and arrangements with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own Stock Units.”

9. To consider and if thought fit, to pass the following Ordinary Resolutions:

- i. **Renewal of authority granted for the Proposed Special Issue in respect of allotment and issuance of a balance of 25,409,000 new ordinary stock units of RM1.00 each in EOB to be allotted and issued to identified Bumiputera Investors at an issue price of RM1.00 (“Proposed Special Issue”)**

Resolution 10

Notice of Annual General Meeting

“**THAT**, subject to the approvals of the relevant authorities, the authority given by the stockholders of the Company at the Seventy Eighth Annual General Meeting of the Company held on 28 September 2005 to the Directors of the Company in respect of the allotment and issuance of new ordinary stock units of RM1.00 each in EOB (“Special Issue Stock Units”) to identified Bumiputera Investors pursuant to the Proposed Special Issue, of which a balance of 25,409,000 remains to be allotted and issued, be and is hereby renewed, **AND THAT** such 25,409,000 Special Issue Stock Units shall be issued at RM1.00 each, and upon allotment and issuance, shall rank pari passu in all respects with the existing Stock Units in EOB, except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared by the Company, the entitlement date of which is prior to the date of allotment of the respective Special Issue Stock Units **AND FURTHER THAT** the Directors be and are hereby authorised to do all such acts and to enter into all such agreements and arrangements as they may deem necessary or expedient and in the best interests of the Company to implement, finalise and to give full effect to the Proposed Special Issue with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the relevant authorities.”

- ii. **Renewal of authority granted for the Proposed Allotment and Issuance (as part of the Proposed Special Issue) of such number of Special Issue Stock Units not exceeding 5% of the Issued and Paid-Up Share Capital of EOB to Datuk Azizan bin Abd Rahman at an issue price of RM1.00**

Resolution 11

“**THAT**, subject to the approvals of the relevant authorities and to the passing of Ordinary Resolution 10 above and as part of the Proposed Special Issue, the authority given by the stockholders of the Company at the Seventy Eighth Annual General Meeting held on 28 September 2005 to the Directors of the Company (save for Datuk Azizan bin Abd Rahman) be and is hereby renewed, namely, the authority for the Directors of the Company (save for Datuk Azizan bin Abd Rahman) at any time and from time to time, to allot and issue such number of Special Issue Stock Units to Datuk Azizan bin Abd Rahman, being the Independent and Non-Executive Director/Chairman of the Company, subject to the total number of the Special Issue Stock Units allotted and issued to him under the Proposed Special Issue not exceeding 5% of the issued and paid-up share capital of EOB **AND THAT** the Special Issue Stock Units be issued at RM1.00 each **AND FURTHER THAT** the Directors (save for Datuk Azizan bin Abd Rahman) be and are hereby authorised to do all such acts and to enter into all such agreements and arrangements as they may deem necessary or expedient and in the best interests of the Company to implement, finalise and to give full effect to the proposed allotment and issuance to Datuk Azizan bin Abd Rahman with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the relevant authorities.”

- iii. **Renewal of authority granted for the Proposed Allotment and Issuance (as part of the Proposed Special Issue) of such number of Special Issue Stock Units not exceeding 5% of the Issued and Paid-Up Share Capital of EOB to Kamil Ahmad Merican at an issue price of RM1.00 each.**

Resolution 12

Notice of Annual General Meeting

“**THAT**, subject to the approvals of the relevant authorities and to the passing of Ordinary Resolution 10 above and as part of the Proposed Special Issue, the authority given by the stockholders of the Company at the Seventy Eighth Annual General Meeting of the Company held on 28 September 2005 to the Directors of the Company (save for Kamil Ahmad Merican) be and is hereby renewed, namely, the authority for the Directors of the Company (save for Kamil Ahmad Merican) at any time and from time to time, to allot and issue such number of Special Issue Stock Units to Kamil Ahmad Merican, being the Non-Independent and Non-Executive Director of the Company, subject to the total number of the Special Issue Stock Units allotted and issued to him under the Proposed Special Issue not exceeding 5% of the issued and paid-up share capital of EOB **AND THAT** the Special Issue Stock Units be issued at RM1.00 each **AND FURTHER THAT** the Directors (save for Kamil Ahmad Merican) be and are hereby authorised to do all such acts and to enter into all such agreements and arrangements as they may deem necessary or expedient and in the best interests of the Company to implement, finalise and to give full effect to the proposed allotment and issuance to Kamil Ahmad Merican with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or permitted by the relevant authorities.”

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

NOTICE OF BOOK CLOSURE

Subject to the approval of the stockholders, a first and final dividend of 2% less income tax in respect of the financial year ended 31 March 2006, will be paid on 20 November 2006 to stockholders whose names appear on the Register of Members and Record of Depositors at the close of business on 26 October 2006.

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 27 October 2006 to determine stockholders' entitlements to the dividend payment.

A Depositor shall qualify for the entitlement to the dividend only in respect of:

1. Shares deposited into the Depositors' Securities account before 12.30 p.m. on 24 October 2006 (in respect of shares which are exempted from mandatory deposit);
2. Shares transferred to the Depositors' Securities account before 4.00 p.m. on 26 October 2006 in respect of ordinary transfers; and
3. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

FAM CHAI HING
Company Secretary

Kuala Lumpur
Date: 6 September 2006

Notice of Annual General Meeting

NOTES

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company
2. 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 in writing
3. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the registered office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment thereof.
4. Stockholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998 which came into effect on 1 November 1998, all stock units not deposited with Bursa Malaysia Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister Of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the meeting for such undeposited stock units.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 8

The Proposed Resolution 8, if passed, will empower the Directors to allot and issue new ordinary stock units in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

2. Resolution 9

The Proposed Resolution 9, if passed, will renew the authority granted to the Company, at the Seventy Eighth Annual General Meeting ("AGM") of the Company held on 28 September 2005, empowering the Company to purchase and/or hold up to an amount not exceeding 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") This authority will, unless revoked or varied by the Company at a general meeting, expire at the next AGM. For further information on the Proposed Share Buy-Back, please refer to the Share Buy-Back Statement dated 6 September 2006 accompanying the Notice of the Seventy Ninth AGM of the Company.

3. Resolutions 10, 11 and 12

The Proposed Resolution 10, if passed, will renew the authority granted at the Seventy Eighth Annual General Meeting ("AGM") of the Company held on 28 September 2005 to the Directors of the Company to allot and issue an aggregate of 33,709,000 new ordinary stock units of RM1.00 each in EOB ("Special Issue Stock Units") to Bumiputera investors ("Proposed Special Issue"), of which a balance of 25,409,000 remains to be allotted and issued pursuant thereto. The Proposed Resolutions 11 and 12, if passed, will renew the authority granted at the Seventy Eighth AGM of the Company held on 28 September 2005 to the Directors of the Company to allot and issue such number of Special Issue Stock Units under the Proposed Special Issue to Datuk Azizan bin Abd Rahman ("DAAR") and Encik Kamil Ahmad Merican ("KAM"), who are directors of the Company ("Proposed Allotment to Directors").

All relevant approvals have been obtained for the Proposed Special Issue and the Proposed Allotment to Directors except for the approval from the Ministry of International Trade and Industry for the allocation of the balance Special Issue Stock Units not already allocated to Bumiputera investors.

DAAR and KAM have abstained and will continue to abstain from all deliberation and voting on the board resolutions pertaining to the proposed allotment and issuance of the Special Issue Stock Units to the respective said Directors. In addition, DAAR and KAM will abstain from and will ensure that all persons connected to them will abstain from voting on the ordinary resolutions pertaining to their respective allotment and issuance of the Special Issue Stock Units under the Proposed Allotment to Directors.

Statement Accompanying Notice of Annual General Meeting

1. Place, date and time of the meeting

The Seventy Ninth Annual General Meeting (“AGM”) of the Company will be held at Berjaya Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 28 September 2006 at 10.30 a.m.

2. Directors standing for re-election

The Directors standing for re-election at the Seventy Ninth AGM of the Company are as follows:

- i. Pursuant to Article 98 of the Company’s Articles of Association:
 - Datuk Azizan bin Abd Rahman; and
 - Mr Vijeyaratnam a/l V. Thamothearam Pillay.
- ii. Pursuant to Article 103 of the Company’s Articles of Association:
 - Mr Chan Kok Leong

Further details of the abovementioned directors are set out in the Directors’ Profile in this Annual Report.

3. Details of attendance of Directors at Board Meetings

The details of attendance of each director at Board Meetings are set out in the Corporate Governance Statement in this Annual Report.

Notes



Form of Proxy



Eastern & Oriental Berhad (555-K)
(Incorporated in Malaysia under the Companies Enactment, 1917)

Number of stock units held

I/We

NRIC No

(Full Name in Capital Letters)

of

(Full Address)

being a member(s) of **EASTERN & ORIENTAL BERHAD** (Company No.: 555 – K) hereby appoint

(Full Name in Capital Letters)

of

(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventy-Ninth Annual General Meeting of the Company to be held at Berjaya Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 28 September 2006 at 10.30 a.m. or at any adjournment thereof. The proxy is to vote in the manner indicated below, with an “X” in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Audited Financial Statements		
2. To re-elect Datuk Azizan bin Abd Rahman		
3. To re-elect Mr Vijeyaratnam a/l V. Thamothearam Pillay		
4. To re-elect Mr Chan Kok Leong		
5. To approve payment of Directors' fees		
6. To approve a first and final dividend of 2% less income tax		
7. To re-appoint Messrs Ernst & Young as Auditors of the Company		
8. To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965		
9. To approve the renewal of authority for Proposed Share Buy-Back		
10. To approve the renewal of authority for Proposed Special Issue		
11. To approve the renewal of authority to allot and issue shares to Datuk Azizan bin Abd Rahman pursuant to the Proposed Special Issue		
12. To approve the renewal of authority to allot and issue shares to Encik Kamil Ahmad Merican pursuant to the Proposed Special Issue		

Signed this

day of

2006

Signature of member(s)/Seal

Notes:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. 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 in writing.
3. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the Registered Office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment

thereof.

4. Stockholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998 which came into effect on 1 November 1998, all stock units not deposited with Bursa Malaysia Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the meeting for such undeposited stock units.

fold here

affix
stamp
here

The Company Secretary
EASTERN & ORIENTAL BERHAD (555-K)
Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela,
Damansara Heights, 50490 Kuala Lumpur.

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