



annual  
report

07



GENERAL CORPORATION BERHAD

(8622-X)

# Contents

|  |                 |
|--|-----------------|
| <b>Notice Of Annual General Meeting</b>                        | <b>2</b>        |
| <b>Statement Accompanying Notice Of Annual General Meeting</b> | <b>3</b>        |
| <b>Notice Of Book Closure For Payment Of Dividend</b>          | <b>3</b>        |
| <b>Corporate Information</b>                                   | <b>4</b>        |
| <b>Profile Of Directors</b>                                    | <b>5</b>        |
| <b>Chairman's Statement</b>                                    | <b>7</b>        |
| <b>Audit Committee Report</b>                                  | <b>9</b>        |
| <b>Corporate Governance Statement</b>                          | <b>11</b>       |
| <b>Statement Of Directors' Responsibility</b>                  | <b>14</b>       |
| <b>Additional Compliance Information</b>                       | <b>14</b>       |
| <b>Statement On Internal Control</b>                           | <b>15</b>       |
| <b>Directors' Report</b>                                       | <b>16</b>       |
| <b>Statement By Directors</b>                                  | <b>19</b>       |
| <b>Statutory Declaration</b>                                   | <b>19</b>       |
| <b>Report Of The Auditors</b>                                  | <b>20</b>       |
| <b>Income Statements</b>                                       | <b>21</b>       |
| <b>Balance Sheets</b>  | <b>22</b>       |
| <b>Statements Of Changes In Equity</b>                         | <b>23</b>       |
| <b>Cash Flow Statements</b>                                    | <b>24</b>       |
| <b>Notes To The Financial Statements</b>                       | <b>26</b>       |
| <b>Analysis Of Shareholdings</b>                               | <b>63</b>       |
| <b>Five Years' Financial Statements</b>                        | <b>65</b>       |
| <b>Schedule Of Properties</b>                                  | <b>66</b>       |
| <b>Proxy Form</b>  | <b>Enclosed</b> |

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of General Corporation Berhad will be held at Cempaka Room, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 24 July 2007 at 10.00 a.m. for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 January 2007 and the Reports of the Directors and Auditors thereon; **(Resolution 1)**
2. To approve the payment of a first and final dividend of 3% less 27% tax in respect of the financial year ended 31 January 2007; **(Resolution 2)**
3. To approve the payment of Directors' fees of RM111,000.00 for the financial year ended 31 January 2007; **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Article 74 of the Company's Articles of Association:-  
Tun Hj. Mohammed Hanif bin Omar **(Resolution 4)**  
Marco Low Peng Kiat **(Resolution 5)**
5. To re-appoint Wong Bin Chen @ Ng Chi Leong as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965; **(Resolution 6)**
6. To re-appoint Tan Sri Dato' Low Keng Huat as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965; **(Resolution 7)**
7. To re-appoint Raja Datuk Karib Shah bin Raja Shahrudin as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965; **(Resolution 8)**
8. To re-appoint Ernst & Young as Auditors for the ensuing year and to authorise the Directors to fix their remuneration; **(Resolution 9)**
9. To transact any other business of the Company for which due notice shall have been given; and

## AS SPECIAL BUSINESS

10. To consider and, if thought fit, pass the following resolution as Ordinary Resolution:- **(Resolution 10)**  
"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and they are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue."

By Order of the Board

**Cheong Chee Leng (MAICSA 0722553)**  
**Lee Jeok Keim (MAICSA 0750350)**  
Secretaries

Kuala Lumpur  
29 June 2007

### Note:

*A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the meeting.*

### Explanatory Note On The Special Business

*The proposed Ordinary Resolution 10, if passed, will empower the Directors of the Company, from the date of the Thirty-Eighth Annual General Meeting, to issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the best 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.*

# Statement Accompanying Notice Of Annual General Meeting

Details of Directors who are standing for either re-election or re-appointment in Agenda 4 to 7 of the Notice of the Thirty-Eighth Annual General Meeting are set out in the Profile of Directors appearing on pages 5 and 6 of this Annual Report.

## Notice Of Book Closure For Payment Of Dividend

NOTICE IS HEREBY GIVEN that the register of members will be closed from 8 August 2007 to 10 August 2007 both dates inclusive to determine shareholders' entitlement to the dividend payment. The first and final dividend of 3% less tax for the financial year ended 31 January 2007, if approved at the forthcoming Annual General Meeting to be held on 24 July 2007, will be paid on 24 August 2007 to shareholders whose names appear in the register of members and record of depositors on 7 August 2007.

A depositor shall qualify for entitlement only in respect of:

- A. Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 3 August 2007 (in respect of shares which are exempted from mandatory deposit);
- B. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 7 August 2007 in respect of ordinary transfers;
- C. 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

**Cheong Chee Leng (MAICSA 0722553)**

**Lee Jeok Keim (MAICSA 0750350)**

Secretaries

Kuala Lumpur  
29 June 2007

# Corporate Information

## BOARD OF DIRECTORS

**Tun Hj. Mohammed Hanif bin Omar**  
SSM, PMN, SPTS, SPMJ, SIMP, SSSA,  
SPNS, DA, SPMP, DHMS, KMN, PPT, BKT  
Independent Non-Executive Chairman

**Tan Sri Dato' Low Keng Huat**  
PSM, SIMP, DIMP, DKBS  
Chief Executive Officer and  
Executive Deputy Chairman

**Low Keng Boon @ Lau Boon Sen**  
Group Managing Director

**Marco Low Peng Kiat**  
Executive Director

**Cheong Chee Leng**  
Executive Director

**Wong Bin Chen @ Ng Chi Leong**  
Independent Non-Executive Director

**Raja Datuk Karib Shah bin Raja Shahrudin**  
PSD, SIMP, DSAP, SAP  
Independent Non-Executive Director

**W Ismail bin W Nik**  
Independent Non-Executive Director

**Low Poh Kok**  
Non-Independent Non-Executive  
Director

## AUDIT COMMITTEE

**W Ismail bin W Nik**  
Chairman  
Independent Non-Executive Director

**Wong Bin Chen @ Ng Chi Leong**  
Independent Non-Executive Director

**Cheong Chee Leng**  
Executive Director

## NOMINATION COMMITTEE

**Wong Bin Chen @ Ng Chi Leong**  
Chairman  
Independent Non-Executive Director

**Raja Datuk Karib Shah bin Raja Shahrudin**  
Independent Non-Executive Director

**W Ismail bin W Nik**  
Independent Non-Executive Director

## REMUNERATION COMMITTEE

**Tan Sri Dato' Low Keng Huat**  
Chairman  
Executive Deputy Chairman

**Raja Datuk Karib Shah bin Raja Shahrudin**  
Independent Non-Executive Director

**W Ismail bin W Nik**  
Independent Non-Executive Director

## COMPANY SECRETARIES

**Cheong Chee Leng**  
FCCA, FCIS, CA (M)

**Lee Jeok Keim**  
FCIS

## REGISTERED OFFICE

332A-19, 19th Floor,  
Plaza Ampang City,  
Jalan Ampang,  
50450 Kuala Lumpur.  
Tel : 03-42564599  
Fax : 03-42578197  
Website : [www.gcorp.com.my](http://www.gcorp.com.my)

## REGISTRARS

**Tenaga Koperat Sdn. Bhd.**  
20th Floor, Plaza Permata,  
Jalan Kampar,  
Off Jalan Tun Razak,  
50400 Kuala Lumpur.  
Tel : 03-40416522  
Fax : 03-40426352

## AUDITORS

**Ernst & Young**  
Chartered Accountants  
Level 23A, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
50490 Kuala Lumpur.  
P.O. Box 11040,  
50734 Kuala Lumpur.  
Tel : 03-74958000  
Fax : 03-20955332 / 20959076 /  
20959078

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia

# Profile Of Directors

## **Tun Hj. Mohammed Hanif bin Omar**

Tun Hj. Mohammed Hanif bin Omar, a Malaysian, aged 68, was appointed Non-Executive Chairman of the Company on 25 March 1994. He holds a Bachelor of Arts Degree from University of Malaya (Singapore), an LLB from University of Buckingham, United Kingdom and a Certificate of Legal Practice from the Bar Council Qualifying Board. He was the Inspector-General of Police, Malaysia from 1974 until his retirement in 1994. He also holds the position of Deputy Chairman of Genting Berhad and Resorts World Berhad. In addition, he also sits on the Board of AMMB Holdings Berhad, AMFB Holdings Berhad, AMFinance Berhad, AMIslamic Bank Berhad, Fullmark Manufacturing Berhad and a number of private limited companies. He is also President of the Malaysian Institute of Management. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

## **Tan Sri Dato' Low Keng Huat**

Tan Sri Dato' Low Keng Huat, a Malaysian, aged 74, who is the Chief Executive Officer and Executive Deputy Chairman, was appointed to the Board on 29 May 1969. A builder by profession, he has been responsible for the transformation of the Company from a manufacturer of ceramic wall tiles to an investment holding company. He is a former President of the Master Builders Association, Malaysia and is now its Honorary President. He has wide experience in business, property construction and development in a career spanning more than 40 years. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

## **Low Keng Boon @ Lau Boon Sen**

Mr. Low Keng Boon @ Lau Boon Sen, a Malaysian, aged 65, was appointed to the Board on 6 September 1982. He is the Group Managing Director and also manages Low Keng Huat (Singapore) Limited as Managing Director. His wide experience in building and construction is evidenced by the handling of prestigious projects like the OCBC centre, UOB Plaza and the SIA Engineering Hangar in Singapore and the Sabah Foundation Building in Kota Kinabalu, Sabah. He was a member of the Singapore Construction Industry Development Board between March 1984 to March 1988. Mr. Low Keng Boon @ Lau Boon Sen and Tan Sri Dato' Low Keng Huat are brothers. He attended four out of the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

## **Wong Bin Chen @ Ng Chi Leong**

Mr. Wong Bin Chen @ Ng Chi Leong, a Malaysian, aged 76, was appointed to the Board on 10 June 1975. He has wide experience in business and property development in a career spanning more than 40 years. He sits on the Board of RCE Capital Berhad (formerly known as Rediffusion Berhad) and Asia Motor Berhad. He is also an active committee member of a few educational and welfare organisations. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

## **Raja Datuk Karib Shah bin Raja Shahrudin**

Raja Datuk Karib Shah bin Raja Shahrudin, a Malaysian, aged 72, was appointed to the Board on 27 May 1981. He holds a post graduate Diploma in Management Science from Robert Gordon University, Aberdeen, United Kingdom. He spent the early part of his career in Majlis Amanah Rakyat ("MARA") and Bank Negara Malaysia. He was until 31 May 2001 the Director of Common Forge Berhad (formerly known as Cempaka Finance Berhad). He is an Independent Non-Executive Director of Softbank Investment International (Strategic) Limited, a Hong Kong public-listed company. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

## Profile Of Directors (cont'd)

### **W Ismail bin W Nik**

Encik W Ismail bin W Nik, a Malaysian, aged 60, joined the Board on 17 February 1984. He holds a Bachelor of Economics Degree from University of Malaya. He completed the Chartered Institute of Secretary and Administrator examination in June 1970 and Securities Institute of Australia in 1972. He has over 30 years of diversified business experience including commercial banking investment, property development, manufacturing and trading. He was a director and later the Executive Chairman of CME Group, a second board company listed on Bursa Malaysia, until 31 August 2000. He sits on the Board of Grand United Holdings Berhad, Leader Universal Holdings Berhad and a number of private limited companies. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

### **Marco Low Peng Kiat**

Mr. Marco Low Peng Kiat, a Malaysian, aged 34, is an Executive Director of the Company. He holds a Bachelor of Science in Management & Systems from City University, England. He had spent about two years in the corporate finance unit of one of the big four international accounting firms before joining Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd. as Executive Director on 29 January 1997. He was appointed to the Board on 21 April 1998. Mr. Marco Low is the son of Tan Sri Dato' Low Keng Huat. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

### **Cheong Chee Leng**

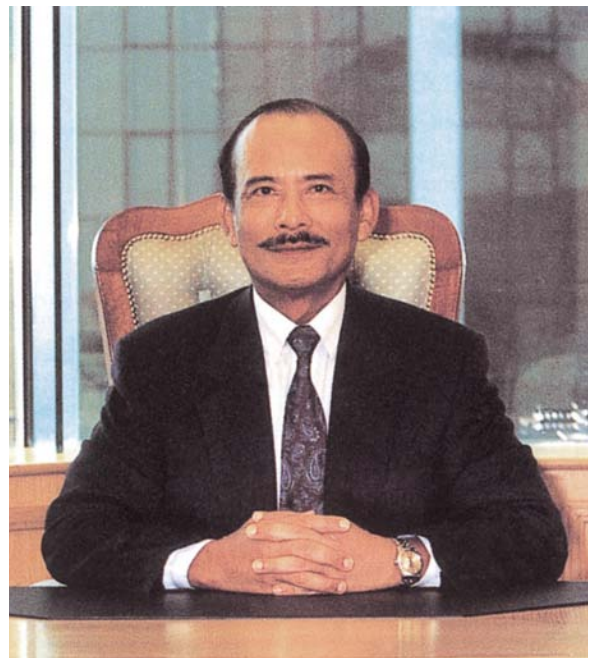
Mr. Cheong Chee Leng, a Malaysian, aged 55, was appointed Executive Director of the Company on 18 April 2001. He is a Fellow Member of both the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators, United Kingdom and a member of the Malaysian Institute of Accountants. Mr. Cheong joined the Company in 1986 and has worked in various capacities within the GCB Group. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

### **Low Poh Kok**

Mr. Low Poh Kok, a Malaysian, aged 34, was appointed as a Non-Independent Non-Executive Director of the Company on 25 May 2005. He holds a Bachelor of Science, Computer Information System from Indiana University, Kelly School of Business, Bloomington, Indiana, USA. He had spent eight years as Information Technology Consultant in the United States of America before joining Low Keng Huat (Singapore) Limited as Manager of Property Development on July 2004. Mr. Low Poh Kok is the nephew of Tan Sri Dato' Low Keng Huat and Mr. Low Keng Boon @ Lau Boon Sen. He attended all the six Board meetings held for the financial year ended 31 January 2007. He has no conflict of interest with the Company and has no conviction for any offence within the past 10 years.

# Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Thirty-Eighth Annual Report and Financial Statements of our Company for the financial year ended 31 January 2007.



## Review of Results

The Group achieved a pre-tax profit of RM44.5 million for the financial year ended 31 January 2007 compared to RM25.7 million in the previous financial year. The after tax profit was RM37.8 million compared to RM20.2 million in the previous financial year. The profit for the previous financial year was lower due to impairment provisions made by the Group in the previous financial year.

## Corporate Development and Prospects

Low Keng Huat (Singapore) Limited's ("LKHS") current portfolio of development projects in Singapore namely the Twin Regency, Domain 21, Regency Suites, Southbank and One-North Residences will be augmented by 2 new projects at Duchess Avenue and Hougang Street 11 to be launched later this year and in 2008 respectively.

LKHS's two hotels in Perth and Ho Chi Minh City are expected to continue their fine performance buoyed by the respective strong economies in Western Australia and Vietnam.

# Chairman's Statement (cont'd)

The Group's current development of 25 units zero lot bungalows at Taman Esplanad, Bukit Jalil and 12 units strata semi-detached residences at Jalan U-Thant are also expected to contribute to Group earnings.

Promatik Emas Sdn. Bhd., the Group's 45% associated company has obtained the Development Order for its service apartment project at Persiaran Hampshire off Jalan Ampang. Sales launch will proceed once the relevant approvals are in place.

The Group sees potential in the growing Malaysian economy and has via its subsidiary Bina Meganmas Sdn. Bhd., acquired a 75.71 acre freehold development land located within the Johor Iskandar Development Region for bungalow development. The Group, via its 40% associated company Suasana Simfoni Sdn. Bhd. (60% owned by UOL Group Limited of Singapore), has recently acquired a 3.95 acre freehold development land fronting Jalan Conlay, Kuala Lumpur for high-end residential and service apartment development.



*Perspective view of Zero lot bungalows, Bukit Jalil.*



*Perspective view of strata semi-detached residences, Jalan U-Thant.*

## Dividend

The Board is pleased to recommend a first and final dividend of 3% less tax (last year : 3% less tax) for the approval of shareholders at the Annual General Meeting of our Company to be held on 24 July 2007. Upon approval, the dividend will be paid on 24 August 2007.

## Appreciation

On behalf of the Board, I take this opportunity to convey my sincere appreciation to the Management and staff of the Group for their invaluable contributions and commitment to the Group and to thank shareholders, business associates and customers of the Group for their valued support.

**Tun Hj. Mohammed Hanif bin Omar**

Chairman

22 May 2007

# Audit Committee Report

The Board of Directors ("the Board") of General Corporation Berhad ("the Company") herewith presents the Audit Committee ("the Committee") Report for the financial year ended 31 January 2007.

## **TERMS OF REFERENCE**

### **Composition**

The Committee, appointed from amongst the Board, shall comprise:

- (a) no fewer than 3 members;
- (b) a majority of the members must be Independent Directors; and
- (c) at least one member of the Committee must be a member of the Malaysian Institute of Accountants.

No Alternate Director shall be appointed as a member of the Committee. The Chairman, elected by the members of the Committee, shall be an Independent Director.

### **Meetings**

The Committee meetings shall be held not less than 4 times a year. The Chairman of the Committee may call a meeting of the Committee if requested by the internal or external auditors. To form a quorum for a meeting, the majority of members present must be Independent Directors.

The Company Secretary shall be responsible for drawing up the agenda and circulating it to the Committee members prior to each meeting. The Company Secretary shall be responsible for recording the minutes of meetings of the Committee and circulating them to the members.

The Committee may, at their discretion, invite Executive Directors (non-members), members of management, auditors and representatives of the auditors to attend the Committee's meetings.

### **Authority**

The Committee is authorised by the Board to:

- (a) investigate any activity within its terms of reference;
- (b) seek any information it requires from the internal and external auditors, and any employee. All employees are directed to co-operate with any request made by the Committee; and
- (c) obtain external, legal or other independent professional advice and to secure the attendance of external parties with relevant experience and expertise, at the Group's expense if it considers necessary, in discharging its duties.

### **Duties and Responsibilities**

The functions and duties of the Committee shall be to:

- (a) consider the appointment of the internal and external auditors, audit fees and any matters pertaining to resignation or dismissal;
- (b) discuss with the internal and external auditors, their scope, procedures, audit results and reports;
- (c) review the effectiveness of the internal control system and in particular review the internal audit reports and external auditors' management letters and management's response;
- (d) review the following and report to the Board:
  - i) the audit plan;
  - ii) the evaluation of the system of internal control;
  - iii) the reports of auditors;
  - iv) the assistance and co-operation given by the employees of the Group to the auditors;
  - v) the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - vi) the performance of internal audit function;

# Audit Committee Report (cont'd)

- vii) the internal audit programme, processes, the results of internal audits, processes or investigation undertaken and whether or not appropriate action is taken by the management on the recommendations of the internal audit function;
  - viii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    - changes in or implementation of major accounting policies;
    - significant or unusual events;
    - compliance with accounting standards and other legal requirements; and
    - accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;
  - ix) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
  - x) any letter of resignation from the external auditors and whether there is any reason to believe that the external auditors are not suitable for re-appointment.
- (e) promptly report to the Bursa Malaysia on any matter reported to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- (f) submit to the Board a report on the summary of activities of the Committee in the discharge of its function and responsibilities in respect of each financial year; and
- (g) perform such other functions and duties as may be agreed to by the Committee and the Board.

## **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

A total of 5 Committee meetings were held during the financial year, attended by all the Committee members. Members of Management were invited to attend these meetings, whenever required.

The following activities were undertaken by the Committee during the financial year:

- (a) ensured the principal risks of the Group are identified and assessed on a periodic basis;
- (b) reviewed the adequacy of the scope and coverage of audit plans proposed by the internal auditors and approved the audit plans for audit execution;
- (c) reviewed the external auditors' reports in relation to their financial audit and resolved the accounting issues arising from the audits conducted;
- (d) reviewed the Group's quarterly unaudited and annual audited results and recommended to the Board for approval prior to its release to Bursa Malaysia;
- (e) reviewed the year-end audited financial statements, the audit planning memorandum and management letter issued by the external auditors;
- (f) reviewed the internal audit reports, audit findings, recommendations for improvement and corrective actions taken by Management on the audit findings; and
- (g) considered and recommended to the Board for approval on the audit fees payable to the internal and external auditors.

## **SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION**

During the financial year, the outsourced internal audit function assisted the Committee in discharging its duties and responsibilities by executing independent reviews to determine the adequacy and effectiveness of the Group's internal control system. The activities performed by the outsourced internal audit function include:

- (a) regular review of business processes in accordance with the annual audit plan approved by the Committee;
- (b) reporting the results of internal audit reviews and provide recommendations for improvement to the Committee on a periodic basis;
- (c) followed up on the implementation of audit recommendations and action plans agreed upon by Management;
- (d) ensured the satisfactory closure of previous internal audit findings; and
- (e) ascertain the extent of compliance with the Group's policies, procedures and statutory requirements.

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

# Corporate Governance Statement

The Board of Directors (“the Board”) of General Corporation Berhad (“the Company”) recognises the importance of establishing and maintaining good corporate governance within the Group. The Board is committed and continues to comply with the principles and best practices set out in the Malaysian Code on Corporate Governance (“the Code”).

Set out below is a statement on how the Group has applied the principles and complied with the best practices of the Code.

## BOARD OF DIRECTORS

### The Board

The Board comprises members from diversified background, which brings a wide spectrum of skill and experience in the field of property development, construction, trading, finance and accounting.

The Board has the overall responsibility for effective performance and control of the Company and the Group, whereby there is collective decision and close monitoring on issues relating to strategic direction, formulation of policies, significant resource utilisation and investments of the Group. The Board also recognises its role in implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group’s system of internal control.

### Board Meetings

During the financial year ended 31 January 2007, the Board met 6 times, where they deliberated and considered, amongst others, the Group’s operating performance and financial results, acquisitions and disposals of assets and the Group’s business direction.

The attendance record of each Director is as follows:-

| Director                                 | Total Meetings Attended |
|--|-------------------------|
| Tun Hj. Mohammed Hanif bin Omar          | 6                       |
| Tan Sri Dato’ Low Keng Huat              | 6                       |
| Low Keng Boon @ Lau Boon Sen             | 4                       |
| Marco Low Peng Kiat                      | 6                       |
| Cheong Chee Leng                         | 6                       |
| Wong Bin Chen @ Ng Chi Leong             | 6                       |
| Raja Datuk Karib Shah bin Raja Shahrudin | 6                       |
| W Ismail bin W Nik                       | 6                       |
| Low Poh Kok                              | 6                       |

### Composition of the Board

The Board currently has 9 members of whom 4 are Independent Non-Executive Directors. The composition of Independent Non-Executive Directors is in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on Board composition.

Brief backgrounds of each of the Directors are presented on pages 5 to 6 of this Annual Report.

The Board is satisfied with its current membership as it reflects the investment of the minority shareholders in the Company as well as represents the required mix of skills and experience to discharge the Board’s duties and responsibilities. No individual Director or group of Directors dominates the Board’s decision making. All Directors have an equal responsibility in the Group’s operations.

The positions of the Chairman, Chief Executive Officer and Group Managing Director are separate and held by different members of the Board. This ensure a clear division of duties and balance of power and authority. The Chairman is responsible for the orderly conduct and smooth running of the Board and ensuring that members have timely access to relevant information, while the Chief Executive Officer and Group Managing Director are responsible for overseeing the day to day management of the Group’s business operations and implementation of Board decisions.

# Corporate Governance Statement (cont'd)

The responsibilities of Executive Directors include constructing and implementing operational decisions. The Non-Executive Directors are involved in the formulation of policy and decision-making through their knowledge and experience of other business sectors. They play an important role in ensuring that strategies proposed by executive management are fully deliberated and examined, and take into consideration the long term interest of all shareholders, employees, customers, suppliers and other stakeholders.

## Supply of Information

The agenda and Board papers are circulated in advance of each Board meeting for the Directors to obtain information and detailed explanations to enable proper discussions during Board meeting, upon which informed decisions can be made. The Board papers include amongst others, minutes of previous meetings, Group financial performance and information on major operational, corporate, regulatory, business development and audit matters.

All Directors have access to the advice and services of the Company Secretary. The Directors may also seek independent professional advice in furtherance of their duties, whenever they deem necessary, at the expense of the Company.

## Appointments and Re-elections to the Board

The Nomination Committee is responsible for recommending to the Board, appointment of new Directors of the Company and on Board committees. The Board as a whole makes decision on appointments after considering the recommendations of the Nomination Committee.

In accordance with the Company's Articles of Association, all new Directors are subject to re-election at the Annual General Meeting following their first appointment. The Articles also provide that at every annual general meeting, one-third of the Directors, including Executive Directors, shall retire at intervals of at least 3 years. Directors over the age of 70 are required to retire annually. All retiring Directors shall be eligible for re-election.

## Directors' Training

The Board shall continuously evaluate and determine the training needs of its Directors. The Directors have been attending education programmes and seminars to update themselves with developments in the market place.

## Directors' Remuneration

The Remuneration Committee, which met once during the financial year with full attendance, is responsible for reviewing and recommending to the Board the remuneration packages including the terms of employment of Executive Directors and the remuneration of Executive Directors.

The Board as a whole determines the remuneration of the Non-Executive Directors. No Director will participate in the deliberation and decision in respect of his own remuneration.

Details of remuneration of Directors of the Company for the financial year ended 31 January 2007 are as follows:-

(a) Aggregate remuneration of Directors:

| Remuneration     | Executive Directors<br>(RM'000) | Non-Executive Directors<br>(RM'000) |
|------------------|---------------------------------|-------------------------------------|
| Salary           | 1,393                           | 182                                 |
| Bonus            | 143                             | 22                                  |
| Fees             | 48                              | 63                                  |
| Benefits-in-kind | 112                             | 5                                   |
| <b>Total</b>     | <b>1,696</b>                    | <b>272</b>                          |

# Corporate Governance Statement (cont'd)

(b) Number of Directors whose total remuneration fell within the following categories:

| Remuneration Band      | Number of Directors |               |          |
|------------------------|---------------------|---------------|----------|
|                        | Executive           | Non-Executive | Total    |
| RM50,000 and below     | -                   | 4             | 4        |
| RM200,001 to RM250,000 | -                   | 1             | 1        |
| RM250,001 to RM300,000 | 1                   | -             | 1        |
| RM350,001 to RM400,000 | 1                   | -             | 1        |
| RM450,001 to RM500,000 | 1                   | -             | 1        |
| RM600,001 to RM650,000 | 1                   | -             | 1        |
| <b>Total</b>           | <b>4</b>            | <b>5</b>      | <b>9</b> |

## SHAREHOLDERS AND INVESTORS

All material corporate and business development activities of the Group have been conveyed to the shareholders and the general public in a timely manner. Timely announcements, including announcements on financial results on both quarterly and annual basis will be made available via Bursa Malaysia which is accessible via its website. This serves to keep interested shareholders informed of the Group's progress from time to time.

The Company has over the years used the Annual General Meeting as a forum of communication with its shareholders, during which the shareholders are encouraged to raise any queries pertaining to the Group's activities. Notices of each Annual General Meeting together with the Group's Annual Report are sent to shareholders on a timely basis. Each item of special business in the agenda of the meeting will be accompanied by an explanatory statement on the effects of such proposed resolution.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

In its annual financial statements and quarterly results, the Directors have taken reasonable steps to ensure a balanced and understandable assessment of the Group's position and prospects.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

### Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. Hence reviews to determine the adequacy and effectiveness of internal control system were carried out during the year.

The Internal Control Statement of the Group is set out on page 15 of the Annual Report.

### Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the auditors, both external and internal. The auditors are also invited to attend the Audit Committee meetings to present the results of their audit.

# Statement Of Directors' Responsibility For The Preparation Of The Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of their results and cash flows in accordance with the provisions of the Act and applicable approved accounting standards in Malaysia.

In preparing the financial statements for financial year ended 31 January 2007, the Directors have considered and applied appropriate accounting policies and approved accounting standards on a consistent basis and made judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting records are kept in accordance with the Act. The Directors also have overall responsibility in taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 May 2007.

## Additional Compliance Information

The following disclosures are made pursuant to Paragraph 9.25 of Bursa Malaysia's Listing Requirements.

### **Corporate Proposals**

There were no corporate proposals and no proceeds raised.

### **Share Buyback**

The Company did not buy back any of its shares.

### **Options, Warrants and Convertible Securities**

The Company did not issue any options, warrants or convertible securities in the financial year under review or in previous financial years.

### **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")**

The Company did not sponsor any ADR or GDR programme.

### **Share Scheme for Employees**

The Company did not have any share option scheme for employees.

### **Sanctions / Penalties**

No sanctions or penalties were imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

### **Non-Audit Fees**

The amount of non-audit fees incurred for taxation services rendered to the Company and its subsidiaries by a company affiliated to the external auditors' firm amounted to RM95,850.

### **Deviation in Results**

The deviation between the profit after tax and minority interest stated in the announced unaudited accounts and the audited accounts did not amount to 10% or more.

### **Profit Guarantee**

No profit guarantee was issued by the Company.

### **Material Contracts**

There were no material contracts of the Company and its subsidiaries involving directors and major shareholders, either still subsisting as at 31 January 2007 or entered into since the end of the previous financial year.

### **Corporate Social Responsibility**

The Company and its subsidiaries have made regular cash donations to welfare organisations, hospitals, orphanages and schools.

### **Revaluation Policy on Landed Properties**

The revaluation policy on landed properties of the Company and its subsidiaries is disclosed in Notes 2.2 (e), (f) and (g) (i) to the Financial Statements.

# Statement On Internal Control

## INTRODUCTION

Pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia, the Board of General Corporation Berhad is pleased to include a statement on the state of the Group's internal control prepared in accordance with Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies.

## BOARD RESPONSIBILITY

The Board recognises the importance of sound internal control and risk management practices and its contribution to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of the system. However, due to inherent limitations in any internal control system, such designed system is to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. The system can therefore, only provide reasonable and not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT FRAMEWORK

The Board firmly believes that risk management is critical to the Group's continued profitability and the enhancement of shareholders' value. Therefore, the Board had embedded in the Group a monitoring and reporting process to continuously evaluate and monitor the principal risks in a formal manner as well as establishing procedures for reporting and monitoring of risks and control. These initiatives would ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that affects the achievement of its business objectives.

Key risks relating to the Company's operations and strategic and business plans are addressed at periodic management meetings. In addition, the responsibility of managing the risks of each department lies with the respective Head of Department and it is during the periodic management meetings, significant risks identified and the corresponding internal control implemented are communicated to Senior Management.

## INTERNAL CONTROL MECHANISM

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the internal control system through independent review of reports received from external auditors, the internal audit function (currently outsourced to a professional firm) and management.

The external auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Further, any areas for improvement identified during the course of the statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters, or are articulated at Audit Committee meetings.

During the financial year, scheduled reviews on the Group's system of internal control were completed according to approved audit plan. Although a number of internal control weaknesses were identified during this process, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

The Board does not regularly review the internal control system of its associated companies, as the Board does not have any direct control over their operations. Notwithstanding this, the Group's interest is served through representation on the boards of its associated companies. These representations also provide the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associated companies.

## OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system are described below:

- Clearly defined and structured lines of reporting and responsibilities within the Group;
- Regular internal audit reviews to monitor compliance with policies and procedures, and assess adequacy and effectiveness of the system of internal control of the Group;
- Regular Board and Management meetings to discuss the Group's operations and performance, including the regular monitoring of results against budget, with significant variance explained and management action taken, where necessary.

## 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.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 May 2007.

# Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2007.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and quarry operations.

The principal activities of subsidiaries and associates are investment holding, construction, property development, property investment, manufacturing, trading, provision of management services, project management and hotel operations.

There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

|                               | Group<br>RM'000 | Company<br>RM'000 |
|-------------------------------|-----------------|-------------------|
| Profit for the year           | 37,796          | 8,330             |
| Attributable to:              |                 |                   |
| Equity holders of the Company | 19,363          | 8,330             |
| Minority interests            | 18,433          | -                 |
|                               | 37,796          | 8,330             |

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

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 changes in accounting policies due to the adoption of the new and revised Financial Reporting Standards ("FRSs") as disclosed in Note 2.3(d) to the financial statements.

## DIVIDENDS

The amount of dividend paid by the Company since 31 January 2006 was as follows:

|  | RM'000 |
|--|--------|
| In respect of the financial year ended 31 January 2006 as reported in the directors' report of that year:                              |        |
| First and final dividend of 3% less 28% taxation, on 297,084,626 ordinary shares, declared on 26 July 2006 and paid on 24 August 2006. | 6,417  |

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 January 2007, of 3% (2006: 3%) less 27% (2006: 28%) taxation on 297,084,626 (2006: 297,084,626) ordinary shares of RM1 each, amounting to dividend payable of RM6,506,153 (2006: RM6,417,028) (2.19 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profit in the financial year ending 31 January 2008.

## 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:

Tun Hj. Mohammed Hanif bin Omar  
 Tan Sri Dato' Low Keng Huat  
 Low Keng Boon @ Lau Boon Sen  
 Wong Bin Chen @ Ng Chi Leong  
 Raja Datuk Karib Shah bin Raja Shahrudin  
 W Ismail bin W Nik  
 Marco Low Peng Kiat  
 Cheong Chee Leng  
 Low Poh Kok

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company is a party, whereby the directors might acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

# Directors' Report (cont'd)

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

|   | Number of Ordinary Shares of RM1 each |           |      |                    |
|---|---------------------------------------|-----------|------|--------------------|
|   | As at<br>1.2.2006                     | Acquired  | Sold | As at<br>31.1.2007 |
| <b>The Company - General Corporation Berhad</b> |                                       |           |      |                    |
| Direct:   |                                       |           |      |                    |
| Tun Hj. Mohammed Hanif bin Omar                 | 177,832                               | -         | -    | <b>177,832</b>     |
| Tan Sri Dato' Low Keng Huat                     | 19,944,695                            | -         | -    | <b>19,944,695</b>  |
| Low Keng Boon @ Lau Boon Sen                    | 23,636,416                            | 1,052,200 | -    | <b>24,688,616</b>  |
| Wong Bin Chen @ Ng Chi Leong                    | 8,002                                 | 1,445     | -    | <b>9,447</b>       |
| W Ismail bin W Nik                              | 900,000                               | -         | -    | <b>900,000</b>     |
| Marco Low Peng Kiat                             | 10,000                                | -         | -    | <b>10,000</b>      |
| Cheong Chee Leng                                | 100,000                               | -         | -    | <b>100,000</b>     |
| Low Poh Kok                                     | -                                     | 79,000    | -    | <b>79,000</b>      |
| Indirect interest held through Body Corporate:  |                                       |           |      |                    |
| Tan Sri Dato' Low Keng Huat                     | 50,345,848                            | 5,579,400 | -    | <b>55,925,248</b>  |
| Low Keng Boon @ Lau Boon Sen                    | 43,877,431                            | 5,579,400 | -    | <b>49,456,831</b>  |
| Wong Bin Chen @ Ng Chi Leong                    | 1,310,000                             | -         | -    | <b>1,310,000</b>   |
| Marco Low Peng Kiat                             | 46,123,848                            | 5,579,400 | -    | <b>51,703,248</b>  |

|   | Number of Ordinary Shares of SGD0.50 each |          |      |                    |
|---|---|----------|------|--------------------|
|   | As at<br>1.2.2006                         | Acquired | Sold | As at<br>31.1.2007 |
| <b>Subsidiary - Low Keng Huat (Singapore) Limited</b> |   |          |      |                    |
| Direct:   |   |          |      |                    |
| Tan Sri Dato' Low Keng Huat                           | -   | 200,000  | -    | <b>200,000</b>     |
| Low Keng Boon @ Lau Boon Sen                          | 1,250,000                                 | -        | -    | <b>1,250,000</b>   |
| Marco Low Peng Kiat                                   | 210,000                                   | -        | -    | <b>210,000</b>     |

The directors are deemed to have an interest in the shares of the subsidiary companies to the extent that General Corporation Berhad has an interest by virtue of their interest in the Company as disclosed.

Since the end of the previous financial year and at the date of this report, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the Group 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.





# Report Of The Auditors

TO THE MEMBERS OF GENERAL CORPORATION BERHAD

We have audited the financial statements set out on pages 21 to 62. 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 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 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company at 31 January 2007 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 subsidiaries of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that are 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

**Wong Lai Wah**

No.1956/04/09 (J)

Partner

Kuala Lumpur, Malaysia

22 May 2007

# Income Statements

FOR THE YEAR ENDED 31 JANUARY 2007

|                                       | Note | Group            |                | Company        |                |
|---------------------------------------|------|------------------|----------------|----------------|----------------|
|                                       |      | 2007<br>RM'000   | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Revenue                               | 4    | <b>369,680</b>   | 103,494        | <b>7,228</b>   | 7,085          |
| Cost of sales                         | 5    | <b>(266,465)</b> | (70,435)       | <b>(5,915)</b> | (6,102)        |
| Gross profit                          |      | <b>103,215</b>   | 33,059         | <b>1,313</b>   | 983            |
| Other income                          |      | <b>11,789</b>    | 25,084         | <b>23,459</b>  | 10,932         |
| Distribution expenses                 |      | <b>(10,918)</b>  | (5,447)        | -              | -              |
| Administration expenses               |      | <b>(45,301)</b>  | (22,148)       | <b>(2,778)</b> | (932)          |
| Other expenses                        |      | <b>(28,350)</b>  | (57,711)       | <b>(7,554)</b> | (26,564)       |
| Operating profit/(loss)               | 6    | <b>30,435</b>    | (27,163)       | <b>14,440</b>  | (15,581)       |
| Finance cost                          | 7    | <b>(4,975)</b>   | (3,670)        | <b>(1,019)</b> | (982)          |
| Share of results of associates        |      | <b>19,001</b>    | 56,543         | -              | -              |
| Profit/(loss) before taxation         |      | <b>44,461</b>    | 25,710         | <b>13,421</b>  | (16,563)       |
| Taxation                              | 8    | <b>(6,665)</b>   | (5,491)        | <b>(5,091)</b> | (1,146)        |
| Profit/(loss) for the year            |      | <b>37,796</b>    | 20,219         | <b>8,330</b>   | (17,709)       |
| Attributable to:                      |      |                  |                |                |                |
| Equity holders                        |      | <b>19,363</b>    | 13,470         | <b>8,330</b>   | (17,709)       |
| Minority interest                     |      | <b>18,433</b>    | 6,749          | -              | -              |
| Profit/(loss) for the year            |      | <b>37,796</b>    | 20,219         | <b>8,330</b>   | (17,709)       |
| Basic earnings/(loss) per share (sen) | 9    | <b>6.52</b>      | 4.53           | <b>2.80</b>    | (5.96)         |
| Net dividend per ordinary share (sen) | 10   | <b>2.16</b>      | 2.16           | <b>2.16</b>    | 2.16           |

# Balance Sheets

AS AT 31 JANUARY 2007

|                                       | Note   | Group          |                | Company        |                |
|---------------------------------------|--------|----------------|----------------|----------------|----------------|
|                                       |        | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| <b>NON-CURRENT ASSETS</b>             |        |                |                |                |                |
| Property, plant and equipment         | 11     | <b>215,679</b> | 215,286        | <b>1,654</b>   | 1,441          |
| Investment properties                 | 12     | <b>95,596</b>  | 77,850         | -              | -              |
| Land held for property development    | 13 (a) | <b>146,453</b> | 121,651        | -              | -              |
| Subsidiary companies                  | 14     | -              | -              | <b>207,006</b> | 202,393        |
| Associated companies                  | 15     | <b>86,077</b>  | 111,347        | <b>3,200</b>   | 7,200          |
| Interest in joint ventures            | 16     | <b>2,318</b>   | 2,638          | -              | -              |
| Other investments                     | 17     | <b>20,275</b>  | 15,876         | -              | -              |
|                                       |        | <b>566,398</b> | 544,648        | <b>211,860</b> | 211,034        |
| <b>CURRENT ASSETS</b>                 |        |                |                |                |                |
| Inventories                           | 18     | <b>44,206</b>  | 44,332         | <b>2,001</b>   | 1,762          |
| Property development costs            | 13 (b) | <b>8,615</b>   | 14,284         | -              | -              |
| Amount due from customers             | 19     | <b>33,790</b>  | 16,192         | -              | -              |
| Receivables                           | 20     | <b>231,718</b> | 186,653        | <b>274,040</b> | 298,783        |
| Deposits with licensed banks          | 21     | <b>65,922</b>  | 44,814         | <b>21,291</b>  | 243            |
| Cash and bank balances                | 21     | <b>43,752</b>  | 86,842         | <b>544</b>     | 710            |
|                                       |        | <b>428,003</b> | 393,117        | <b>297,876</b> | 301,498        |
| Non-current asset held for sale       | 22     | <b>2,935</b>   | -              | -              | -              |
|                                       |        | <b>430,938</b> | 393,117        | <b>297,876</b> | 301,498        |
| <b>TOTAL ASSETS</b>                   |        |                |                |                |                |
|                                       |        | <b>997,336</b> | 937,765        | <b>509,736</b> | 512,532        |
| <b>EQUITY</b>                         |        |                |                |                |                |
| Share capital                         | 23     | <b>297,085</b> | 297,085        | <b>297,085</b> | 297,085        |
| Reserves                              | 24     | <b>220,970</b> | 202,497        | <b>154,652</b> | 152,739        |
|                                       |        | <b>518,055</b> | 499,582        | <b>451,737</b> | 449,824        |
| Minority interests                    |        | <b>239,737</b> | 250,569        | -              | -              |
|                                       |        | <b>757,792</b> | 750,151        | <b>451,737</b> | 449,824        |
| <b>NON-CURRENT LIABILITIES</b>        |        |                |                |                |                |
| Long term and deferred liabilities    | 25     | <b>30,700</b>  | 19,053         | -              | -              |
| Deferred taxation                     | 26     | <b>928</b>     | 17,398         | -              | -              |
|                                       |        | <b>31,628</b>  | 36,451         | -              | -              |
| <b>CURRENT LIABILITIES</b>            |        |                |                |                |                |
| Payables                              | 27     | <b>86,041</b>  | 76,106         | <b>57,312</b>  | 58,405         |
| Bank borrowings                       | 28     | <b>113,710</b> | 62,140         | <b>602</b>     | 4,218          |
| Taxation                              |        | <b>8,165</b>   | 12,917         | <b>85</b>      | 85             |
|                                       |        | <b>207,916</b> | 151,163        | <b>57,999</b>  | 62,708         |
| <b>TOTAL EQUITIES AND LIABILITIES</b> |        |                |                |                |                |
|                                       |        | <b>997,336</b> | 937,765        | <b>509,736</b> | 512,532        |

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

# Statements Of Changes In Equity

FOR THE YEAR ENDED 31 JANUARY 2007

|  | — Non-distributable Reserves — |                      |                                  |                         |                                 | Distributable Reserves           |                        |                  | Minority Interest RM'000 | Total Equity RM'000 |
|--|--------------------------------|----------------------|----------------------------------|-------------------------|---------------------------------|----------------------------------|------------------------|------------------|--------------------------|---------------------|
|  | Share Capital RM'000           | Share Premium RM'000 | Asset Revaluation Reserve RM'000 | Exchange Reserve RM'000 | Reserve on Consolidation RM'000 | Asset Realisation Reserve RM'000 | Retained Profit RM'000 | Sub Total RM'000 |                          |                     |
| <b>Group</b>   |                                |                      |                                  |                         |                                 |                                  |                        |                  |                          |                     |
| <b>At 1 February 2005</b>                                | 297,085                        | 59,426               | 10,737                           | 35,108                  | -                               | 12,862                           | 60,750                 | 475,968          | 7,598                    | 483,566             |
| Currency translation                                     | -                              | -                    | -                                | 3,171                   | -                               | -                                | -                      | 3,171            | -                        | 3,171               |
| Changes in group structure                               | -                              | -                    | -                                | 12,940                  | -                               | -                                | -                      | 12,940           | -                        | 12,940              |
| Acquisition of subsidiary company                        | -                              | -                    | -                                | -                       | 450                             | -                                | -                      | 450              | 236,222                  | 236,672             |
| Profit for the year                                      | -                              | -                    | -                                | -                       | -                               | -                                | 13,470                 | 13,470           | 6,749                    | 20,219              |
| Dividend (Note 10)                                       | -                              | -                    | -                                | -                       | -                               | -                                | (6,417)                | (6,417)          | -                        | (6,417)             |
| <b>At 31 January 2006</b>                                | 297,085                        | 59,426               | 10,737                           | 51,219                  | 450                             | 12,862                           | 67,803                 | 499,582          | 250,569                  | 750,151             |
| Effects of adopting FRS 3                                | -                              | -                    | -                                | -                       | (450)                           | -                                | 450                    | -                | -                        | -                   |
| Effects of adopting FRS 140                              | -                              | -                    | (10,737)                         | -                       | -                               | -                                | 30,233                 | 19,496           | -                        | 19,496              |
|  | 297,085                        | 59,426               | -                                | 51,219                  | -                               | 12,862                           | 98,486                 | 519,078          | 250,569                  | 769,647             |
| Currency translation                                     | -                              | -                    | -                                | (20,924)                | -                               | -                                | -                      | (20,924)         | -                        | (20,924)            |
| Changes in group structure                               | -                              | -                    | -                                | (2,469)                 | -                               | 4,640                            | 4,784                  | 6,955            | (13,471)                 | (6,516)             |
| Realisation on disposal of property, plant and equipment | -                              | -                    | -                                | -                       | -                               | (116)                            | 116                    | -                | -                        | -                   |
| Transfer of reserves                                     | -                              | -                    | -                                | -                       | -                               | (3,177)                          | 3,177                  | -                | -                        | -                   |
| Profit for the year                                      | -                              | -                    | -                                | -                       | -                               | -                                | 19,363                 | 19,363           | 18,433                   | 37,796              |
| Minority interests' share of dividend                    | -                              | -                    | -                                | -                       | -                               | -                                | -                      | -                | (15,794)                 | (15,794)            |
| Dividend (Note 10)                                       | -                              | -                    | -                                | -                       | -                               | -                                | (6,417)                | (6,417)          | -                        | (6,417)             |
| <b>At 31 January 2007</b>                                | <b>297,085</b>                 | <b>59,426</b>        | <b>-</b>                         | <b>27,826</b>           | <b>-</b>                        | <b>14,209</b>                    | <b>119,509</b>         | <b>518,055</b>   | <b>239,737</b>           | <b>757,792</b>      |

|                           | — Non-distributable Reserves — |                       |                      | Distributable Reserves           |                        | Total Equity RM'000 |
|---------------------------|--------------------------------|-----------------------|----------------------|----------------------------------|------------------------|---------------------|
|                           | Share Capital RM'000           | Merger Reserve RM'000 | Share Premium RM'000 | Asset Realisation Reserve RM'000 | Retained Profit RM'000 |                     |
| <b>Company</b>            |                                |                       |                      |                                  |                        |                     |
| <b>At 1 February 2005</b> | 297,085                        | 13,601                | 59,426               | 5,870                            | 97,968                 | 473,950             |
| Loss for the year         | -                              | -                     | -                    | -                                | (17,709)               | (17,709)            |
| Dividend (Note 10)        | -                              | -                     | -                    | -                                | (6,417)                | (6,417)             |
| <b>At 31 January 2006</b> | 297,085                        | 13,601                | 59,426               | 5,870                            | 73,842                 | 449,824             |
| Profit for the year       | -                              | -                     | -                    | -                                | 8,330                  | 8,330               |
| Dividend (Note 10)        | -                              | -                     | -                    | -                                | (6,417)                | (6,417)             |
| <b>At 31 January 2007</b> | <b>297,085</b>                 | <b>13,601</b>         | <b>59,426</b>        | <b>5,870</b>                     | <b>75,755</b>          | <b>451,737</b>      |

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

# Cash Flow Statements

FOR THE YEAR ENDED 31 JANUARY 2007

|  | Group           |                | Company         |                |
|--|-----------------|----------------|-----------------|----------------|
|  | 2007<br>RM'000  | 2006<br>RM'000 | 2007<br>RM'000  | 2006<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |                 |                |                 |                |
| Profit/(loss) before taxation                            | <b>44,461</b>   | 25,710         | <b>13,421</b>   | (16,563)       |
| Adjustments for:   |                 |                |                 |                |
| Share of associates' results                             | <b>(19,001)</b> | (56,543)       | -               | -              |
| Depreciation   | <b>14,322</b>   | 2,608          | <b>337</b>      | 541            |
| Provision for impairment (net)                           | <b>2,376</b>    | 32,509         | -               | 8,000          |
| Property, plant and equipment written off                | <b>134</b>      | -              | -               | -              |
| (Writeback)/provision for stock obsolescence             | <b>(650)</b>    | 2,373          | <b>(296)</b>    | 1,100          |
| (Write-back)/provision for doubtful debts                | <b>(1,237)</b>  | 2,466          | <b>3,213</b>    | 13,926         |
| Gain on disposal of investment properties                | <b>(247)</b>    | -              | -               | -              |
| Gain on disposal of development properties               | -               | (19,809)       | -               | -              |
| (Gain)/loss on disposal of property, plant and equipment | <b>(386)</b>    | 4,573          | <b>(22)</b>     | -              |
| (Gain)/loss on disposal of other investments             | <b>(580)</b>    | 8              | -               | -              |
| Loss on disposal of inventories                          | -               | 4,788          | -               | -              |
| Gain on disposal of investment in associate company      | <b>(293)</b>    | -              | -               | -              |
| Dividend income  | <b>(164)</b>    | (75)           | <b>(18,888)</b> | (6,531)        |
| Interest income  | <b>(6,786)</b>  | (352)          | <b>(4,514)</b>  | (4,246)        |
| Interest expense   | <b>4,975</b>    | 3,670          | <b>1,019</b>    | 982            |
| Operating profit/(loss) before working capital changes   | <b>36,924</b>   | 1,926          | <b>(5,730)</b>  | (2,791)        |
| Inventories  | <b>(16,822)</b> | (440)          | <b>57</b>       | (808)          |
| Receivables  | <b>(1,342)</b>  | (1,274)        | <b>1,126</b>    | (417)          |
| Payables   | <b>9,934</b>    | (7,310)        | <b>(86)</b>     | 564            |
| Subsidiaries   | -               | -              | <b>17,641</b>   | (952)          |
| Associates   | <b>(48,344)</b> | (6,352)        | <b>1,750</b>    | 3,093          |
| Development properties                                   | <b>7,937</b>    | 12,649         | -               | -              |
| Cash (used in)/generated from operations                 | <b>(11,713)</b> | (801)          | <b>14,758</b>   | (1,311)        |
| Interest expense   | <b>(4,975)</b>  | (3,670)        | <b>(1,019)</b>  | (982)          |
| Tax paid   | <b>(29,976)</b> | (436)          | <b>(5,091)</b>  | (1,594)        |
| Interest income  | <b>6,786</b>    | 352            | <b>4,514</b>    | 4,246          |
| Net cash (used in)/generated from operating activities   | <b>(39,878)</b> | (4,555)        | <b>13,162</b>   | 359            |

# Cash Flow Statements (cont'd)

FOR THE YEAR ENDED 31 JANUARY 2007

|   | Group           |                | Company        |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2007<br>RM'000  | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |                 |                |                |                |
| Purchase of property, plant and equipment                             | <b>(22,395)</b> | (2,100)        | <b>(551)</b>   | (503)          |
| Purchase of other investment  | <b>(5,011)</b>  | -              | -              | -              |
| Investment in associates  | <b>(786)</b>    | (6,750)        | -              | (6,750)        |
| Proceeds from disposal of associated companies                        | <b>2,741</b>    | -              | <b>4,000</b>   | -              |
| Acquisition of subsidiary   | -               | 82,515         | <b>(4,606)</b> | (5,765)        |
| Proceeds from disposal of property, plant and equipment               | <b>615</b>      | 11,119         | <b>22</b>      | -              |
| Expenditure on development properties<br>investment properties        | <b>(27,385)</b> | (3,094)        | -              | -              |
| Proceeds from disposal of development properties                      | -               | 48,101         | -              | -              |
| Proceeds from disposal of other investments                           | <b>2,211</b>    | -              | -              | -              |
| Proceeds from disposal of investment properties                       | <b>763</b>      | -              | -              | -              |
| Capital reduction in a former associated company,<br>now a subsidiary | <b>28,486</b>   | -              | -              | -              |
| Acquisition of shares from minority interest                          | <b>(4,606)</b>  | -              | -              | -              |
| Dividend from associated company                                      | <b>5,768</b>    | -              | -              | -              |
| Dividend received   | <b>164</b>      | 75             | <b>18,888</b>  | 6,531          |
| Net cash (used in)/generated from investing activities                | <b>(19,435)</b> | 129,866        | <b>17,753</b>  | (6,487)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |                 |                |                |                |
| Term loans  | <b>51,235</b>   | (34,644)       | -              | -              |
| Other borrowings  | <b>14,126</b>   | 2,309          | -              | -              |
| Hire purchase   | <b>(394)</b>    | (476)          | -              | -              |
| Dividend paid   | <b>(6,417)</b>  | (6,417)        | <b>(6,417)</b> | (6,417)        |
| Dividend paid to minority interests of subsidiary                     | <b>(15,794)</b> | (1,517)        | -              | -              |
| Net cash generated from/(used in) financing activities                | <b>42,756</b>   | (40,745)       | <b>(6,417)</b> | (6,417)        |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH<br/>EQUIVALENTS</b>       | <b>(16,557)</b> | 84,566         | <b>24,498</b>  | (12,545)       |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING<br/>OF YEAR</b>             | <b>117,842</b>  | 33,276         | <b>(3,265)</b> | 9,280          |
| <b>CASH AND CASH EQUIVALENTS AT END OF<br/>YEAR (NOTE 21)</b>         | <b>101,285</b>  | 117,842        | <b>21,233</b>  | (3,265)        |

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

# Notes To The Financial Statements

31 JANUARY 2007

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 332A-19, 19th Floor, Plaza Ampang City, Jalan Ampang, 50450 Kuala Lumpur.

The principal activities of the Company comprise investment holding and quarry operations. The principal activities of the subsidiaries and associates are disclosed in Notes 14 and 15 respectively.

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 May 2007.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM '000) except when otherwise indicated.

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (a) Subsidiaries and Basis of Consolidation (cont'd)

##### (ii) Basis of Consolidation (cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### (b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (c) Joint Ventures

Investment in joint ventures are stated at cost. Interest in joint ventures, other than subsidiaries, is accounted for similar to an associated company using the equity method in the balance sheets of the Company and of the Group. The share of results of the joint ventures is included in the consolidated income statement. A list of interest in joint ventures is shown in Note 16 to the financial statements.

Additional losses are provided for to the extent that the Company and the Group have incurred obligations or made payments on behalf of the joint ventures to satisfy obligations of the joint ventures that the Company and the Group have guaranteed or otherwise committed, for example, in the form of loans. When the joint ventures subsequently report profits, the Company and the Group resume including its share of those profits only after its share of the profits equals the share of net losses recognised.

Allowance is made for any impairment losses on an individual joint venture basis.

#### (d) 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) Dividend income

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

##### (ii) Rental income

Rental income is recognised over the period of letting of properties.

##### (iii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(g)(ii).

##### (iv) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(j).

##### (v) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

##### (vi) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

##### (vii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield of the asset.

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

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (e) Property, Plant and Equipment and Depreciation (cont'd)

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. 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:

|                                |   |
|--------------------------------|---|
| Freehold buildings             | 2% - 3%   |
| Leasehold land                 | Amortised over period of lease                      |
| Leasehold buildings            | 50 years or period of lease<br>whichever is shorter |
| Plant, machinery and equipment | 10% - 20%   |
| Motor vehicles                 | 10% - 20%   |
| Furniture and fittings         | 5% - 10%  |

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

#### (f) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

#### (g) Land Held for Property Development and Property Development Costs

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

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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 (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (g) Land Held for Property Development and Property Development Costs (cont'd)

##### (ii) Property Development Costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by 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 realisable value.

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

#### (h) Investments

Investments held on a long term basis are stated at cost less impairment losses.

#### (i) Inventories

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

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (j) Construction Contracts

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

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (k) 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. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

#### (l) Foreign Currencies

##### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

##### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (I) Foreign Currencies (cont'd)

##### (iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

|                    | Year-End Rates |            |
|--------------------|----------------|------------|
|                    | 2007<br>RM     | 2006<br>RM |
| 1 Singapore Dollar | <b>2.28</b>    | 2.31       |
| 1 US Dollar        | <b>3.50</b>    | 3.80       |
| 1 AUS Dollar       | <b>2.70</b>    | 2.81       |
| 1 HK Dollar        | <b>0.45</b>    | 0.48       |

#### (m) 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 as income or an expense and included in the profit or loss for the period, 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 the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (n) Impairment of Non-financial Assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### (o) 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. Interest, dividends, 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 to 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) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank, net of outstanding bank overdrafts.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (o) Financial Instruments (cont'd)

##### (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.

##### (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 acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, 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. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, 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 drawn down 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) Equity instruments

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

#### (p) Non-current Asset Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 February 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

|         |  |
|---------|--|
| FRS 2   | Share-based Payment  |
| FRS 3   | Business Combinations  |
| FRS 5   | Non-current Assets Held for Sale and Discontinued Operations |
| FRS 101 | Presentation of Financial Statements                         |
| FRS 102 | Inventories  |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors         |
| FRS 110 | Events after the Balance Sheet Date                          |
| FRS 116 | Property, Plant and Equipment                                |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates             |
| FRS 127 | Consolidated and Separate Financial Statements               |
| FRS 128 | Investments in Associates                                    |
| FRS 131 | Interests in Joint Ventures                                  |
| FRS 132 | Financial Instruments: Disclosure and Presentation           |
| FRS 133 | Earnings Per Share   |
| FRS 136 | Impairment of Assets   |
| FRS 138 | Intangible Assets  |
| FRS 140 | Investment Property  |

The Group and Company have not early adopted the following which are mandatory for financial periods beginning 1 October 2006:

|         |                           |
|---------|---------------------------|
| FRS 117 | Leases                    |
| FRS 124 | Related Party Disclosures |

The Group and Company have also not early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement and the following FRSs and amendment that are mandatory for financial periods beginning on or after 1 January 2007:

- (i) FRS 6: Exploration for and Evaluation of Mineral Resources  
FRS 6 is not relevant to the Company's operations.
- (ii) Amendment to FRS 119<sub>2004</sub>: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures.  
FRS 119<sub>2004</sub> is not relevant to the Company's operations.

The adoption of revised FRS 2, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133 and 138 does not result in significant changes in accounting policies of the Group and Company. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

#### (a) FRS 3: Business Combinations and FRS 136: Impairment of Assets

Prior to 1 February 2006, negative goodwill arising from the acquisition was dealt with through reserves and was not being amortised. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 February 2006 of RM450,000 was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

#### (b) FRS 101: Presentation of Financial Statements

Prior to 1 February 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity.

The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 February 2006, the Group's share of taxation of associates and jointly controlled entities accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates and jointly controlled entities accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively.

#### (c) FRS 140: Investment Property

Prior to 1 February 2006, investment properties were stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to equity as a revaluation surplus. Upon the adoption of FRS 140, investment properties are now stated at fair value and gains and losses arising from changes in fair values are recognised in profit or loss in the year in which they arise.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on amounts reported for 2006 or prior periods. Instead, the changes have been accounted for by restating the following opening balances of the Group as at 1 February 2006:

|                                 | As at<br>1.2.2006<br>RM'000 |
|---------------------------------|-----------------------------|
| Decrease in revaluation reserve | (10,737)                    |
| Increase in retained earnings   | 30,233                      |

#### (d) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 January 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

##### (i) Effects on balance sheets as at 31 January 2007

| Description of Change            | Increase/(Decrease)                |                                      |                                      | Total<br>RM '000 |
|----------------------------------|------------------------------------|--------------------------------------|--------------------------------------|------------------|
|                                  | FRS 3<br>Note<br>2.3(a)<br>RM '000 | FRS 101<br>Note<br>2.3(b)<br>RM '000 | FRS 140<br>Note<br>2.3(c)<br>RM '000 |                  |
| <b>Group</b>                     |                                    |                                      |                                      |                  |
| Negative goodwill                | 450                                | -                                    | -                                    | 450              |
| Asset revaluation reserve        | -                                  | -                                    | 10,737                               | 10,737           |
| Retained earnings                | (450)                              | -                                    | (30,233)                             | (30,683)         |
| Total equity (Minority interest) | -                                  | (239,737)                            | -                                    | (239,737)        |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

#### (d) Summary of effects of adopting new and revised FRSs on the current year's financial statements (cont'd)

##### (ii) Effects on income statements as at 31 January 2007

| Description of Change          | Increase                           |                                      |                                      | Total<br>RM '000 |
|--------------------------------|------------------------------------|--------------------------------------|--------------------------------------|------------------|
|                                | FRS 3<br>Note<br>2.3(a)<br>RM '000 | FRS 101<br>Note<br>2.3(b)<br>RM '000 | FRS 140<br>Note<br>2.3(c)<br>RM '000 |                  |
| Share of results of associates | -                                  | 4,739                                | -                                    | 4,739            |
| Profit before tax              | -                                  | 4,739                                | -                                    | 4,739            |
| Income tax expense             | -                                  | 4,739                                | -                                    | 4,739            |

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### 3.1 Critical Judgements Made in Applying Accounting Policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

#### (a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or for both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

During the financial year, the Group has used part of a building that fall under investment properties for administrative purposes. Accordingly, this property is classified as property, plant and equipment as disclosed in Note 12.

#### (b) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

#### (c) Impairment in investment in subsidiaries

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### 3.1 Critical Judgements Made in Applying Accounting Policies (cont'd)

#### (d) Allowance for bad and doubtful debts

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimates has been changed.

#### (e) Construction contracts

The Company recognises profits from construction contracts using the percentage of completion method based on the stage of completion. The stage of completion is measured by reference to the architect's certification of value of work done to-date, and the contract costs incurred to-date to the estimated total costs for the contract, as may be applicable.

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the contract cost incurred for any project exceeds its contract sum.

### 3.2 Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

#### (a) Property development

The Group recognises property development revenue and expenses 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.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

#### (b) Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the Group-wide provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (c) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 100 years. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 January 2007 were RM215,679,000 and RM1,654,000 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 4. REVENUE

|                                   | Group          |                | Company        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Rental income and service charges | 7,761          | 10,903         | -              | -              |
| Sale of development properties    | 31,575         | 20,051         | -              | -              |
| Invoiced value of goods sold      | 57,860         | 67,796         | 7,228          | 7,085          |
| Construction revenue              | 150,687        | 4,744          | -              | -              |
| Dividend income                   | 116            | -              | -              | -              |
| Hotels                            | 121,681        | -              | -              | -              |
|                                   | <b>369,680</b> | 103,494        | <b>7,228</b>   | 7,085          |

## 5. COST OF SALES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Land and development expenditure (Note 13) | 24,383         | 14,906         | -              | -              |
| Cost of goods sold                         | 41,085         | 51,891         | 5,915          | 6,102          |
| Construction cost                          | 144,337        | 3,638          | -              | -              |
| Hotels                                     | 56,660         | -              | -              | -              |
|  | <b>266,465</b> | 70,435         | <b>5,915</b>   | 6,102          |

## 6. OPERATING PROFIT/(LOSS)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| This is arrived at after charging/(crediting)            |                |                |                |                |
| Auditors' remuneration                                   | 699            | 260            | 67             | 53             |
| Directors remuneration (Note a)                          | 6,598          | 1,843          | 1,968          | 1,831          |
| Depreciation   | 14,322         | 2,608          | 337            | 541            |
| (Writeback)/provision for doubtful debts                 | (1,237)        | 2,466          | 3,213          | 13,926         |
| Rent of premises   | 15             | 30             | 269            | 269            |
| Hire of plant and machinery                              | -              | 77             | -              | -              |
| Provision for impairment (net)                           | 2,376          | 32,509         | -              | 8,000          |
| Property, plant and equipment written off                | 134            | -              | -              | -              |
| (Writeback)/provision for stock obsolescence             | (650)          | 2,373          | (296)          | 1,100          |
| Gain on disposal of development properties               | -              | (19,809)       | -              | -              |
| Gain on disposal of investment properties                | (247)          | -              | -              | -              |
| (Gain)/loss on disposal of property, plant and equipment | (386)          | 4,573          | (22)           | -              |
| (Gain)/loss on disposal of other investments             | (580)          | 8              | -              | -              |
| Loss on disposal of inventories                          | -              | 4,788          | -              | -              |
| Gain on disposal of investment in associate company      | (293)          | -              | -              | -              |
| Realised foreign exchange (gain)/loss                    | (43)           | (1,525)        | 37             | (1,321)        |
| Dividend income  |                |                |                |                |
| - unquoted subsidiary                                    | -              | -              | (1,108)        | (1,478)        |
| - quoted subsidiary outside Malaysia                     | -              | -              | (10,982)       | -              |
| - other investment quoted in Malaysia                    | (48)           | (75)           | -              | -              |
| - other investment quoted outside Malaysia               | (116)          | -              | -              | -              |
| - associates quoted outside Malaysia                     | -              | -              | -              | (5,053)        |
| - associates unquoted outside Malaysia                   | -              | -              | (6,798)        | -              |
| Interest income  |                |                |                |                |
| - subsidiaries   | -              | -              | (3,842)        | (4,202)        |
| - others   | (6,786)        | (352)          | (672)          | (44)           |
| Rental income  | (1,105)        | (570)          | -              | -              |
| Staff costs (Note b)                                     | 42,378         | 12,653         | 2,266          | 2,173          |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 6. OPERATING PROFIT/(LOSS) (cont'd)

|   | Executive<br>2007<br>RM'000 | Non -<br>executive<br>2007<br>RM'000 | Executive<br>2006<br>RM'000 | Non -<br>executive<br>2006<br>RM'000 |
|---|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| <b>(a) Directors' Remuneration</b>  |                             |                                      |                             |                                      |
| <b>Group</b>  |                             |                                      |                             |                                      |
| Directors' Remuneration:  |                             |                                      |                             |                                      |
| Directors' fees   | 170                         | 63                                   | 60                          | 59                                   |
| Salaries  | 5,773                       | 182                                  | 1,348                       | 180                                  |
| Bonus   | 143                         | 22                                   | 93                          | 15                                   |
| Benefits-in-kind  | 240                         | 5                                    | 83                          | 5                                    |
| The number of directors in each relevant remuneration band is as follows: |                             |                                      |                             |                                      |
| Less than RM50,000  | -                           | 4                                    | -                           | 4                                    |
| RM200,001 - RM250,000   | -                           | 1                                    | -                           | 1                                    |
| RM250,001 - RM300,000   | -                           | -                                    | 1                           | -                                    |
| RM300,001 - RM350,000   | -                           | -                                    | 1                           | -                                    |
| RM350,001 - RM400,000   | 1                           | -                                    | -                           | -                                    |
| RM400,001 - RM450,000   | -                           | -                                    | 1                           | -                                    |
| RM450,001 - RM500,000   | 1                           | -                                    | -                           | -                                    |
| RM550,001 - RM600,000   | -                           | -                                    | 1                           | -                                    |
| RM700,001 - RM750,000   | 1                           | -                                    | -                           | -                                    |
| RM4,750,001 - RM4,800,000   | 1                           | -                                    | -                           | -                                    |
|   | 4                           | 5                                    | 4                           | 5                                    |
| <b>Company</b>  |                             |                                      |                             |                                      |
| Directors' Remuneration:  |                             |                                      |                             |                                      |
| Directors' fees   | 48                          | 63                                   | 48                          | 59                                   |
| Salaries  | 1,393                       | 182                                  | 1,348                       | 180                                  |
| Bonus   | 143                         | 22                                   | 93                          | 15                                   |
| Benefits-in-kind  | 112                         | 5                                    | 83                          | 5                                    |
| The number of directors in each relevant remuneration band is as follows: |                             |                                      |                             |                                      |
| Less than RM50,000  | -                           | 4                                    | -                           | 4                                    |
| RM200,001 - RM250,000   | -                           | 1                                    | -                           | 1                                    |
| RM250,001 - RM300,000   | 1                           | -                                    | 1                           | -                                    |
| RM300,001 - RM350,000   | -                           | -                                    | 1                           | -                                    |
| RM350,001 - RM400,000   | 1                           | -                                    | -                           | -                                    |
| RM400,001 - RM450,000   | -                           | -                                    | 1                           | -                                    |
| RM450,001 - RM500,000   | 1                           | -                                    | -                           | -                                    |
| RM550,001 - RM600,000   | -                           | -                                    | 1                           | -                                    |
| RM600,001 - RM650,000   | 1                           | -                                    | -                           | -                                    |
|   | 4                           | 5                                    | 4                           | 5                                    |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 6. OPERATING PROFIT/(LOSS) (cont'd)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| <b>(b) Staff Costs</b>                       |                |                |                |                |
| Salaries, bonus and allowances               | <b>40,583</b>  | 11,701         | <b>2,014</b>   | 1,927          |
| Pension costs - defined contribution plan    | <b>1,799</b>   | 959            | <b>236</b>     | 231            |
| Short term accumulating compensated absences | <b>(4)</b>     | (7)            | <b>16</b>      | 15             |
|  | <b>42,378</b>  | 12,653         | <b>2,266</b>   | 2,173          |

## 7. FINANCE COST

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Subsidiary                      | -              | -              | <b>779</b>     | 789            |
| Term loans                      | <b>1,866</b>   | 1,827          | -              | -              |
| Overdrafts and revolving credit | <b>2,670</b>   | 1,133          | <b>240</b>     | 193            |
| Others                          | <b>439</b>     | 710            | -              | -              |
|                                 | <b>4,975</b>   | 3,670          | <b>1,019</b>   | 982            |

## 8. TAXATION

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Current taxation based on results for the year: |                |                |                |                |
| - Malaysian                                     | <b>382</b>     | 5,193          | <b>557</b>     | -              |
| - Foreign                                       | <b>5,896</b>   | 1,179          | <b>4,235</b>   | 1,179          |
| - Deferred                                      | <b>(834)</b>   | -              | -              | -              |
|   | <b>5,444</b>   | 6,372          | <b>4,792</b>   | 1,179          |
| Under/(Over) provided in prior years:           |                |                |                |                |
| - Income tax                                    | <b>1,442</b>   | (574)          | <b>299</b>     | (33)           |
| - Deferred                                      | <b>(221)</b>   | (307)          | -              | -              |
|   | <b>6,665</b>   | 5,491          | <b>5,091</b>   | 1,146          |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 8. TAXATION (cont'd)

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

|   | 2007<br>RM'000  | 2006<br>RM'000 |
|---|-----------------|----------------|
| <b>Group</b>  |                 |                |
| Profit before taxation                                      | <b>44,461</b>   | 25,710         |
| Taxation at Malaysian statutory tax rate of 27% (2006: 28%) | <b>12,004</b>   | 7,198          |
| Effect of different tax rate in other countries             | <b>(3,567)</b>  | (4,473)        |
| Expenses not deductible for tax purposes                    | <b>7,309</b>    | 8,423          |
| Income not subject to tax                                   | <b>(11,112)</b> | (12,063)       |
| Utilisation of previously unrecognised deferred tax assets  | <b>(5,336)</b>  | (190)          |
| Deferred tax assets not recognised                          | <b>6,146</b>    | 7,477          |
| Overprovision in prior years:                               |                 |                |
| - Income tax  | <b>1,442</b>    | (574)          |
| - Deferred  | <b>(221)</b>    | (307)          |
| Tax expense for the year                                    | <b>6,665</b>    | 5,491          |
| <b>Company</b>  |                 |                |
| Profit/(loss) before taxation                               | <b>13,421</b>   | (16,563)       |
| Taxation at Malaysian statutory tax rate of 27% (2006:28%)  | <b>3,624</b>    | (4,638)        |
| Effect of different tax rate in other countries             | <b>4,235</b>    | 1,179          |
| Expenses not deductible for tax purposes                    | <b>1,042</b>    | 6,053          |
| Income not subject to tax                                   | <b>(4,811)</b>  | (1,415)        |
| Deferred tax assets not recognised                          | <b>702</b>      | -              |
| Under/(Over)provision of tax in prior years                 | <b>299</b>      | (33)           |
| Tax expense for the year                                    | <b>5,091</b>    | 1,146          |

## 9. EARNINGS/(LOSS) PER SHARE

This is calculated based on the profit/(loss) for the year attributable to ordinary equity holders of the Company of RM19,363,000 (2006: RM13,470,000) and RM8,330,000 (2006: (RM17,709,000)) respectively, and on the number of shares in issue during the year.

## 10. DIVIDEND

|   | Amount         |                | Group/Company<br>Net Dividend<br>per Ordinary Share |             |
|---|----------------|----------------|---|-------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>Sen   | 2006<br>Sen |
| <b>Recognised during the year:</b>  |                |                |   |             |
| Dividend in respect of year 2006:   |                |                |   |             |
| First and final dividend of 3% less 28% taxation,<br>on 297,084,626 ordinary shares | <b>6,417</b>   | -              | <b>2.16</b>   | -           |
| Dividend in respect of year 2005:   |                |                |   |             |
| First and final dividend of 3% less 28% taxation,<br>on 297,084,626 ordinary shares | -              | 6,417          | -   | 2.16        |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 10. DIVIDEND (cont'd)

|   | RM'000       |
|---|--------------|
| <b>Proposed for approval at AGM (not recognised as at 31 January 2007):</b> |              |
| First and final dividend of 3% less 27% taxation on 297,084,626 shares      | <b>6,506</b> |
| Net dividend per ordinary share (Sen)                                       | <b>2.19</b>  |

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 January 2007, of 3% (2006: 3%) less 27% (2006: 28%) taxation on 297,084,626 (2006: 297,084,626) ordinary shares of RM1 each, amounting to dividend payable of RM6,506,153 (2006: RM6,417,028) (2.19 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profit in the financial year ending 31 January 2008.

## 11. PROPERTY, PLANT AND EQUIPMENT

| Group   | Freehold       |                     | Long Term Leasehold |                     | Plant, Machinery, Furniture and Fittings, Motor Vehicles and Equipment<br>RM'000 | Total<br>RM'000 |
|---|----------------|---------------------|---------------------|---------------------|--|-----------------|
|   | Land<br>RM'000 | Buildings<br>RM'000 | Land<br>RM'000      | Buildings<br>RM'000 |  |                 |
| <b>31 January 2007</b>                                |                |                     |                     |                     |  |                 |
| <b>At Cost</b>  |                |                     |                     |                     |  |                 |
| At 1 February 2006                                    | 31,073         | 59,556              | 30                  | 115,674             | 152,464  | 358,797         |
| Exchange adjustment                                   | (490)          | (2,312)             | -                   | (5,713)             | (5,424)  | (13,939)        |
|   | 30,583         | 57,244              | 30                  | 109,961             | 147,040  | 344,858         |
| Additions   | 48             | -                   | -                   | 1,665               | 20,682   | 22,395          |
| Transfer from investment properties (Note 12)         | -              | 1,276               | -                   | -                   | -  | 1,276           |
| Disposals   | -              | -                   | -                   | (171)               | (3,347)  | (3,518)         |
| Write-off   | -              | -                   | -                   | -                   | (1,190)  | (1,190)         |
| At 31 January 2007                                    | <b>30,631</b>  | <b>58,520</b>       | <b>30</b>           | <b>111,455</b>      | <b>163,185</b>   | <b>363,821</b>  |
| <b>Accumulated Depreciation and Impairment Losses</b> |                |                     |                     |                     |  |                 |
| At 1 February 2006                                    | 1,030          | 7,610               | 14                  | 36,345              | 98,512   | 143,511         |
| Exchange adjustment                                   | -              | (160)               | -                   | (1,879)             | (3,307)  | (5,346)         |
|   | 1,030          | 7,450               | 14                  | 34,466              | 95,205   | 138,165         |
| Charge for the year                                   | -              | 477                 | 1                   | 3,475               | 10,369   | 14,322          |
| Disposals   | -              | -                   | -                   | (79)                | (3,210)  | (3,289)         |
| Write-off   | -              | -                   | -                   | -                   | (1,056)  | (1,056)         |
| At 31 January 2007                                    | <b>1,030</b>   | <b>7,927</b>        | <b>15</b>           | <b>37,862</b>       | <b>101,308</b>   | <b>148,142</b>  |
| <b>Net carrying amount</b>                            | <b>29,601</b>  | <b>50,593</b>       | <b>15</b>           | <b>73,593</b>       | <b>61,877</b>  | <b>215,679</b>  |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group   | Freehold       |                     | Long Term Leasehold |                     | Plant, Machinery, Furniture and Fittings, Motor Vehicles and Equipment<br>RM'000 | Total<br>RM'000 |
|---|----------------|---------------------|---------------------|---------------------|--|-----------------|
|   | Land<br>RM'000 | Buildings<br>RM'000 | Land<br>RM'000      | Buildings<br>RM'000 |  |                 |
| <b>31 January 2006</b>                                |                |                     |                     |                     |  |                 |
| <b>At Cost</b>  |                |                     |                     |                     |  |                 |
| At 1 February 2005                                    | 21,167         | 15,459              | 30                  | 320                 | 45,276   | 82,252          |
| Exchange adjustment                                   | (67)           | (372)               | -                   | -                   | (529)  | (968)           |
|   | 21,100         | 15,087              | 30                  | 320                 | 44,747   | 81,284          |
| Additions   | 101            | -                   | -                   | -                   | 1,999  | 2,100           |
| Disposals   | (1,489)        | (9,156)             | -                   | -                   | (15,634)   | (26,279)        |
| Write-off   | -              | -                   | -                   | -                   | (153)  | (153)           |
| Acquisition of subsidiary                             | 11,361         | 53,625              | -                   | 115,354             | 121,505  | 301,845         |
| At 31 January 2006                                    | 31,073         | 59,556              | 30                  | 115,674             | 152,464  | 358,797         |
| <b>Accumulated Depreciation and Impairment Losses</b> |                |                     |                     |                     |  |                 |
| At 1 February 2005                                    | -              | 5,015               | 13                  | 153                 | 33,042   | 38,223          |
| Exchange adjustment                                   | -              | (23)                | -                   | -                   | (311)  | (334)           |
|   | -              | 4,992               | 13                  | 153                 | 32,731   | 37,889          |
| Charge for the year                                   | -              | 241                 | 1                   | 7                   | 2,359  | 2,608           |
| Impairment  | 1,030          | -                   | -                   | -                   | -  | 1,030           |
| Disposals   | -              | (1,163)             | -                   | -                   | (9,066)  | (10,229)        |
| Write-off   | -              | -                   | -                   | -                   | (153)  | (153)           |
| Acquisition of subsidiary                             | -              | 3,540               | -                   | 36,185              | 72,641   | 112,366         |
| At 31 January 2006                                    | 1,030          | 7,610               | 14                  | 36,345              | 98,512   | 143,511         |
| <b>Net carrying amount</b>                            | <b>30,043</b>  | <b>51,946</b>       | <b>16</b>           | <b>79,329</b>       | <b>53,952</b>  | <b>215,286</b>  |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Company                         | Leasehold Land<br>RM'000 | Plant and Machinery<br>RM'000 | Renovation, Furniture and Fittings and Equipment<br>RM'000 | Motor Vehicles<br>RM'000 | Total<br>RM'000 |
|---------------------------------|--------------------------|-------------------------------|--|--------------------------|-----------------|
| <b>31 January 2007</b>          |                          |                               |  |                          |                 |
| <b>At Cost</b>                  |                          |                               |  |                          |                 |
| At 1 February 2006              | 30                       | 10,121                        | 2,619  | 1,225                    | 13,995          |
| Additions                       | -                        | 339                           | 212  | -                        | 551             |
| Disposals                       | -                        | (16)                          | -  | -                        | (16)            |
| Write-off                       | -                        | -                             | (2)  | (5)                      | (7)             |
| At 31 January 2007              | <b>30</b>                | <b>10,444</b>                 | <b>2,829</b>   | <b>1,220</b>             | <b>14,523</b>   |
| <b>Accumulated Depreciation</b> |                          |                               |  |                          |                 |
| At 1 February 2006              | 14                       | 9,333                         | 1,999  | 1,208                    | 12,554          |
| Charge for the year             | 1                        | 169                           | 152  | 15                       | 337             |
| Disposals                       | -                        | (16)                          | -  | -                        | (16)            |
| Write-off                       | -                        | -                             | (1)  | (5)                      | (6)             |
| At 31 January 2007              | <b>15</b>                | <b>9,486</b>                  | <b>2,150</b>   | <b>1,218</b>             | <b>12,869</b>   |
| <b>Net carrying amount</b>      | <b>15</b>                | <b>958</b>                    | <b>679</b>   | <b>2</b>                 | <b>1,654</b>    |
| <b>31 January 2006</b>          |                          |                               |  |                          |                 |
| <b>At Cost</b>                  |                          |                               |  |                          |                 |
| At 1 February 2005              | 30                       | 9,917                         | 2,382  | 1,221                    | 13,550          |
| Additions                       | -                        | 262                           | 237  | 4                        | 503             |
| Disposals                       | -                        | (58)                          | -  | -                        | (58)            |
| At 31 January 2006              | <b>30</b>                | <b>10,121</b>                 | <b>2,619</b>   | <b>1,225</b>             | <b>13,995</b>   |
| <b>Accumulated Depreciation</b> |                          |                               |  |                          |                 |
| At 1 February 2005              | 13                       | 8,994                         | 1,874  | 1,190                    | 12,071          |
| Charge for the year             | 1                        | 397                           | 125  | 18                       | 541             |
| Disposals                       | -                        | (58)                          | -  | -                        | (58)            |
| At 31 January 2006              | <b>14</b>                | <b>9,333</b>                  | <b>1,999</b>   | <b>1,208</b>             | <b>12,554</b>   |
| <b>Net carrying amount</b>      | <b>16</b>                | <b>788</b>                    | <b>620</b>   | <b>17</b>                | <b>1,441</b>    |

Included in property, plant and equipment of the Group are motor vehicles with net book value of RM785,000 (2006: RM1,107,000) acquired under hire purchase.

## 12. INVESTMENT PROPERTIES

|   | Group          |                |
|---|----------------|----------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 |
| At 1 February                                       | <b>77,850</b>  | 77,850         |
| Effects of adopting FRS 140                         | <b>19,496</b>  | -              |
|   | <b>97,346</b>  | 77,850         |
| Disposal  | <b>(516)</b>   | -              |
| Transfer to property, plant and equipment (Note 11) | <b>(1,276)</b> | -              |
| Exchange differences                                | <b>42</b>      | -              |
|   | <b>95,596</b>  | 77,850         |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 12. INVESTMENT PROPERTIES (cont'd)

The following investment properties are held under lease terms:

|           | Group          |                |
|-----------|----------------|----------------|
|           | 2007<br>RM'000 | 2006<br>RM'000 |
| Buildings | 1,122          | 1,390          |

Investment property of a subsidiary of RM39,000,000 (2006: RM40,000,000) is charged to a bank for a term loan granted to the subsidiary.

## 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land Held for Property Development

|   | Freehold<br>Land<br>RM'000 | Leasehold<br>Land<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|-----------------------------|-----------------|
| <b>Group</b>                              |                            |                             |                 |
| <b>At 31 January 2007</b>                 |                            |                             |                 |
| <b>Cost</b>                               |                            |                             |                 |
| At 1 February 2006                        | 88,846                     | 44,305                      | 133,151         |
| Additions                                 | 24,002                     | 2,665                       | 26,667          |
| Exchange difference                       | (105)                      | -                           | (105)           |
| Transfer to property development costs    | -                          | (1,760)                     | (1,760)         |
| At 31 January 2007                        | <b>112,743</b>             | <b>45,210</b>               | <b>157,953</b>  |
| <b>Accumulated Impairment Losses</b>      |                            |                             |                 |
| At 1 February/31 January                  | -                          | 11,500                      | 11,500          |
| <b>Carrying amount at 31 January 2007</b> | <b>112,743</b>             | <b>33,710</b>               | <b>146,453</b>  |
| <b>At 31 January 2006</b>                 |                            |                             |                 |
| <b>Cost</b>                               |                            |                             |                 |
| At 1 February 2005                        | 117,916                    | 44,138                      | 162,054         |
| Additions                                 | 2,076                      | 207                         | 2,283           |
| Acquisition of subsidiary                 | 7,944                      | -                           | 7,944           |
| Transfer to property development costs    | (10,490)                   | (40)                        | (10,530)        |
| Disposals                                 | (28,600)                   | -                           | (28,600)        |
| At 31 January 2006                        | 88,846                     | 44,305                      | 133,151         |
| <b>Accumulated Impairment Losses</b>      |                            |                             |                 |
| At 1 February 2005                        | -                          | 2,200                       | 2,200           |
| Impairment loss                           | -                          | 9,300                       | 9,300           |
| At 31 January 2006                        | -                          | 11,500                      | 11,500          |
| <b>Carrying amount at 31 January 2006</b> | <b>88,846</b>              | <b>32,805</b>               | <b>121,651</b>  |

Development properties of RM32,000,000 (2006: RM32,000,000) of certain subsidiaries are charged to banks for banking facilities granted to the Company and certain subsidiaries.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)

### (b) Property Development Costs

|  | Group           |                |
|--|-----------------|----------------|
|  | 2007<br>RM'000  | 2006<br>RM'000 |
| Property development costs at 1 February |                 |                |
| Freehold land                            | <b>12,198</b>   | 1,708          |
| Leasehold land                           | <b>3,425</b>    | 3,381          |
| Development costs                        | <b>26,688</b>   | 23,624         |
|  | <b>42,311</b>   | 28,713         |
| Costs incurred during the year:          |                 |                |
| Development expenditure                  | <b>16,954</b>   | 3,068          |
| Costs recognised in income statement:    |                 |                |
| At 1 February                            | <b>(28,027)</b> | (13,121)       |
| Recognised during the year (Note 5)      | <b>(24,383)</b> | (14,906)       |
| At 31 January                            | <b>(52,410)</b> | (28,027)       |
| Transfers:                               |                 |                |
| From land held for property development  | <b>1,760</b>    | 10,530         |
| Property development costs at 31 January | <b>8,615</b>    | 14,284         |

## 14. SUBSIDIARY COMPANIES

|  | Group          |                | Company         |                |
|--|----------------|----------------|-----------------|----------------|
|  | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000  | 2006<br>RM'000 |
| Unquoted shares at cost                | -              | -              | <b>150,784</b>  | 150,777        |
| Shares at cost quoted outside Malaysia | -              | -              | <b>85,448</b>   | 80,842         |
|  | -              | -              | <b>236,232</b>  | 231,619        |
| Accumulated impairment losses          | -              | -              | <b>(29,226)</b> | (29,226)       |
|  | -              | -              | <b>207,006</b>  | 202,393        |
| Market value of quoted shares          | -              | -              | <b>466,303</b>  | 129,959        |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 14. SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiaries are as follows:

|  | Principal activities  | Effective interest |           |
|--|---|--------------------|-----------|
|  |   | 2007<br>%          | 2006<br>% |
| <b>Incorporated in Malaysia</b>  |   |                    |           |
| Ampang Development Sdn. Bhd. *+  | Property development  | 100                | 100       |
| Anchor Corporation Sdn. Bhd. *<br>(under members' voluntary liquidation)             | Inactive  | 100                | 100       |
| Bandar Park Sdn. Bhd. *  | Property development and investment   | 100                | 100       |
| Binakawa Sdn. Bhd. *   | Property development and investment   | 76                 | 86        |
| Bina Meganmas Sdn. Bhd.  | Property development and investment   | 76                 | -         |
| FK Realty Sdn. Bhd. *  | Property development and investment   | 100                | 100       |
| Fung Keong Rubber Manufactory<br>(Malaya) Sdn. Bhd.                                  | Trading   | 100                | 100       |
| FKR Marketing Sdn. Bhd. *  | Trading   | 100                | 100       |
| GCB Equities Management Sdn. Bhd.<br>(under members' voluntary liquidation)          | Inactive  | 100                | 100       |
| GCB Properties Management Sdn. Bhd. *  | Inactive  | 100                | 100       |
| GCB Trading Sdn. Bhd. *  | Trading   | 100                | 100       |
| General Equities Sdn. Bhd.   | Investment holding  | 100                | 100       |
| General Factoring & Credit Sdn. Bhd.   | Inactive  | 100                | 100       |
| General Hotels Group Sdn. Bhd. *<br>(under members' voluntary liquidation)           | Inactive  | 100                | 100       |
| General Roof Tiles Sdn. Bhd. *   | Inactive  | 100                | 100       |
| General Sales and Services Sdn. Bhd. *+  | Inactive  | 100                | 100       |
| Housing Management & Development<br>Sdn. Bhd. *                                      | Property development  | 100                | 100       |
| Huatland Development Sdn. Bhd. *   | Property development and investment   | 100                | 100       |
| Imbi Jaya Holdings Sdn. Bhd. *   | Inactive  | 100                | 100       |
| Inoac FKR (M) Sdn. Bhd. *  | Manufacture of rubber products  | 51                 | 51        |
| Low Keng Huat Berhad   | Construction and investment holding   | 100                | 100       |
| Nilaikota (M) Sdn. Bhd. *  | Inactive  | 100                | 100       |
| Prudential Properties Sdn. Bhd. *  | Inactive  | 100                | 100       |
| Regional Agriculture Corporation Sdn. Bhd.<br>(under members' voluntary liquidation) | Inactive  | 100                | 100       |
| Regional Equities Sdn. Bhd. *  | Investment holding  | 100                | 100       |
| Regional Plantations Sdn. Bhd. *   | Liquidated  | -                  | 100       |
| Sunsoft Sdn. Bhd. *  | Inactive  | 100                | 100       |
| Trans-Crete Sdn. Bhd.  | Provision of management services  | 100                | 100       |
| Vredestein FKR (M'sia) Sdn. Bhd. *   | Liquidated  | -                  | 60        |
| <b>Incorporated in Singapore</b>   |   |                    |           |
| Low Keng Huat (Singapore) Limited +  | Construction, project management,<br>property investment, property<br>developer, hotelier, trading, provision<br>of management services and investment<br>holding | 52                 | 50.26     |
| Bali Investment Pte. Ltd. *+   | Investment holding  | 52                 | 50.26     |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 14. SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiaries are as follows:

|  | Principal activities             | Effective interest |           |
|--|----------------------------------|--------------------|-----------|
|  |                                  | 2007<br>%          | 2006<br>% |
| <b>Incorporated in Singapore</b>   |                                  |                    |           |
| Burnet Investments Pte. Ltd. *+<br>(under members' voluntary liquidation)                          | Inactive                         | 52                 | 50.26     |
| Caldwell Arts Pte. Ltd. *+   | Events organiser                 | 52                 | ++        |
| Carnivore Brazilian Churrascaria Pte. Ltd. *+<br>(formerly known as Concepts by Chijmes Pte. Ltd.) | Restaurant                       | 52                 | ++        |
| CHIJMES Investments Pte. Limited *+  | Investment holding               | 52                 | ++        |
| Dalton Investment Pte. Ltd. *+   | Investment holding               | 52                 | 50.26     |
| Domitian Investment Pte. Ltd. *+   | Investment holding               | 52                 | 50.26     |
| Duxton Hotel (Pte.) Ltd. *+  | Hotel Management services        | 52                 | 50.26     |
| Duxton Hotels International Pte. Ltd. *+<br>(under members' voluntary liquidation)                 | Inactive                         | 52                 | 50.26     |
| Everett Investments Pte. Ltd. *+<br>(under members' voluntary liquidation)                         | Inactive                         | 52                 | 50.26     |
| Herman Investments Pte. Ltd. *+  | Investment holding               | 52                 | 50.26     |
| Kendall Pte. Ltd. *+   | Investment holding               | 39                 | 37.70     |
| Kwan Hwee Investment Pte. Ltd. *+  | Investment holding               | 52                 | 50.26     |
| L'Aigle d'Or Investment Pte. Ltd. *+   | Dormant                          | 52                 | 50.26     |
| Low Keng Huat International Pte. Ltd. *+   | Investment holding               | 52                 | 50.26     |
| LKH Project Management Pte. Ltd. *+<br>(under members' voluntary liquidation)                      | Inactive                         | 52                 | 50.26     |
| LKH (Overseas) Pte. Ltd. *+  | Inactive                         | 52                 | 50.26     |
| Prodev Pte. Ltd. *+  | Investment holding               | 52                 | 50.26     |
| Pyline Pte. Ltd. *+  | Investment holding               | 39                 | 37.70     |
| Starworth Pte. Ltd. *+   | Restaurant                       | 52                 | ++        |
| Quality Investments Pte. Ltd. *+   | Investment holding               | 52                 | 50.26     |
| Thyme Saigon Pte. Ltd. *+  | Investment holding               | 52                 | 50.26     |
| Transcrete Pte. Ltd. *+  | Provision of management services | 100                | 100       |
| Upper Club Pte. Ltd. *+  | Restaurant                       | 52                 | ++        |
| Vigor Investments Pte. Ltd. *+   | Investment holding               | 52                 | 50.26     |
| <b>Incorporated in Australia</b>   |                                  |                    |           |
| Amuret Pty. Ltd. *+  | Investment holding               | 39                 | 37.70     |
| Barscape Pty. Ltd. *+  | Inactive                         | 39                 | 37.70     |
| Coachfirm Pty. Ltd. *+   | Inactive                         | 52                 | 50.26     |
| Covemint Pty. Ltd. *+  | Inactive                         | 39                 | 37.70     |
| Duxton Hotels International Pty. Ltd. *+   | Owner of trademark               | 52                 | 50.26     |
| English Style Confections Pty. Ltd. *+   | Inactive                         | 100                | 100       |
| Haryne Pty. Ltd. *+  | Liquidated                       | -                  | 55        |
| Narymal Pty. Ltd. *+   | Hotel management                 | 39                 | 37.70     |
| Teamword Pty. Ltd. *+  | Inactive                         | 52                 | 50.26     |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 14. SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiaries are as follows:

|  | Principal activities     | Effective interest |           |
|--|--------------------------|--------------------|-----------|
|  |                          | 2007<br>%          | 2006<br>% |
| <b>Incorporated in Cambodia</b>                                  |                          |                    |           |
| LKH (Cambodia) Ltd. *+<br>(under members' voluntary liquidation) | Inactive                 | <b>52</b>          | 50.26     |
| <b>Incorporated in China</b>                                     |                          |                    |           |
| Shanghai Nova Realty Development Co.,<br>Ltd. *+                 | Investment holding       | <b>33</b>          | 31.70     |
| Shanghai Xinfeng Realty Development<br>Co., Ltd. *+              | Property development     | <b>31</b>          | 30.20     |
| <b>Incorporated in Vietnam</b>                                   |                          |                    |           |
| Vinametric Limited *+  | Hotel owner and operator | <b>52</b>          | 50.26     |

\* Interest held through subsidiary companies

+ Audited by firms of auditors other than Ernst & Young

++ Became subsidiary from 1 September 2006

- (a) On 25 April 2006, the Group increased its equity interest in Low Keng Huat (Singapore) Ltd. ("LKHS"), a company incorporated in Singapore, from 50.26% to 52%, for a total cash consideration of RM4,606,000.
- (b) On 23 November 2006, the Company acquired 51% of the ordinary share capital of Bina Meganmas Sdn Bhd ("BMSB"), comprising 51 ordinary shares of RM1 each for RM51 cash.

The balance 49% of the ordinary share capital of BMSB, comprising 49 ordinary shares of RM1 each has been subscribed by LKHS for RM49 cash.

## 15. ASSOCIATED COMPANIES

|   | Group           |                | Company        |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2007<br>RM'000  | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Group's share of net assets upon acquisition of associated companies: |                 |                |                |                |
| - Unquoted outside Malaysia   | <b>36,759</b>   | 74,846         | -              | -              |
| - Unquoted in Malaysia  | <b>33,516</b>   | 33,644         | <b>3,200</b>   | 7,200          |
|   | <b>70,275</b>   | 108,490        | <b>3,200</b>   | 7,200          |
| Share of profit (note a)  | <b>28,808</b>   | 15,863         | -              | -              |
| Impairment loss   | <b>(13,006)</b> | (13,006)       | -              | -              |
|   | <b>86,077</b>   | 111,347        | <b>3,200</b>   | 7,200          |
| (a) Share of profit   |                 |                |                |                |
| At 1 February   | <b>15,863</b>   | 37,110         | -              | -              |
| Profit for the year   | <b>19,001</b>   | 56,543         | -              | -              |
| Transfer to subsidiaries  | <b>(6,056)</b>  | (77,790)       | -              | -              |
| At 31 January   | <b>28,808</b>   | 15,863         | -              | -              |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 15. ASSOCIATED COMPANIES (cont'd)

Details of the associates are as follows:

|  | Principal activities           | Effective interest |           |
|--|--------------------------------|--------------------|-----------|
|  |                                | 2007<br>%          | 2006<br>% |
| <b>Incorporated in Malaysia</b>  |                                |                    |           |
| Ampang Leisuremall Sdn. Bhd.   | Property development           | <b>45</b>          | 45        |
| Promatik Emas Sdn. Bhd.  | Property development           | <b>33</b>          | 45        |
| <b>Incorporated in Singapore</b>   |                                |                    |           |
| Asian Inoue Rubber Pte. Ltd.   | Investment holding             | <b>46</b>          | 45.50     |
| AOI Chengdu Pte. Ltd.  | Investment holding             | <b>16</b>          | 15.10     |
| Caldwell Arts Pte. Ltd.  | Events organiser               | <b>**</b>          | 25.10     |
| CHIJMES Investment Pte. Ltd.   | Investment holding             | <b>**</b>          | 25.10     |
| Carnivore Brazillian Churrascaria Pte. Ltd.<br>(formerly known as Concepts by Chijmes Pte. Ltd.) | Restaurant                     | <b>**</b>          | 25.10     |
| Duchess Walk Pte. Ltd.   | Property development           | <b>16</b>          | -         |
| Karington Holdings Pte. Ltd.   | Investment holding             | <b>26</b>          | 25.10     |
| Kings & Queens Development Pte. Ltd.   | Property development           | <b>16</b>          | 15.10     |
| Peak Garden Pte. Ltd.  | Property development           | <b>21</b>          | -         |
| Regency One Development Pte. Ltd.  | Property development           | <b>10</b>          | 10.10     |
| Starworth Pte. Ltd.  | Restaurant                     | <b>**</b>          | 25.10     |
| Tampines Condominium Pte. Ltd.<br>(under members' voluntary liquidation)                         | Inactive                       | <b>16</b>          | 15.10     |
| Upper Club Pte. Ltd.   | Restaurant                     | <b>**</b>          | 25.10     |
| Valley Development Pte. Ltd.   | Property development           | <b>21</b>          | 20.10     |
| Vista Development Pte. Ltd.  | Property development           | <b>10</b>          | 10.10     |
| <b>Incorporated in Vietnam</b>   |                                |                    |           |
| Inoue Rubber Vietnam Company Ltd.  | Manufacture of rubber products | <b>23</b>          | 23        |
| <b>Incorporated in China</b>   |                                |                    |           |
| Shanghai Mainland Construction Co. Ltd.  | Construction business          | -                  | 25.10     |

\*\* Became subsidiary from 1 September 2006

On 12 April 2006, the Group disposed of 250,000 ordinary shares of RM1 each in Promatik Emas Sdn Bhd, to Low Keng Huat (Singapore) Limited, a subsidiary of the Company, for a cash consideration of RM250,000 which was the original cost of investment to the Group. No gain or loss has arisen from the transaction.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 16. INTEREST IN JOINT VENTURES

|  | Group          |                |
|--|----------------|----------------|
|  | 2007<br>RM'000 | 2006<br>RM'000 |
| Contributions made towards joint venture:                                |                |                |
| Joint venture with Shun Shing Construction & Engineering Company Limited | <b>693</b>     | 693            |
| Share of retained profit/(accumulated losses) in joint ventures with:    |                |                |
| - Shun Shing Construction & Engineering Company Limited                  | <b>1,361</b>   | 1,361          |
| - Contracting & Trading Company "C.A.T." Lebanon sal                     | <b>(3,488)</b> | (3,488)        |
| - Exchange fluctuation difference  | <b>172</b>     | (18)           |
|  | <b>(1,262)</b> | (1,452)        |
| Advances made to a joint venture:  |                |                |
| LKH - C.A.T. Joint Venture   | <b>3,580</b>   | 4,090          |
|  | <b>2,318</b>   | 2,638          |

The non-trade advances made to a joint venture represent an extension of net investment in the joint venture, is unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Details of the joint ventures are as follows:

|                               | Principal activities  | Effective interest |           |
|-------------------------------|---|--------------------|-----------|
|                               |   | 2007<br>%          | 2006<br>% |
| Low Keng Huat - Shun Shing JV | Design and build new HDB flats at Jurong, Singapore                                     | <b>50</b>          | 50        |
| LKH - C.A.T. Joint Venture    | Build two towers consisting of a 26-storey Luxury Tower and a 9-storey Garden Apartment | <b>*51</b>         | *51       |

\* This joint venture is a jointly-controlled operation.

## 17. OTHER INVESTMENTS

|   | Group          |                |
|---|----------------|----------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 |
| Shares quoted in Malaysia at cost       | <b>15,177</b>  | 10,363         |
| Provision for diminution in value       | <b>(1,754)</b> | (2,779)        |
|   | <b>13,423</b>  | 7,584          |
| Shares quoted outside Malaysia at cost  | <b>5,319</b>   | 6,548          |
| Shares in unquoted corporations at cost | <b>7,365</b>   | 8,389          |
| Provision for diminution in value       | <b>(5,832)</b> | (6,645)        |
|   | <b>1,533</b>   | 1,744          |
|   | <b>20,275</b>  | 15,876         |
| Market value of quoted investments      | <b>36,948</b>  | 19,969         |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 18. INVENTORIES

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| At cost:                     |                |                |                |                |
| Completed houses and offices | <b>19,505</b>  | 19,826         | -              | -              |
| Work-in-progress             | <b>1,775</b>   | 2,114          | -              | -              |
| Raw and indirect materials   | <b>1,958</b>   | 2,630          | <b>1,605</b>   | 1,459          |
| At net realisable value:     |                |                |                |                |
| Finished goods               | <b>11,983</b>  | 9,472          | <b>396</b>     | 303            |
| Completed apartments         | <b>8,985</b>   | 10,290         | -              | -              |
|                              | <b>44,206</b>  | 44,332         | <b>2,001</b>   | 1,762          |

Completed offices of a subsidiary at cost of RM17,000,000 (2006: RM17,000,000) are charged to a bank for a term loan granted to the subsidiary.

## 19. AMOUNT DUE FROM CUSTOMERS

|   | Group            |                |
|---|------------------|----------------|
|   | 2007<br>RM'000   | 2006<br>RM'000 |
| Arising on contract work:                 |                  |                |
| - Construction costs                      | <b>304,746</b>   | 426,400        |
| - Attributable profit                     | <b>10,888</b>    | 54,946         |
|   | <b>315,634</b>   | 481,346        |
| Progress billings received and receivable | <b>(281,844)</b> | (465,154)      |
|   | <b>33,790</b>    | 16,192         |

The costs incurred to date on construction contracts include the following charges made during the financial year:

|   | Group          |                |
|---|----------------|----------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 |
| Hire of plant and machinery                   | <b>2</b>       | 27             |
| Depreciation of property, plant and equipment | <b>211</b>     | 175            |
| Interest expense                              | -              | 5              |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 20. RECEIVABLES

|   | Group          |                | Company         |                |
|---|----------------|----------------|-----------------|----------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000  | 2006<br>RM'000 |
| Trade receivables   | <b>36,950</b>  | 23,192         | <b>2,108</b>    | 2,311          |
| Provision for doubtful debts                              | <b>(6,933)</b> | (7,733)        | <b>(169)</b>    | (169)          |
|   | <b>30,017</b>  | 15,459         | <b>1,939</b>    | 2,142          |
| Other receivables   | <b>8,546</b>   | 13,215         | <b>3,438</b>    | 4,367          |
| Provision for doubtful debts                              | <b>(3,373)</b> | (3,810)        | <b>(2,164)</b>  | (2,220)        |
|   | <b>5,173</b>   | 9,405          | <b>1,274</b>    | 2,147          |
| Due from subsidiaries                                     | -              | -              | <b>304,547</b>  | 323,195        |
| Provision for doubtful debts                              | -              | -              | <b>(35,442)</b> | (32,173)       |
|   | -              | -              | <b>269,105</b>  | 291,022        |
| Accrued billings in respect of property development costs | <b>178</b>     | 5,849          | -               | -              |
| Contract fees receivable                                  | <b>26,895</b>  | 35,127         | -               | -              |
| Loans receivable  | <b>539</b>     | 239            | -               | -              |
| Due from associates                                       | <b>168,916</b> | 120,574        | <b>1,722</b>    | 3,472          |
|   | <b>231,718</b> | 186,653        | <b>274,040</b>  | 298,783        |

Included in contract fees receivable are retentions of RM17,612,000 (2006: RM22,412,000).

The Group's normal trade credit term ranges for 30 to 90 days (2006: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Amounts due from subsidiaries and associates are unsecured and have no fixed terms of repayment.

## 21. CASH AND CASH EQUIVALENTS

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Cash and bank balances       | <b>43,752</b>  | 86,842         | <b>544</b>     | 710            |
| Deposits with licensed banks | <b>65,922</b>  | 44,814         | <b>21,291</b>  | 243            |
| Bank overdrafts              | <b>(7,464)</b> | (16,824)       | <b>(602)</b>   | (4,218)        |
|                              | <b>102,210</b> | 114,832        | <b>21,233</b>  | (3,265)        |
| Currency translation         | <b>(925)</b>   | 3,010          | -              | -              |
|                              | <b>101,285</b> | 117,842        | <b>21,233</b>  | (3,265)        |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 21. CASH AND CASH EQUIVALENTS (cont'd)

Cash and cash equivalents are denominated in the following currencies:

|                      | Group          |                | Company        |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Malaysian Ringgit    | <b>29,518</b>  | 25,230         | <b>21,233</b>  | (3,265)        |
| Singapore dollar     | <b>11,164</b>  | 1,231          | -              | -              |
| United States dollar | <b>10,233</b>  | 3,242          | -              | -              |
| Australian dollar    | <b>34,350</b>  | 69,773         | -              | -              |
| Chinese Renminbi     | <b>16,020</b>  | 18,366         | -              | -              |
|                      | <b>101,285</b> | 117,842        | <b>21,233</b>  | (3,265)        |

Included in the cash and bank balances are balances held under Housing Development Account of RM1,017,000 (2006: RM3,550,000) which represent monies received from purchasers of the Group's residential units held in accordance with the Housing Developers (Control and Licensing) Act, 1966.

Deposits with licensed banks of the Group of RM357,000 (2006: RM357,000) are pledged for bank guarantees for facilities granted to a subsidiary.

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 January 2007 were 3.65% (2006: 4.8%) and 68 days (2006: 71 days) respectively.

## 22. NON-CURRENT ASSET HELD FOR SALE

The non-current asset classified as held for sale on the Group's balance sheet as at 31 January 2007 is as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 |
| Carrying amount immediately before classification | <b>2,935</b>   | -              |
| Allocation of remeasurement                       | -              | -              |
| Carrying amount as at 31 January                  | <b>2,935</b>   | -              |

## 23. SHARE CAPITAL

|                                | Group/Company  |                |
|--------------------------------|----------------|----------------|
|                                | 2007<br>RM'000 | 2006<br>RM'000 |
| <b>Authorised:</b>             |                |                |
| 500,000,000 shares of RM1 each | <b>500,000</b> | 500,000        |
| <b>Issued and fully paid:</b>  |                |                |
| 297,084,626 shares of RM1 each | <b>297,085</b> | 297,085        |

## 24. RESERVES

Based on estimated tax credits available, the retained profit of the Company is available for distribution by way of dividend without having to incur additional tax liability.

The Company has approximately RM38,000,000 (2006: RM24,000,000) in its tax-exempt account for the distribution of tax-exempt dividend, subject to agreement by the Inland Revenue Board.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 25. LONG TERM AND DEFERRED LIABILITIES

|  | Group           |                |
|--|-----------------|----------------|
|  | 2007<br>RM'000  | 2006<br>RM'000 |
| Term loans (Note a)  | <b>88,919</b>   | 35,814         |
| Repayable within one year (Note 28)  | <b>(74,808)</b> | (26,133)       |
| Repayable after one year   | <b>14,111</b>   | 9,681          |
| Employees' retirement benefits   | <b>8</b>        | 13             |
| Hire purchase payables (Note 29)   | <b>354</b>      | 665            |
| Deposits   | <b>877</b>      | -              |
| Amount due to minority shareholders of subsidiaries  | <b>13,413</b>   | 6,731          |
| Advance from joint venture company   | <b>1,937</b>    | 1,963          |
|  | <b>30,700</b>   | 19,053         |
| (a) Term loans   |                 |                |
| Secured by a registered first fixed charge over freehold commercial and office units of a subsidiary. The loan is repayable by quarterly instalments commencing December 2003. | -               | 10,000         |
| Secured by a registered first fixed charge over freehold commercial and office units of a subsidiary. The loan is repayable by quarterly instalments commencing June 2006.     | <b>20,000</b>   | -              |
| Secured by a legal charge over two plots of freehold commercial land of a subsidiary. The loan is repayable by quarterly instalments commencing September 2005.                | <b>5,000</b>    | 7,000          |
| Unsecured loan repayable on February 2006  | -               | 10,391         |
| Unsecured loan repayable by quarterly instalments commencing June 2002.  | -               | 8,423          |
| Unsecured loan repayable on February 2007.   | <b>63,919</b>   | -              |
|  | <b>88,919</b>   | 35,814         |
| Term loans repayable as follows:   |                 |                |
| Within 12 months   | <b>74,808</b>   | 26,133         |
| Between 1 and 2 years  | <b>10,889</b>   | 6,681          |
| Between 2 and 5 years  | <b>3,222</b>    | 3,000          |
|  | <b>88,919</b>   | 35,814         |

The weighted average effective interest rates during the financial year for borrowings, excluding hire purchase and finance lease payables, were as follows:

|                  | Group       |           | Company     |           |
|------------------|-------------|-----------|-------------|-----------|
|                  | 2007<br>%   | 2006<br>% | 2007<br>%   | 2006<br>% |
| Overdrafts       | <b>7.05</b> | 7.55      | <b>7.88</b> | 7.30      |
| Revolving credit | <b>5.10</b> | 4.95      | -           | -         |
| Acceptances      | <b>4.97</b> | 3.61      | -           | -         |
| Term loans       | <b>5.24</b> | 5.49      | -           | -         |
| Line of credit   | -           | 5.00      | -           | -         |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 26. DEFERRED TAXATION

|                                   | Group           |                | Company        |                |
|-----------------------------------|-----------------|----------------|----------------|----------------|
|                                   | 2007<br>RM'000  | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| At 1 February                     | <b>17,398</b>   | 307            | -              | -              |
| Income statement                  | <b>(1,055)</b>  | (307)          | -              | -              |
| Settlement of deferred tax        | <b>(14,428)</b> | -              | -              | -              |
| Exchange adjustment               | <b>(987)</b>    | -              | -              | -              |
| Acquisition of subsidiary company | -               | 17,398         | -              | -              |
| At 31 January                     | <b>928</b>      | 17,398         | -              | -              |

During the financial year ended 31 January 2007, two subsidiaries, Kendall Pte. Ltd. and Pyline Pte. Ltd. settled tax liabilities in Australia totalling RM14,428,000 (A\$6,692,000).

The Group and the Company has not accounted for the following timing differences which would result in a debit to the deferred tax balance:

|                               | Group          |                | Company        |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Unutilised capital allowances | <b>4,055</b>   | 11,192         | <b>1,806</b>   | 1,723          |
| Unabsorbed tax losses         | <b>118,686</b> | 63,411         | -              | -              |
| Others                        | -              | 25,732         | -              | -              |
|                               | <b>122,741</b> | 100,335        | <b>1,806</b>   | 1,723          |

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

## 27. PAYABLES

|                     | Group          |                | Company        |                |
|---------------------|----------------|----------------|----------------|----------------|
|                     | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Trade payables      | <b>63,177</b>  | 56,653         | <b>916</b>     | 1,123          |
| Other payables      | <b>22,864</b>  | 19,451         | <b>2,293</b>   | 2,172          |
| Due to subsidiaries | -              | -              | <b>54,103</b>  | 55,110         |
| Due to associates   | -              | 2              | -              | -              |
|                     | <b>86,041</b>  | 76,106         | <b>57,312</b>  | 58,405         |

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

Amounts due to subsidiaries and associates are unsecured and have no fixed terms of repayment.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 28. BANK BORROWINGS

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Term loans (Note 25)             | <b>74,808</b>  | 26,133         | -              | -              |
| Overdrafts                       |                |                |                |                |
| - secured                        | <b>1,284</b>   | 8,034          | <b>408</b>     | 3,220          |
| - unsecured                      | <b>6,180</b>   | 8,790          | <b>194</b>     | 998            |
| Acceptances                      |                |                |                |                |
| - secured                        | <b>823</b>     | 681            | -              | -              |
| - unsecured                      | <b>8,668</b>   | 9,164          | -              | -              |
| Revolving credit                 |                |                |                |                |
| - secured                        | <b>5,000</b>   | 5,000          | -              | -              |
| - unsecured                      | <b>16,510</b>  | 2,000          | -              | -              |
| Line of credit                   | -              | 1,870          | -              | -              |
| Hire purchase payables (Note 29) | <b>437</b>     | 468            | -              | -              |
|                                  | <b>113,710</b> | 62,140         | <b>602</b>     | 4,218          |

The secured bank overdrafts, revolving credits and bankers' acceptances of the Group and of the Company are secured by certain properties, as disclosed in Notes 12, 13 and 18.

## 29. HIRE PURCHASE PAYABLES

|   | Group          |                |
|---|----------------|----------------|
|   | 2007<br>RM'000 | 2006<br>RM'000 |
| <b>Minimum lease payments:</b>                  |                |                |
| Not later than 1 year                           | <b>469</b>     | 524            |
| Later than 1 year but not later than 2 years    | <b>205</b>     | 435            |
| Later than 2 years but not later than 5 years   | <b>168</b>     | 266            |
|   | <b>842</b>     | 1,225          |
| Less: future finance charges                    | <b>(51)</b>    | (92)           |
|   | <b>791</b>     | 1,133          |
| <b>Present value of hire purchase payables:</b> |                |                |
| Not later than 1 year                           | <b>437</b>     | 468            |
| Later than 1 year and not later than 2 years    | <b>192</b>     | 409            |
| Later than 2 years and not later than 5 years   | <b>162</b>     | 256            |
|   | <b>791</b>     | 1,133          |
| <b>Analysed as follows:</b>                     |                |                |
| Due within 12 months (note 28)                  | <b>437</b>     | 468            |
| Due after 12 months (note 25)                   | <b>354</b>     | 665            |
|   | <b>791</b>     | 1,133          |

The hire purchase payables bear weighted average interest of 3.69% (2006: 3.9%) per annum.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 30. CONTINGENT LIABILITIES

|  | Company        |                |
|--|----------------|----------------|
|  | 2007<br>RM'000 | 2006<br>RM'000 |
| Guarantees given to banks by the Company in respect of its subsidiaries' credit facilities - unsecured | <b>46,939</b>  | 45,750         |

## 31. RELATED PARTY TRANSACTIONS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| (a) Dividend received from subsidiaries:   |                |                |                |                |
| - Regional Agriculture Corporation Sdn. Bhd.   | -              | -              | <b>1,108</b>   | 1,478          |
| - Low Keng Huat (Singapore) Limited  | -              | -              | <b>10,982</b>  | -              |
| (b) Interest charged to subsidiaries:  |                |                |                |                |
| - Low Keng Huat Berhad   | -              | -              | <b>727</b>     | 586            |
| - Huatland Development Sdn. Bhd.   | -              | -              | <b>1,426</b>   | 1,888          |
| - Bandar Park Sdn. Bhd.  | -              | -              | <b>912</b>     | 1,009          |
| - Fung Keong Rubber Manufactory (Malaya) Sdn. Bhd.   | -              | -              | <b>777</b>     | 719            |
| (c) Interest charged by subsidiary:  |                |                |                |                |
| - Regional Agriculture Corporation Sdn. Bhd.   | -              | -              | <b>779</b>     | 789            |
| (d) Office rental charged by subsidiary:   |                |                |                |                |
| - Huatland Development Sdn. Bhd.   | -              | -              | <b>269</b>     | 269            |
| (e) Sales of developed properties to Choix Parfait Sdn. Bhd., a company with a common director, Cheong Chee Leng             | -              | 1,896          | -              | -              |
| (f) Sale of a developed property to Mega Earnings Sdn. Bhd., a company with a common director, Pua Tat Hing, of a subsidiary | -              | 938            | -              | -              |
| (g) Sale of a developed property to Sunvista Sdn. Bhd., a company with a common director, Ng Say Thin, of a subsidiary       | -              | 938            | -              | -              |

The directors are of the opinion that related party transactions above have been entered into in the normal course of business and are established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 32. SEGMENTAL INFORMATION

### (a) Business Segments:

The Group is organised into five major business segments:

- (i) Property development and investment and investment holding - the development and investment of residential and commercial properties and investment in quoted and unquoted securities.
- (ii) Construction of residential and commercial properties.
- (iii) Rubber products trading.
- (iv) Hotel operations
- (v) Investment in associates.

Other business segments include quarry operations and provision of management services, none of which are considered of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions are 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.

|                                | Property Development and Investment and Investment Holding |                | Construction   |                | Rubber Products Trading/ Manufacturing |                | Hotels         |                | Confectionery Manufacturing |                | Investment in Associates |                | Others         |                | Elimination    |                | Consolidated   |                |
|--------------------------------|--|----------------|----------------|----------------|--|----------------|----------------|----------------|-----------------------------|----------------|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                | 2007<br>RM'000   | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000                         | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000              | 2006<br>RM'000 | 2007<br>RM'000           | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| <b>REVENUE AND RESULTS</b>     |  |                |                |                |  |                |                |                |                             |                |                          |                |                |                |                |                |                |                |
| <b>Revenue</b>                 |  |                |                |                |  |                |                |                |                             |                |                          |                |                |                |                |                |                |                |
| External sales                 | 40,038   | 30,954         | 150,687        | 4,744          | 50,030                                 | 43,727         | 121,681        | -              | -                           | 16,984         | -                        | -              | 7,244          | 7,085          | -              | -              | 369,680        | 103,494        |
| Inter-segment sales            | 288  | 287            | 16,801         | -              | 23,667                                 | 18,394         | 49,656         | -              | -                           | -              | -                        | -              | -              | 1,340          | (90,412)       | (20,021)       | -              | -              |
| Total revenue                  | 40,326   | 31,241         | 167,488        | 4,744          | 73,697                                 | 62,121         | 171,337        | -              | -                           | 16,984         | -                        | -              | 7,244          | 8,425          | (90,412)       | (20,021)       | 369,680        | 103,494        |
| <b>Results</b>                 |  |                |                |                |  |                |                |                |                             |                |                          |                |                |                |                |                |                |                |
| Profit/(loss) from operations  | 6,081  | (14,280)       | (10,160)       | (608)          | 3,393                                  | 1,697          | 30,824         | -              | -                           | (12,191)       | -                        | -              | 297            | (1,781)        | -              | -              | 30,435         | (27,163)       |
| Finance cost                   | -  | -              | -              | -              | -                                      | -              | -              | -              | -                           | -              | -                        | -              | -              | -              | -              | -              | (4,975)        | (3,670)        |
| Share of results of associates | -  | -              | -              | -              | -                                      | -              | -              | -              | -                           | -              | 19,001                   | 56,543         | -              | -              | -              | -              | 19,001         | 56,543         |
| Income tax expense             | -  | -              | -              | -              | -                                      | -              | -              | -              | -                           | -              | -                        | -              | -              | -              | -              | -              | (6,665)        | (5,491)        |
| Net profit for the year        | -  | -              | -              | -              | -                                      | -              | -              | -              | -                           | -              | -                        | -              | -              | -              | -              | -              | 37,796         | 20,219         |
| <b>ASSETS AND LIABILITIES</b>  |  |                |                |                |  |                |                |                |                             |                |                          |                |                |                |                |                |                |                |
| Consolidated total assets      | 534,236  | 577,399        | 116,160        | 196,576        | 35,771                                 | 40,743         | 219,039        | -              | -                           | 5,513          | 86,077                   | 111,347        | 6,053          | 6,187          | -              | -              | 997,336        | 937,765        |
| Consolidated total liabilities | 40,562   | 49,188         | 133,184        | 76,371         | 14,038                                 | 16,396         | 39,425         | -              | -                           | 2,925          | -                        | -              | 2,879          | 2,629          | -              | -              | 230,088        | 147,509        |
| Unallocated liabilities        | -  | -              | -              | -              | -                                      | -              | -              | -              | -                           | -              | -                        | -              | -              | -              | -              | -              | 9,456          | 40,105         |
|                                | -  | -              | -              | -              | -                                      | -              | -              | -              | -                           | -              | -                        | -              | -              | -              | -              | -              | 239,544        | 187,614        |
| <b>OTHER INFORMATION</b>       |  |                |                |                |  |                |                |                |                             |                |                          |                |                |                |                |                |                |                |
| Capital expenditure            | 226  | 313            | 429            | 83             | 456                                    | 1,045          | 20,815         | -              | -                           | 260            | -                        | -              | 469            | 399            | -              | -              | 22,395         | 2,100          |
| Depreciation                   | 877  | 705            | 2,728          | 314            | 354                                    | 330            | 10,094         | -              | -                           | 776            | -                        | -              | 269            | 483            | -              | -              | 14,322         | 2,608          |
| (Reversal)/ Impairment         | (1,089)  | 32,509         | -              | -              | -                                      | -              | -              | -              | -                           | -              | -                        | 3,465          | -              | -              | -              | -              | 2,376          | 32,509         |

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 32. SEGMENTAL INFORMATION (cont'd)

### (b) Geographical Segments:

Although the Group's five major business segments are managed on a worldwide basis, they operate in four principal geographical areas of the world. In Malaysia, its home country, the Group's area of operation are principally property development and investment. Additionally, all of the Group's rubber products trading activities are also conducted in Malaysia. Other operations in Malaysia include construction of commercial and residential properties and quarry operations.

The Group also operates in the following countries:

Singapore - property development, investment and construction

Australia - hotel operations

Vietnam - hotel operations

|                                     | Malaysia       |                | Singapore      |                | Australia      |                | Vietnam        |                | Others         |                | Consolidated   |                |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                     | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 |
| Total revenue from external parties | 99,099         | 82,080         | 159,302        | -              | 63,034         | 21,414         | 48,245         | -              | -              | -              | 369,680        | 103,494        |
| Segment assets                      | 392,361        | 353,452        | 390,603        | 543,571        | 132,551        | 24,640         | 68,871         | -              | 12,950         | 16,102         | 997,336        | 937,765        |
| Capital expenditure                 | 1,580          | 1,840          | 8,821          | -              | 553            | 260            | 11,441         | -              | -              | -              | 22,395         | 2,100          |

## 33. 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.

### (a) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group held no substantial long-term interest-bearing assets at 31 January 2007. The investment in financial assets are mainly short term in nature and are mostly placed in fixed deposits.

### (b) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Singapore Dollar, Australia Dollar and Hong Kong Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

### (c) Liquidity Risk

The Group ensures that there are adequate funds to meet all their obligations in a timely and cost effective manner.

# Notes To The Financial Statements (cont'd)

31 JANUARY 2007

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (d) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparty and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

## 34. FINANCIAL INSTRUMENTS

### Fair Value

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

### (a) Cash and cash equivalents, receivables, payables and short term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

### (b) Marketable securities

The fair value of marketable securities is estimated by reference to their net tangible assets backing and to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

### (c) Borrowings

The fair value of borrowings is estimated using discounted cash flow analysis. Based on the prevailing borrowing rates of similar borrowings obtainable by the Group, the carrying values of the long term borrowings approximate their fair values.

It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that carrying amounts represent the recoverable values.

It is also not practical to estimate the fair values of amounts due to/from associates and minority shareholders due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

## 35. SIGNIFICANT EVENTS

- (a) On 7 September 2006, Regional Plantations Sdn. Bhd., a wholly owned, inactive subsidiary of the Group, has ceased to be a subsidiary by virtue of a members' voluntary winding up.
- (b) On 1 November 2006, the Group announced that its 51% owned subsidiary, Inoac FKR (M) Sdn. Bhd. has announced plans to cease operations effective 1 February 2007.
- (c) On 15 December 2006, General Hotels Group Sdn. Bhd., GCB Equities Management Sdn. Bhd. and Anchor Corporation Sdn. Bhd., which were inactive subsidiaries of the Group, held their respective extraordinary general meetings where the shareholders resolved that the subsidiaries be wound up voluntarily.

# Analysis Of Shareholdings

AT 6 JUNE 2007

## Share Capital

Authorised 500,000,000 Ordinary Shares of RM1.00 each RM500,000,000  
 Issued and fully paid 297,084,626 Ordinary Shares of RM1.00 each RM297,084,626  
 Voting Rights: One Vote per ordinary share

## Distribution of Shareholdings

| No. of Holders | Holdings                                 | Total Holdings     | %             |
|----------------|--|--------------------|---------------|
| 23             | Less than 100 shares                     | 558                | 0.00          |
| 5,955          | 100 to 1,000 shares                      | 5,914,266          | 1.99          |
| 10,996         | 1,001 to 10,000 shares                   | 45,101,158         | 15.18         |
| 1,724          | 10,001 to 100,000 shares                 | 51,011,425         | 17.17         |
| 178            | 100,001 to less than 5% of issued shares | 133,356,903        | 44.89         |
| 2              | 5% and above of issued shares            | 61,700,316         | 20.77         |
| <b>18,878</b>  | <b>Total</b>                             | <b>297,084,626</b> | <b>100.00</b> |

## Directors' Shareholdings

| Name of Director                   | Direct        |      | Indirect      |       |
|------------------------------------|---------------|------|---------------|-------|
|                                    | No. of Shares | %    | No. of Shares | %     |
| 1. Tun Hj. Mohammed Hanif bin Omar | 177,832       | 0.06 | -             | -     |
| 2. Tan Sri Dato' Low Keng Huat     | 19,944,695    | 6.72 | 56,787,248    | 19.11 |
| 3. Low Keng Boon @ Lau Boon Sen    | 25,648,616    | 8.63 | 50,318,831    | 16.94 |
| 4. Marco Low Peng Kiat             | 10,000        | 0.01 | 52,565,248    | 17.69 |
| 5. W Ismail bin W Nik              | 900,000       | 0.30 | -             | -     |
| 6. Wong Bin Chen @ Ng Chi Leong    | 9,447         | -    | -             | -     |
| 7. Cheong Chee Leng                | 100,000       | 0.03 | -             | -     |
| 8. Low Poh Kok                     | 79,000        | 0.03 | -             | -     |

## Substantial Shareholders

| Name of Shareholder                             | Direct        |       | Indirect      |       |
|---|---------------|-------|---------------|-------|
|   | No. of Shares | %     | No. of Shares | %     |
| 1. Tan Sri Dato' Low Keng Huat                  | 19,944,695    | 6.72  | 56,787,248    | 19.11 |
| 2. Low Keng Boon @ Lau Boon Sen                 | 25,648,616    | 8.63  | 50,318,831    | 16.94 |
| 3. Marco Low Peng Kiat                          | 10,000        | 0.01  | 52,565,248    | 17.69 |
| 4. Seah Soh Seng                                | -             | -     | 52,565,248    | 17.69 |
| 5. Lau Choy Lay                                 | 3,922,000     | 1.32  | 46,696,831    | 15.72 |
| 6. Low Chin Han                                 | -             | -     | 46,696,831    | 15.72 |
| 7. Low Wei Choong                               | 62,000        | 0.02  | 45,033,700    | 15.16 |
| 8. Loh Lee Yen                                  | -             | -     | 45,033,700    | 15.16 |
| 9. Low Keng Hoo @ Lau Keeng Foo                 | 12,136,680    | 4.09  | 50,814,406    | 17.10 |
| 10. Low Keng Huat Holdings Sdn. Bhd.            | 7,531,548     | 2.53  | 45,033,700    | 15.16 |
| 11. Low Keng Huat Brothers (Holdings) Sdn. Bhd. | 44,903,700    | 15.12 | 130,000       | 0.04  |
| 12. Low Keng Boon Holdings Sdn. Bhd.            | 1,363,131     | 0.46  | 45,033,700    | 15.16 |
| 13. Low Keng Hoo Holdings Sdn. Bhd.             | 629,906       | 0.21  | 45,033,700    | 15.16 |
| 14. Low Keng Seng Holdings Sdn. Bhd.            | -             | -     | 45,033,700    | 15.16 |

# Analysis Of Shareholdings (cont'd)

AT 6 JUNE 2007

## Thirty Largest Shareholders

| Name of Shareholder  | No. of Shares      | % of Total   |
|--|--------------------|--------------|
| 1. Low Keng Huat Brothers (Holdings) Sdn. Bhd.   | 37,261,700         | 12.54        |
| 2. Low Keng Boon @ Lau Boon Sen  | 24,438,616         | 8.23         |
| 3. Low Keng Hoo @ Lau Keeng Foo  | 12,136,680         | 4.09         |
| 4. UOBM Nominees (Tempatan) Sdn. Bhd.<br>United Overseas Bank Nominees (Pte) Ltd. for<br>Tan Sri Dato' Low Keng Huat (20468869-T279) | 10,000,000         | 3.37         |
| 5. HLG Nominee (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Strength To Strength Sdn. Bhd.                                 | 7,641,200          | 2.57         |
| 6. Tan Sri Dato' Low Keng Huat   | 6,358,621          | 2.14         |
| 7. Mayban Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities A/C for CRSC Property Sdn. Bhd. (514347102178)                         | 5,130,000          | 1.73         |
| 8. UOBM Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities A/C for Low Keng Huat Holdings Sdn. Bhd.<br>(6110558865-T273)            | 5,000,000          | 1.68         |
| 9. SJ SEC Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities A/C for Loi Hsien Yin (SMT)  | 4,264,800          | 1.44         |
| 10. SJ SEC Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities A/C for Waz Lian Enterprise Sdn. Bhd. (SMT)                           | 4,169,000          | 1.40         |
| 11. Lau Choy Lay   | 3,922,000          | 1.32         |
| 12. HLG Nominee (Tempatan) Sdn. Bhd.<br>Pledged Securities A/C for Tan Sri Dato' Low Keng Huat                                       | 3,585,627          | 1.21         |
| 13. Ke-Zan Nominees (Asing) Sdn. Bhd.<br>Kim Eng Securities Pte. Ltd. for Fong Siew Heng   | 3,382,026          | 1.14         |
| 14. Chia Hook Soo  | 2,686,026          | 0.90         |
| 15. Low Keng Huat Holdings Sdn. Bhd.   | 2,531,548          | 0.85         |
| 16. CIMSEC Nominees (Asing) Sdn. Bhd.<br>Exempt AN for CIMB-GK Securities Pte. Ltd. (Retail Clients)                                 | 2,391,000          | 0.80         |
| 17. Low Keng Huat Brothers (Holdings) Sdn. Bhd.  | 2,242,000          | 0.75         |
| 18. Maureen Chong Mai Lee  | 1,763,600          | 0.59         |
| 19. Citigroup Nominees (Asing) Sdn. Bhd.<br>CBNY for DFA Emerging Markets Fund   | 1,681,400          | 0.57         |
| 20. HDM Nominees (Asing) Sdn. Bhd.<br>DBS Vickers SECS (S) Pte. Ltd. for Meow Moy Lan  | 1,500,000          | 0.50         |
| 21. Low Keng Boon Holdings Sdn. Bhd.   | 1,363,131          | 0.46         |
| 22. McLaren Saksama (Malaysia) Sdn. Bhd.   | 1,333,000          | 0.45         |
| 23. Alliance Group Nominees (Tempatan) Sdn. Bhd.<br>PHEIM Asset Management Sdn. Bhd. for Employees Provident Fund                    | 1,304,500          | 0.44         |
| 24. Paullyn Tay Chiu Gee (Mrs. Paullyn Low)  | 1,298,700          | 0.44         |
| 25. HLG Nominee (Asing) Sdn. Bhd.<br>Exempt AN for UOB Kay Hian Pte. Ltd. (A/C Clients)  | 1,211,000          | 0.41         |
| 26. Low Keng Boon @ Lau Boon Sen   | 1,210,000          | 0.41         |
| 27. A.A. Anthony Nominees (Asing) Sdn. Bhd.<br>Fraser Securities Pte. Ltd. for Chiam Hock Poh (108603)                               | 1,136,200          | 0.38         |
| 28. Low Poh Hon  | 1,047,800          | 0.35         |
| 29. HDM Nominees (Asing) Sdn. Bhd.<br>Philip Securities Pte. Ltd. for Chiam Hock Poh   | 1,000,000          | 0.34         |
| 30. HSBC Nominees (Asing) Sdn. Bhd.<br>Exempt AN for Credit Suisse (SG BR-TST-Asing)   | 1,000,000          | 0.34         |
|  | <b>153,990,175</b> | <b>51.83</b> |

## Five Years' Financial Statements

|  | 2003<br>RM'000 | 2004<br>RM'000 | 2005<br>RM'000 | 2006<br>RM'000 | 2007<br>RM'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Share Capital                                | 297,085        | 297,085        | 297,085        | 297,085        | <b>297,085</b> |
| Reserves                                     | 171,577        | 179,705        | 178,883        | 202,497        | <b>220,970</b> |
| Total Share Capital and Reserves             | 468,662        | 476,790        | 475,968        | 499,582        | <b>518,055</b> |
| Minority Interests                           | 9,013          | 6,363          | 7,598          | 250,569        | <b>239,737</b> |
| Deferred Taxation                            | 2,240          | 2,231          | 307            | 17,398         | <b>928</b>     |
| Deferred Liabilities                         | 22,105         | 46,978         | 32,129         | 19,053         | <b>30,700</b>  |
| Current Liabilities                          | 108,765        | 106,667        | 73,842         | 151,163        | <b>207,916</b> |
|  | <b>610,785</b> | <b>639,029</b> | <b>589,844</b> | <b>937,765</b> | <b>997,336</b> |
| Property, plant and equipment                | 54,068         | 52,414         | 44,029         | 215,286        | <b>215,679</b> |
| Investments                                  | 145,798        | 143,570        | 142,281        | 129,861        | <b>108,670</b> |
| Investment Properties                        | 84,746         | 83,199         | 83,206         | 77,850         | <b>95,596</b>  |
| Development Properties                       | 131,055        | 146,435        | 159,854        | 121,651        | <b>146,453</b> |
| Current Assets                               | 195,118        | 213,411        | 160,474        | 393,117        | <b>430,938</b> |
|  | <b>610,785</b> | <b>639,029</b> | <b>589,844</b> | <b>937,765</b> | <b>997,336</b> |
| Profit before taxation                       | 3,087          | 17,485         | 7,866          | 25,710         | <b>44,461</b>  |
| Profit/(Loss) after taxation                 | (2,022)        | 11,437         | 7,362          | 20,219         | <b>37,796</b>  |
| Profit/(Loss) attributable to equity holders | (3,703)        | 10,167         | 6,137          | 13,470         | <b>19,363</b>  |
| Net Tangible Assets (per share)              | RM1.58         | RM1.60         | RM1.60         | RM1.68         | <b>RM1.74</b>  |

# Schedule Of Properties

| DESCRIPTION AND EXISTING USE   | LOCATION  | AREA                               | TENURE                       | APPROXIMATE AGE OF BUILDING (YEARS) | NET BOOK VALUE AS AT 31 JANUARY 2007 (RM'000) | DATE OF LAST REVALUATION | DATE OF ACQUISITION |
|--|---|------------------------------------|------------------------------|-------------------------------------|---|--------------------------|---------------------|
| 15 storey 306-room hotel   | 1, St. George's Terrace Perth, Western Australia  | 3,500 sq. metres                   | Freehold                     | 13                                  | 58,447  | -                        | 1994                |
| Plaza Ampang City 21 storey shopping cum office complex  | 4th Mile, Jalan Ampang, Kuala Lumpur              | 21,594 sq. metres of retained area | Freehold                     | 20                                  | 56,000  | 2005                     | -                   |
| 203-room hotel   | Nguyen Hue Boulevard Ho Chi Minh City, Vietnam    | 2,002 sq. metres                   | 50 years lease expiring 2042 | 15                                  | 46,808  | -                        | 1992                |
| Lots 932-935, 2518, 2519, 164, 1873, 1875, 75, 171, 203-206 Industrial land with office and factory complex      | 1st Mile, Jalan Kapar, Klang                      | 134,084 sq. metres                 | Freehold                     | 7 to 68                             | 37,310  | 2007                     | -                   |
| Imbi Plaza 9 storey shopping cum office complex  | Jalan Imbi, Kuala Lumpur                          | 3,957 sq. metres of retained area  | Freehold                     | 26                                  | 27,000  | 2007                     | -                   |
| Lot 6519, CT 26667 Vacant industrial land  | 6th Mile, Jalan Kapar, Klang                      | 12.19 hectares                     | Freehold                     | -                                   | 26,266  | 2006                     | -                   |
| Lots 1166, 2050, 2889, 2890, 3634, 3638, 3639, 3641, 3643, 3644, 3645, 3646 & 1291 Vacant mixed development land | Mukim of Kota Tinggi, Johore                      | 66.44 hectares                     | Freehold                     | -                                   | 24,910  | -                        | 1999 & 2006         |
| Lots 40 & 44 Vacant development land   | Seksyen 65 Kuala Lumpur                           | 6,250 sq. metres                   | Freehold                     | -                                   | 15,090  | -                        | 2004                |
| GCB Court 22 storey luxurious apartments   | 4th Mile, Jalan Ampang, Kuala Lumpur              | 8,480 sq. metres of retained area  | Freehold                     | 22                                  | 13,766  | 1998                     | -                   |
| 4 storey flatted warehouse   | 1790 PT Plot A 14609 Sungei Kadut Loop, Singapore | 8,059 sq. metres                   | 30 years lease expiring 2025 | 12                                  | 13,290  | -                        | 1995                |

**GENERAL CORPORATION BERHAD** (8622-X)  
(Incorporated in Malaysia)

# Proxy Form

|                                       |
|---------------------------------------|
| CDS account no. of authorised nominee |
|---------------------------------------|

I/We \_\_\_\_\_ NRIC / Company No. \_\_\_\_\_  
(Full name in capital letters)

of \_\_\_\_\_  
(Full address)

being a member(s) of General Corporation Berhad, hereby appoint \_\_\_\_\_  
(Full name in capital letters)

NRIC \_\_\_\_\_ of \_\_\_\_\_  
(Full address)

or failing him/her \_\_\_\_\_ NRIC \_\_\_\_\_  
(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 on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held at Cempaka Room, Hotel Equatorial, 50250 Kuala Lumpur at 10.00 a.m. on Tuesday, 24 July 2007 and at any adjournment thereof.

My/our proxy is to vote as indicated below.

| RESOLUTIONS                |   | FOR | AGAINST |
|----------------------------|---|-----|---------|
| Resolution 1               | Receive financial statements and Reports of the Directors and Auditors.     |     |         |
| Resolution 2               | Approval of a first and final dividend of 3% less tax.                      |     |         |
| Resolution 3               | Approval of Directors' fees.  |     |         |
| Resolution 4               | Re-election of Tun Hj. Mohammed Hanif bin Omar as Director.                 |     |         |
| Resolution 5               | Re-election of Marco Low Peng Kiat as Director.                             |     |         |
| Resolution 6               | Re-appointment of Wong Bin Chen @ Ng Chi Leong as Director.                 |     |         |
| Resolution 7               | Re-appointment of Tan Sri Dato' Low Keng Huat as Director.                  |     |         |
| Resolution 8               | Re-appointment of Raja Datuk Karib Shah bin Raja Shahrudin as Director.     |     |         |
| Resolution 9               | Re-appointment of Ernst & Young as Auditors of the Company.                 |     |         |
| <b>AS SPECIAL BUSINESS</b> |   |     |         |
| Resolution 10              | Issue and allot shares pursuant to Section 132D of the Companies Act, 1965. |     |         |

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

\_\_\_\_\_  
**Signature/Common Seal**

Number of shares held: \_\_\_\_\_

Date: \_\_\_\_\_

|   |                      |                   |
|---|----------------------|-------------------|
| For appointment of two proxies, percentage of shareholdings to be represented by the proxies: |                      |                   |
|   | <u>No. of shares</u> | <u>Percentage</u> |
| Proxy 1   | _____                | _____ %           |
| Proxy 2   | _____                | _____ %           |

**Notes:**

1. A member is entitled to appoint a proxy to attend and vote in his place. A proxy need not be a member of the Company.
2. To be valid, this form duly completed must be deposited at the Registered Office of the Company not less than forty-eight hours before the meeting.
3. In the case of a corporation, this proxy form must be executed by the hand of the attorney or under its common seal.

Fold this flap for sealing

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Then fold here

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Affix  
Stamp

GENERAL CORPORATION BERHAD (8622-X)  
332A-19, 19th Floor,  
Plaza Ampang City,  
Jalan Ampang,  
50450 Kuala Lumpur.

1st fold here

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General Corporation Berhad (8622-X)  
332A-19, 19th Floor, Plaza Ampang City, Jalan Ampang, 50450 Kuala Lumpur.