INTRODUCTION

The Board of Directors ("the Board") is committed to ensuring that good corporate governance practice is observed throughout the Group as a fundamental part of discharging its responsibilities towards enhancing business sustainability and corporate governance with the ultimate aim of enhancing stakeholders' value. The statement below sets out how the Group has applied the Principles of the Malaysian Code of Corporate Governance ("the Code") and the extent of compliance with the Best Practices of good corporate governance as set out in Part 1 and 2 of the Code.

BOARD OF DIRECTORS

Composition and Balance

The Board, led by a Non-Executive Chairman, is made up of seven (7) members, comprising three (3) Executive Directors and four (4) Non-Executive Directors. The Board members comprise of various professionals who represents a mix of knowledge, skills and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction.

There are two (2) Independent Non-Executive Directors on the Board. These Independent Non-Executive Directors demonstrate objectivity and independence of judgement when necessary to ensure that the strategies proposed by the management are fully and well prepared and take into account the various interests that make up the Company.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer (CEO) to ensure that there is a balance of power and authority. Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions. Non-Executive Directors play key supporting roles, contributing the knowledge and experience towards the formulation of policies and in the decision-making process. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

Roles and Responsibilities

The Board provides direction and effective control of the Company.

During the financial year ended 31 December 2005, five (5) Board meetings were held and the summary of attendance of the Board from 1 January 2005 to 31 December 2005 is as follows:-

Name of Directors	Attendance	% of Attendance
Tan Sri Dato' Mohd Ramli Bin Kushairi	5	100
Dato' (Dr.) Teoh Seng Foo	5	100
Teoh Seng Kian	4	80
Ong Bok Siong	5	100
Chiam Tau Meng	5	100
Ooi Giap Ch'ng	5	100
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin (resigned on 27 January 2006)	5	100

Supply of Information
In furtherance of their duties, the Directors have access to the advice and services of the Company Secretary and to all information within the Company whether as a full Board or in their individual capacity. Where necessary, the Directors engage independent professionals for advice on specialized issues at the Company's expense to enable them to discharge their duties with full knowledge of the cause and effect.

Committees
The Board has delegated certain responsibilities to the following committees. Each committee operates under their respective approved terms of reference. These committees have the authority to examine particular issues and report to the Board their recommendations. The ultimate responsibility for the final decision in most matters lies with the entire Board.

Audit Committee
The Audit Committee consists of the following three (3) members:

Chiam Tau Meng – Chairman
(Independent Non-Executive Director)

Ooi Giap Ch'ng
(Independent Non-Executive Director)

Teoh Seng Kian
(Non Independent Executive Director)

One of the main objectives of the Audit Committee is to review the Company's annual and quarterly financial statements, accounting practices, business, operations and internal controls. The Group Strategic Risk Management and Internal Audit division submits the audit plan and strategies and reports its findings to the Audit Committee on a quarterly basis.

Nominating Committee
In line with the terms of reference, the Committee had evaluated the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process. The Nominating Committee are as follows:

1. Dato' (Dr.) Teoh Seng Foo - Chairman
   (Non Independent Executive Director)

2. Chiam Tau Meng
   (Independent Non-Executive Director)

3. Dato' Syed Ariff Fadzillah Bin Syed Awalluddin (resigned on 27 January 2006)
   (Independent Non- Executive Director)

Remuneration Committee

The Remuneration Committee is responsible for drawing up the policy framework and for making recommendations to the Board on remuneration packages and benefits annually as extended to the Executive Directors. The Executive Directors do not participate in decisions relating to their own remuneration. The Board as a whole determines the remuneration package of Non-Executive Directors including the Non-Executive Chairman with the Director concerned abstaining from participating on decisions in respect of his individual remuneration. The Remuneration Committee comprises mainly of non-executive directors:

1. Tan Sri Dato' Mohd Ramli bin Kushairi - Chairman
   (Non Independent Non-Executive Director)

2. Dato' (Dr.) Teoh Seng Foo
   (Non Independent Executive Director)

3. Ooi Giap Ch'ng
   (Independent Non-Executive Director)

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

a. Aggregate remuneration of the Directors categorised into appropriate components

	Salary (RM)	Fees (RM)	Meeting Allowances (RM)	Benefits in kind (RM)	Statutory Contribution (RM)	Total (RM)
Executive Directors	696,000	-	-	14,700	77,660	788,360
Non-Executive Directors	-	143,750	31,000	-	-	174,750

b. The number of directors whose total remuneration fall within the following bands:

Range of Remuneration	Number of Directors	
	Executive	**Non-Executive**
Below RM50,000	-	3
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-

Directors' Training

All Directors have completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad. During the year, the Directors attended training on Financial Reporting Standards and Goods and Services Tax. The Directors continue to undergo other relevant training programmes as appropriate, to broaden their perspective and keep abreast with developments in regulations and business practices.

Re-election

All Directors will retire at regular intervals by rotation once at least every three years and they shall be eligible for re-election.

RELATIONSHIP WITH SHAREHOLDERS

Relationship with Shareholders and Investors

The Group recognises the importance of communication and proper dissemination of information to its shareholders and investors through timely dissemination of information on the Group's performance and major developments via appropriate channels of communication.

Dissemination of information includes the distribution of Annual Report and relevant circulars, issuance of press releases including quarterly financial performance of the Group to Bursa Malaysia Securities Berhad and the public as well as press conferences.

To further enhance the transparency and communication with the shareholders and all concerned, the Company has launched it's website at www.meda.com.my.

The Board has appointed Chiam Tau Meng, as the senior independent Non-Executive Director to whom concerns may be conveyed.

Annual General Meeting

The Chairman and the Board encourage shareholders to attend and participate in the annual general meeting (AGM) held annually as this is deemed to be the platform for the Board to report on the Group's business activities. To promote an open and transparent policy, shareholders are given the opportunity to seek clarification in relation to affairs of the Group, activities and prospect.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the financial statements of the Group and the Company give a true and fair view of the state of affairs of the Group and the Company.

The Company presents the Group's financial results on a quarterly basis as well as on an annual basis via public announcements. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure.

Internal Control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Company has already effected several systems of internal control covering financial controls, operational and compliance controls and risk management. Some of the systems have been in place over the years and will continue to be reviewed, added on or updated in line with the changes in the operating environment. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal and external auditors.

The Board and Management developed an ongoing process for identifying, evaluating and managing significant risks that may be faced by the Company. The Risk Management Policy essentially identifies the significant risks and the strategies to manage these risks.

The Risk Management Committee are as follows:

1. Dato' (Dr.) Teoh Seng Foo (Chairman)
2. Ong Bok Siong
3. Chin Kok Siong (resigned on 26 July 2005)

The purpose of the Risk Management Policy is to assist in:

1. Maintaining integrity and confidence among shareholders and the public;
2. Strengthening the Group's competitive, strategic and operational efficiency to increase long term shareholders' value;
3. Minimizing unexpected adverse impact to earnings and returns to shareholders;
4. Safeguarding the assets and resources within the Group

Relationship with Auditors

The Board through the establishment of an Audit Committee maintains a formal and transparent arrangement with the Company's auditors, both external and internal. The Audit Committee meets with the External Auditors at least once a year. These meeting(s) enabled exchange of views on issues requiring attention. The role of the auditors and their participation during the financial year are stated in the report of the Audit Committee on pages 37 to 40 of this Annual Report.

audit committee report

The Board is pleased to present the following report on the Audit Committee and its activities during the financial year ended 31 December 2005.

Membership

The present membership of the Committee comprises of:

Chiam Tau Meng – Chairman
(Independent Non-Executive Director)

Ooi Giap Ch'ng
(Independent Non-Executive Director)

Teoh Seng Kian
(Non Independent Executive Director)

Terms of reference

The Audit Committee ("the Committee") is governed by the terms of reference that was formally endorsed by the Board on 29 December 2001. The terms of reference is set out in pages 38 to 40.

Meetings

The Audit Committee convened five (5) meetings for the financial year ended 31 December 2005.

Name of Directors	Attendance	% of Attendance
Chiam Tau Meng	5	100
Ooi Giap Ch'ng	5	100
Teoh Seng Kian	4	80

Summary of activities during the financial year

The Audit Committee is empowered to carry out the following duties in accordance with its terms of reference:

- Reviewed the external auditors' scope of work and audit plans for the financial year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.
- Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 35 to the statutory financial statements.
- Reviewed the Group's internal audit plan.
- Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's responses. The members of the Audit Committee were briefed on pertinent audit issues through the circulation of the Summary of Pertinent Issues, which forms an integral part of the agenda papers. The Audit Committee also discussed management actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.

- Recommended to the Board improvement opportunities in internal control and procedures.
- Reviewed the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards issued by the MASB.
- Reviewed the Group's compliance in particular the quarterly and year-end financial statements with the Listing Requirements of the Bursa Malaysia Securities Berhad, MASB and other relevant legal and regulatory requirements.
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the CEO and the Assistant General Manager, Corporate Finance & Accounts.
- Reviewed related party transactions entered into by the Group.
- Reviewed and report to the Board the extent of the Group's compliance with the provisions set out under Part 2 Guideline BB of the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Bursa Malaysia Securities Berhad Listing Requirements.

Internal audit function

The internal audit department is independent of the activities or operations of other operating units. The principal role of the department is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable and not absolute assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit department to provide the Audit Committee with independent and objective review that reports on the state of internal control of the various operating units within the Group and the extent of compliance with the Group's established policies and procedures as well as the relevant statutory requirements.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The objective of the Audit Committee is to review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines, as well as to oversee the conduct of the Company's business and to ensure proper management thereof.

The terms of reference of the Audit Committee shall be as follows:

Membership

1. The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) and shall comprise not less than three (3) members, the majority of whom are independent directors.

2. At least one member of the audit committee:
   (a) shall be a member of the Malaysian Institute of Accountants; or
   (b) if he is not a member of the Malaysian Institute of Accountants, he shall have at least 3 years' working experience and
      (i) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
      (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

3. The members of the Committee shall select a chairman from among their number who shall be an independent director.

4. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of the members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

5. The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.

Authority

The Committee shall, in accordance with the procedures determined by the Board and at the expense of the Company:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Company, whenever deemed necessary.

Functions
The functions of the Committee shall include the following:

(a) to review the following and report the same to the Board:

- i) with the external auditor, their audit plan;
- ii) with the external auditor, their evaluation of the system of internal controls;
- iii) with the external auditor, their audit report;
- iv) the assistance given by the Company's employees to the external auditor;
- v) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- vii) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - (a) changes in or implementation of major accounting policies;
  - (b) significant and unusual events;
  - (c) compliance with accounting standards and other legal requirements;
- viii) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- ix) any letter of resignation from the external auditors of the Company.

(b) to consider the nomination of a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

Meetings
Meetings of the Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting by giving not less than three (3) clear days notice thereof unless such a requirement is waived by all members. Written notice of the meeting together with the agenda shall be given to the members and external auditors where applicable. The quorum for a meeting for the Committee shall be two (2) provided always that the majority of members present must be independent directors.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Chairman shall not have a casting vote.

Reporting procedures
The Secretary shall maintain minutes of the proceedings of the meetings of the Audit Committee and circulate such minutes to all members of the Board.

statement on internal control

INTRODUCTION

The following disclosure on Meda Inc Berhad's (the "Group") state of internal controls complies with Principle DII of the Malaysian Code on Corporate Governance which states the requirement for the board of directors of public listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the company's assets. This disclosure on the Group's state of internal controls also fulfils Chapter 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad.

RESPONSIBILITY

The board of directors (the "Board") acknowledges the importance of maintaining a sound system of internal control and risk management practices to good corporate governance and is responsible for doing so. The system of internal controls at Meda Inc Berhad is designed to manage risks at an acceptable level rather than eliminate them.

Hence, in pursuing the Group's objectives, internal controls provide reasonable and not absolute assurance for risk mitigation. Furthermore, the system of internal controls designed is not restricted to addressing risks relating to financial matters but also operations and compliance with applicable laws and regulations.

The Group has also established an on-going process and framework for identifying, evaluating, monitoring and managing significant risks faced by the Group in meeting its business objectives for the year under review. This process will be regularly reviewed by the Board for its adequacy and integrity.

RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board as a crucial component of the Group's operations and forms the focal point for the incorporation of controls. The management has been vested the responsibility for managing risks and internal controls associated with the operations of the Group and for ensuring compliance with the applicable laws and regulations.

The Strategic Risk Management and Internal Audit Department was established to coordinate the effort to build structured risk management framework for the Group's divisions and subsidiaries. The process of identifying, evaluating and mitigating risks are embodied in the Risk Management Policy that was formally endorsed by the Board on 23 April 2002. The Risk Management Policy defines the objectives, applicability, roles, responsibilities and accountabilities for managing risks in MIB. With the Enterprise Wide Risk Management in place, the Board is able to ensure that risk management activities are continuously practised throughout the Group and that the principal risks are adequately addressed and mitigated. Continuous effort is made to improve the policies, processes, people and structures within the Group.

A review of the adequacy and integrity of the Property Division's internal controls was completed with a risk management report prepared covering the risks identified and detailed findings. The report included a segment on the significant risks identified, an assessment of the risks in terms of impact and the likelihood of them occurring, an evaluation of the effectiveness of the controls in place and the requirements for further controls.

The monitoring, reviewing and reporting arrangements that have been put in place give reasonable assurance that the structure of controls and operations at the Property Division is appropriate to the division's operations. The Group shall implement similar roll-outs to the remaining divisions.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The control environment of the Group comprises the following elements:

Control Environment

- Group Vision, Mission and Strategic Objectives, which are communicated to employees.
- Human resource policy and management system with defined authorities and responsibilities as well as segregation of duties.
- The Group's organisation structure that is aligned to business and operational requirements.
- Board participation at the macro perspective in the performance monitoring of all divisions under the Group.
- Active participation of non-executive committees such as the Audit Committee, the Nominating Committee, Remuneration Committee in specific areas with enhanced control and governance.
- A Risk Management Committee chaired by a Board member, which includes senior management personnel has also been established
- Reporting of business units' progress against budgets within the Group through periodic management reports.
- Emphasize on the quality and competency of employees through continuing education, training and development schemes and programmes.
- Periodic progress reporting of key performance indicators.
- Delegation of responsibilities to committees of the Board, management and operating units including authorisation levels for all aspects of business.
- Risk-based approach to the preparation of policies and procedures and audit plan.

statement on internal control (cont'd)

Control Activities

- Board policies on risk management framework, and process and policies on risk management.
- Documentation of management review of internal policies and processes and procedures.
- Review of new contracts and legally enforceable agreements by the Legal Practice Unit.
- Budgeting process with approval both at the respective operating units level and by the members of the Executive Committee.
- Proper identification of accountabilities and segregation of duties in terms of purchases of goods and services and capital expenditure for each level of management within the Group.
- Regular Management meetings such as Quarterly MIB Coordination Meeting and weekly Operational Meeting which involve the Group Managing Director and/or the Group Chief Executive Officer/ Executive Director and key Management team, are held in order to identify and address any problems encountered by the Group for adequate actions to be taken.

Information and Communication

- Reporting of internal audit findings and recommendations to the Audit Committee.
- Preparation and reporting of quarterly and full year financial results.
- Announcing material state of affairs of the Group to the public through Bursa Malaysia Securities Berhad and the employees on a timely basis.
- Group website covering corporate, strategic and business information within the Group.

Monitoring and Review

- Reporting of financials, operations and legal issues to the Board on a quarterly basis. Budgets for the financial year are also reviewed on a periodic basis and major variances being followed up and remedial action taken where necessary.
- Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided. Processes and policies for internal audits are formulated on risk-based approach.
- Conduct of internal audit on related party transactions to prevent conflict of interests.

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that there is an acceptable level of risk throughout the Group's businesses. The Group acknowledges that its documentation of its processes and internal controls could be further improved to mitigate potential risks encountered by the Group. Notwithstanding this, the Group is committed to adopt appropriate measures to develop a written manual of procedures and controls.

other information

IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Share Buybacks

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2005.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised during the financial year ended 31 December 2005.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2005.

Sanctions and / or Penalties

There were no public sanctions and / or penalties imposed on the Company and its subsidiaries, Directors or management by any relevant regulatory bodies during the financial year, other than disclosed under Note 35 of the financial statements.

Non-Audit Fees

There were no non-audit fees paid during the financial year ended 31 December 2005.

Variation In Results

There were no material variations between the audited results for the financial year ended 31 December 2005 and the unaudited results released for the financial quarter ended 31 December 2005.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Material Contracts

There were no material contracts entered into by the Company and / or its subsidiaries involving Directors and major shareholders.

Revaluation Policy on Landed Properties

It is the policy of the Group to revalue the landed properties excluding development properties every five years or at such shorter period as may be considered to be appropriate taking into account the prevailing market conditions and industry outlook as well as advice of professional valuers and appraisers.

financial statements

financial statements

directors' report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and car park operation. However, during the financial year, the car park operation has been taken over by its two subsidiary companies. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss after tax	(110,396)	(21,015)
Minority interests	120	-
Net loss for the financial year	(110,276)	(21,015)

DIVIDENDS

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS

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

Tan Sri Dato' Mohd Ramli Bin Kushairi
Dato' (Dr.) Teoh Seng Foo
Teoh Seng Kian
Ong Bok Siong
Chiam Tau Meng
Ooi Giap Ch'ng
Dato' Dr. Loga Bala Mohan A/L Jaganathan (Appointed on 27 January 2006)
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin (Resigned on 27 January 2006)

In accordance with Article 96(1) of the Company's Articles of Association, Ong Bok Siong and Chiam Tau Meng retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS (CONT'D)

In accordance with Article 103 of the Company's Articles of Association, Dato' Dr. Loga Bala Mohan A/L Jaganathan retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Tan Sri Dato' Mohd Ramli Bin Kushairi retires pursuant to Section 129(2) of the Companies Act, 1965 at the forthcoming Annnual General Meeting and offers himself for re-appointment in accordance with Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2005 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	---- Number of ordinary shares of RM0.50 each ----			
	Balance as at 1.1.2005	Bought	Disposed	Balance as at 31.12.2005
Shares in the Company				
Tan Sri Dato' Mohd Ramli Bin Kushairi				
- direct	6,490,510	-	(5,707,800)	782,710
Dato' (Dr.) Teoh Seng Foo				
- direct	43,795,724	5,930,000	(35,813,800)	13,911,924
- indirect	62,607,008	10,000,000	(24,442,000)	48,165,008
Teoh Seng Kian				
- direct	41,993,724	16,510,000	(29,170,000)	29,333,724
- indirect	62,607,008	10,000,000	(24,442,000)	48,165,008

By virtue of their interest in shares of the Company, Dato' (Dr.) Teoh Seng Foo and Mr. Teoh Seng Kian are deemed to be interested in the shares of all the subsidiary companies to the extent that the Company has a substantial interest.

Other than disclosed in the above, none of the other Directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest other than the following:

i) remuneration received by certain Directors as directors/executives of the subsidiary companies; and
ii) transactions in the course of business between certain companies in the Group and companies in which Dato' (Dr.) Teoh Seng Foo and Teoh Seng Kian have substantial financial interests.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

I) AS AT THE END OF THE FINANCIAL YEAR

a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
   i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
   ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

c) The Directors are not aware of any circumstances:
   i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
   ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
   iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

d) In the opinion of the Directors:
   i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

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

III) AS AT THE DATE OF THIS REPORT

e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

i) During the financial year, a subsidiary company, Sri Lingga Sdn. Bhd. ("SL") subscribed for an additional 3,599,996 ordinary shares of RM1.00 each at par of its associated company, Putar-Erat Sdn. Bhd. ("PE"). This subscription was satisfied by transfer of long term leasehold land to PE. SL's equity interest in PE has remained unchanged at 40% after the subscription. The leasehold land is to be developed into clubhouse and chalets by PE.

ii) On 18 February 2005, SL subscribed for an additional 180,000 ordinary shares of RM1.00 each at par in its subsidiary company, Performance Sciences Sdn. Bhd. ("PS"), for a total cash consideration of RM180,000. SL's equity interest in PS remained unchanged at 60% after the subscription.

AUDITORS

The auditors, BDO Binder, have indicated that they do not wish to seek re-appointment at the forthcoming Annual General Meeting.

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

Teoh Seng Kian
Director

Ong Bok Siong
Director

Subang Jaya

statement by directors

In the opinion of the Directors, the financial statements set out on pages 53 to 106 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

(i) the state of affairs of the Group and of the Company as at 31 December 2005 and of their results for the financial year then ended; and
(ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2005.

On behalf of the Board,

Teoh Seng Kian
Director

Ong Bok Siong
Director

Subang Jaya

statutory declaration

I, Goh Lik Sin, being the officer primarily responsible for the financial management of Meda Inc. Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Subang Jaya this)
)

Before me:

report of the auditors to the members of Meda inc. Berhad

We have audited the financial statements set out on pages 53 to 106.

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 towards any other person for the content of this report.

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

In our opinion:

a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
   i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
   ii) the state of affairs of the Group and of the Company as at 31 December 2005 and of their results and cash flows for the financial year then ended;

and

b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 7 to the financial statements, being financial statements that are included in the consolidated financial statements.

report of the auditors to the members of Meda inc. Berhad

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

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

Without qualifying our opinion, we draw your attention to Note 5.1 to the financial statements with regard to the going concern of the Group and the Company. Given the positive anticipation that upon completion of the negotiation with a potential buyer for the disposal of one of its properties and rescheduling of the repayment terms of the bank borrowings, the Directors have considered that the application of the going concern basis in the preparation of the financial statements to be appropriate.

BDO Binder
AF: 0206
Chartered Accountants

James Chan Kuan Chee
2271/10/07 (J)
Partner

Kuala Lumpur
18 April 2006

balance sheets as at 31 December 2005

ASSETS EMPLOYED	NOTE	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	6	132,978	155,307	68	161
INVESTMENT IN SUBSIDIARY COMPANIES	7	-	-	179,275	190,441
INVESTMENT IN AN ASSOCIATED COMPANY	8	3,356	-	-	-
INVESTMENT PROPERTIES	9	298,843	299,397	-	-
LAND HELD FOR PROPERTY DEVELOPMENT	10	63,125	81,854	-	-
GOODWILL ON CONSOLIDATION	11	811	1,427	-	-
DEFERRED TAX ASSETS	30	-	2,593	-	-
CURRENT ASSETS					
Inventories	12	26,230	27,893	-	-
Property development costs	13	75,980	98,950	-	-
Accrued billings		5,128	6,603	-	-
Amounts due from customers for contract works	14	12	491	-	-
Trade receivables	15	41,133	55,602	3	4
Other receivables, deposits and prepayments	16	71,701	78,213	178	512
Amounts owing by subsidiary companies	17	-	-	42,059	48,743
Tax recoverable		417	285	91	91
Fixed deposits with licensed banks	18	430	844	52	52
Cash and bank balances	19	5,334	2,132	80	100
		226,365	271,013	42,463	49,502
LESS: CURRENT LIABILITIES					
Trade payables	20	20,038	26,933	226	-
Other payables, deposits and accruals	21	41,930	32,592	2,366	726
Progress billings		22,546	6,399	-	-
Provision for liquidated and ascertained damages	22	966	951	-	-
Amounts owing to subsidiary companies	23	-	-	3,792	2,941
Borrowings (interest bearing)	24	110,134	44,021	-	-
Bank overdrafts (secured)	25	15,691	22,060	-	-
Tax liabilities		60,061	53,944	-	-
		271,366	186,900	6,384	3,667
NET CURRENT (LIABILITIES)/ ASSETS		(45,001)	84,113	36,079	45,835
		454,112	624,691	215,422	236,437

balance sheets (cont'd) as at 31 December 2005

FINANCED BY	NOTE	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
SHARE CAPITAL	28	213,470	213,470	213,470	213,470
RESERVES	29	39,816	150,092	1,952	22,967
SHAREHOLDERS' EQUITY		253,286	363,562	215,422	236,437
NON-CURRENT AND DEFERRED LIABILITIES					
Borrowings (interest bearing)	24	164,621	227,056	-	-
Deferred tax liabilities	30	34,542	32,013	-	-
Other non-current payables	31	1,663	2,060	-	-
		200,826	261,129	-	-
		454,112	624,691	215,422	236,437

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

income statements for the financial year ended 31 December 2005

	NOTE	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Revenue	32	89,111	84,648	-	3,550
Cost of sales	33	(72,916)	(43,694)	(2)	(1,676)
Gross profit/(loss)		16,195	40,954	(2)	1,874
Reversal of profit recognised for revocation of sales in prior years		(286)	(34,149)	-	-
Other operating income		1,105	1,320	608	84
Selling and distribution costs		(1,229)	(1,794)	-	-
Administration expenses		(36,869)	(29,429)	(2,409)	(2,594)
Other operating expenses	34	(59,041)	(1,253)	(19,212)	-
Loss from operations	35	(80,125)	(24,351)	(21,015)	(636)
Finance costs	36	(17,092)	(16,786)	-	-
Share of loss in associated company		(244)	-	-	-
Loss before tax		(97,461)	(41,137)	(21,015)	(636)
Tax (expense)/income	37	(12,935)	(1,459)	-	60
Net loss after tax		(110,396)	(42,596)	(21,015)	(576)
Minority interests		120	25	-	-
Loss for the financial year		(110,276)	(42,571)	(21,015)	(576)
Basic loss per ordinary share (sen)	38	(25.83)	(9.97)		

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

statements of changes in equity as at 31 December 2005

GROUP	Ordinary share capital RM'000	Share premium RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
Balance as at 1 January 2004	213,470	20,013	172,650	406,133
Net loss for the financial year	-	-	(42,571)	(42,571)
Balance as at 1 January 2005	213,470	20,013	130,079	363,562
Net loss for the financial year	-	-	(110,276)	(110,276)
Balance as at 31 December 2005	213,470	20,013	19,803	253,286

COMPANY				
Balance as at 1 January 2004	213,470	20,013	3,530	237,013
Net loss for the financial year	-	-	(576)	(576)
Balance as at 1 January 2005	213,470	20,013	2,954	236,437
Net loss for the financial year	-	-	(21,015)	(21,015)
Balance as at 31 December 2005	213,470	20,013	(18,061)	215,422

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

cash flow statements for the financial year ended 31 December 2005

CASH FLOWS FROM OPERATING ACTIVITIES	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Loss before tax and minority interests	(97,461)	(41,137)	(21,015)	(636)
Adjustments for:				
Share of loss in associated company	244	-	-	-
Allowance for doubtful debts	26,798	528	10,388	-
Amortisation of goodwill	38	62	-	-
Bad debts written off	4,045	51	-	-
Deposit forfeited	(232)	(267)	-	-
Depreciation of property, plant and equipment	7,552	7,078	16	38
Impairment of investment in subsidiary companies	-	-	8,824	-
Goodwill written off	578	50	-	-
Development expenditure written off	9,566	-	-	-
Impairment loss on:				
- property, plant and equipment	8,000	-	-	-
- land held for property development	16,668	-	-	-
Gain on disposal of:				
- property, plant and equipment	-	(38)	-	-
- investment properties	-	(40)	-	-
- shares in a subsidiary company	-	(80)	-	-
Interest expense	17,092	16,786	-	-
Loss on disposal of property, plant and equipment	10	10	-	-
Property, plant and equipment written off	-	16	-	-
Reversal of profit recognised for revocation of sales in prior years	286	34,149	-	-
Interest income	(310)	(378)	-	-
Operating (loss)/profit before working capital changes	(7,126)	16,790	(1,787)	(598)
Increase in inventories	(41)	(65)	-	-
Decrease/(Increase) in property development costs	13,050	(9,728)	-	-
Decrease/(Increase) in trade receivables	5,477	(4,535)	1	(1)
Decrease in accrued billings	1,475	16,538	-	-
Decrease/(Increase) in amounts due from customers for contract works	479	(491)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments	(442)	1,756	(68)	101
(Decrease)/Increase in trade payables	(6,895)	4,923	226	(10)
Increase in progress billings	16,147	6,399	-	-
Increase/(Decrease) in other payables, deposits and accruals	10,978	(1,975)	3,720	43
Decrease in other non-current payables	(397)	(450)	-	-
Cash generated from/(used in) operations	32,705	29,162	2,092	(465)
Interest received	310	332	-	-
Liquidated and ascertained damages reversed/(paid)	15	(23)	-	-
Tax paid	(917)	(3,658)	-	-
Net cash from/(used in) operating activities	32,113	25,813	2,092	(465)

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

	Group		Company	
	2005	2004	2005	2004
CASH FLOWS FROM INVESTING ACTIVITIES	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment (Note 39)	(2,398)	(4,606)	(20)	(60)
Additions to investment properties	(139)	(5,122)	-	-
Development expenditure incurred on land held for property development	(1,256)	(1,457)	-	-
Advances to subsidiary companies	-	-	-	(2,420)
Subscription of shares in a subsidiary company by minority shareholders	120	80	-	-
Acquisition of additional investment in - Nandex Land Sdn. Bhd.	-	(30)	-	(30)
Proceeds from disposal of				
- property, plant and equipment	127	298	97	-
- investment properties	-	3,805	-	-
Withdrawal/(Placement) of fixed deposits	379	951	-	(2)
Interest received	-	46	-	-
Net cash (used in)/from investing activities	(3,167)	(6,035)	77	(2,512)

CASH FLOWS FROM FINANCING ACTIVITIES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Drawdown of bank loans	14,314	34,048	-	-
Repayment of bank loans	(16,449)	(24,701)	-	-
Repayment of hire purchase liabilities	(501)	(556)	-	-
Interest paid	(16,774)	(18,538)	-	-
(Repayment to)/Advances from subsidiary companies	-	-	(2,189)	2,941
Net cash (used in)/from financing activities	(19,410)	(9,747)	(2,189)	2,941
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,536	10,031	(20)	(36)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	(19,873)	(29,904)	100	136
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 40)	(10,337)	(19,873)	80	100

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

1. GENERAL 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 and its principal place of business is located at 9th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors recognises the importance of financial risk management in the overall management of the Group's businesses. A sound risk management system will not only mitigate financial risk but will also be able to create opportunities if risk elements are properly managed.

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies, which are set out as follows:

Liquidity and cash flow risks

The Group is actively managing its operating cash flow to suit the debt maturity profile so as to ensure all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measures and forecasts its cash commitments and to maintain sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group also maintains credit facilities sufficient to meet its operational needs.

Credit risk

Credit risk, which is the risk of counterparties defaulting, is controlled by the application of credit approvals, limit and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to parties with high credit worthiness. If necessary, the Group may obtain collaterals from counterparties as a means of mitigating collection losses. Receivables are monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and car park operation. However, during the financial year, the car park operation has been taken over by its two subsidiary companies. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain freehold land and buildings and long term leasehold land) unless otherwise indicated in the significant accounting policies.

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

During the financial year, the Group and the Company have incurred a net loss of RM110.276 million and RM21.015 million respectively and, the Group's current liabilities exceeded its current assets by RM45.001 million as at 31 December 2005. In addition, the Group is in negotiation with the banks to reschedule the repayment of its term loan IV, term loan V and bridging loan II.

The Directors are also currently in discussions with potential buyer for disposing one of its properties. The Directors have considered the application of the going concern basis in the preparation of the financial statements to be appropriate in these circumstances, given the positive anticipation that upon completion of the negotiations, the Group and the Company will be able to meet their financial obligations as and when they fall due. In the event that the going concern basis of preparing the financial statements of the Group and of the Company be inappropriate, adjustments would have to be made to restate the carrying values of the assets to their recoverable amounts and to provide for further liabilities which may arise, to reclassify non current assets and long term liabilities as current assets and liabilities respectively.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Inter-company balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

With effect from 1 January 2002, all the subsidiary companies acquired are consolidated on the acquisition method of accounting. The Group has adopted the transitional provision permitted under FRS 122_{2004} Business Combination, which allows the Group to apply the standard prospectively.

All subsidiary companies acquired before 1 January 2002 are consolidated using the merger method of accounting permitted by Malaysian Accounting Standard No. 2 - Accounting for Acquisitions and Mergers, the accounting standard which was applicable then, except for Cemerlang Land Sdn. Bhd. which was consolidated using the acquisition method of accounting.

Under the merger method of accounting, the results of subsidiary companies are accounted for on a full year basis irrespective of the date of merger.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated balance sheet.

The difference, if any, between the acquisition cost and the fair values of the net assets of the subsidiary companies at the date of acquisition is reflected as goodwill or negative goodwill arising on consolidation. However, if the amounts involved are immaterial, goodwill or negative goodwill arising on acquisition is charged to the income statement as and when they arise.

Where goodwill on consolidation is considered to be capable of generating future economic benefits, it is capitalised in the financial statements and amortised on a straight line basis over its estimated useful life or 25 years, whichever is shorter; otherwise it is written off in the income statement in the year of acquisition. The carrying amount and the amortisation period is reviewed annually, and goodwill is written down when, in the opinion of the Directors, its value has deteriorated or when it ceases to have a useful life. Goodwill on consolidation is stated at cost less accumulated amortisation and impairment losses, if any.

Negative goodwill on consolidation is retained in the balance sheet and credited to the income statement over a suitable period decided in relation to the particular circumstances which gave rise to it.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Property, plant and equipment and depreciation

The gross carrying amounts of property, plant and equipment are initially measured at cost. Freehold land and hotel buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land and hotel buildings are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

The surplus arising from such valuation is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus shall be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained profits.

Freehold land and work-in-progress are not depreciated. Long term leasehold land is amortised on a straight-line basis over the term of the lease period of 74 years. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Hotel buildings	*1%*
Renovation	*10% - 33 1/3 %*
Furniture, fittings, office and other equipment	*10% - 50%*
Motor vehicles	*20%*
Show village and sales office	*10% - 20%*

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Assets acquired under hire purchase agreements

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase liabilities.

5.5 Investments

(a) Subsidiary companies

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

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

(b) Associated companies

An associated company is a company in which the Group and the Company have a long term equity interest and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less impairment losses, if any.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies.

Goodwill or negative goodwill arising on acquisition represents the difference between the cost of investment and the Group's share of the fair value of net assets of the associated companies at the date of acquisition.

Goodwill on acquisition is stated at cost less impairment losses, if any. Negative goodwill arising on acquisition is not recognised as income.

The Group's share of results and reserves less losses in the associated companies acquired or disposed of is included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Investment properties

Investment properties are investments in land and buildings that are not substantially occupied for use by, or in the operations of the Group and are held for investment potential and rental income. They are accounted for as long term investments and are stated at valuation and are not depreciated. Investment properties are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying value of the revalued assets materially differ from the market values.

Surpluses arising from such valuations are credited to shareholders' equity as revaluation reserve and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

For a revaluation increase subsequent to a revaluation deficit of the same investment, the surplus shall be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

Upon disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the revaluation reserve related to the investment property is transferred directly to retained profits.

5.7 Land held for property development

Land held for property development, stated at cost less impairment losses, if any, is classified as non-current assets when no development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

5.8 Property development costs

Property development costs comprise costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the costs of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

Property development costs on which development activities have commenced or where it can be demonstrated that the development activities can be completed within the normal operating cycle are classified as current assets.

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the income statement by reference to the stage of completion of development activity at the balance sheet date.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

When revenue recognised in the income statement exceeds progress billings to purchasers, the balance is shown as accrued billings under current assets. When progress billings exceed revenue recognised in the income statement, the balance is shown as progress billings under current liabilities.

5.9 Inventories

Inventories including unsold completed development properties are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

5.10 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense 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 costs incurred plus attributable profits or less foreseeable losses, if any, exceed progress billings, the balance is shown as amounts due from customers for contract works. When progress billings exceed costs incurred plus attributable profits or less foreseeable losses, if any, the balance is shown as amounts due to customers for contract works.

5.11 Receivables

Receivables are carried at anticipated realisable values. Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than inventories, amounts due from customers for contract works, deferred tax assets and financial assets (other than investment in subsidiary companies and associated company) 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 and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement.

All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.13 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.

5.14 Provisions

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 Employee benefits

5.15.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.15.2 Defined contribution plan

The Group makes contributions to a statutory provident fund and recognises the contribution payable:

a) after deducting contribution already paid as a liability; and

b) as an expense in the financial year in which the employees render their services.

5.15.3 Termination benefits

Termination benefits are payment due to employees as a result of the termination of employment before the normal retirement date or to encourage voluntary redundancy. They are recognised as a liability and an expense when the Company has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

5.16 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.16.1 Current tax expense

Current tax expense is based on taxable profit for the year. Current tax also include other taxes such as real property gains taxes payable on disposal of properties.

5.16.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unabsorbed tax losses and unutilised capital allowances.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16.2 Deferred tax (Cont'd)

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

5.17 Transactions in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange at the balance sheet date except where there are related or matching forward contracts in respect of trading transactions, in which case, the rates of exchange specified in those contracts are used.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statement.

5.18 Revenue recognition

(i) Sale of property development projects

Revenue from sale of property development projects is recognised based on stage of completion of development activities at the balance sheet date. The stage of completion is based on the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs.

(ii) Sale of hotel rooms, food and beverages and other ancillary services

Revenue from services rendered in respect of sale of hotel rooms, food and beverages and other ancillary services is recognised in the income statement upon rendering of services.

(iii) Rental income

Rental income is recognised on an accrual basis over the respective tenure of the agreement unless collectibility is in doubt.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) **Sale of fresh fruit bunches**
Revenue from sale of fresh fruit bunches is measured at the fair value of the consideration receivable and is recognised in the income statement upon delivery of goods and customers'acceptance.

(v) **Collection from car park operations**
Collection from car park operations is recognised on receipt basis except for season parking of which accrual basis is used.

(vi) **Interest income**
Interest income is recognised on a time proportion basis taking into account the effective yield of the assets.

5.19 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments that are readily convertible to cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are stated after deducting bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

5.20 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group's risks and returns are affected predominantly by differences in the nature of its businesses, whilst the secondary information is reported geographically.

A segment with a majority of operating income earned from providing product or services to external customers and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance costs and corporate administration expenses.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 Financial instruments

5.21.1 Financial instruments recognised on the balance sheet

a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

b) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policies associated with each item.

5.21.2 Financial instruments not recognised on the balance sheet

There are no financial instruments not recognised on the balance sheet.

5.22 Borrowing costs

Interest, dividends, losses and gains relating to a financial instrument, or a component part classified as a financial liability is reported as finance cost in the income statement.

Cost incurred on borrowings to finance the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the income statement.

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

6. PROPERTY, PLANT AND EQUIPMENT

Group 2005	Balance as at 1.1.2005 RM'000	Additions RM'000	Disposals RM'000	Reclassi-fication RM'000	Balance as at 31.12.2005 RM'000
Cost unless otherwise stated					
Freehold land and hotel buildings					
- at valuation	122,928	-	-	-	122,928
- additions at cost	369	-	-	-	369
Long term leasehold land					
- at valuation	10,883	-	(10,883)	-	-
- additions at cost	16	-	(16)	-	-
Renovation	23,611	284	-	(3)	23,892
Furniture, fittings, office and other equipment	15,380	1,662	(148)	71	16,965
Motor vehicles	2,535	911	(100)	120	3,466
Show village and sales office	1,070	94	-	(72)	1,092
Work-in-progress	6,853	1,036	-	(323)	7,566
	183,645	**3,987**	**(11,147)**	**(207)**	**176,278**

Accumulated depreciation	Balance as at 1.1.2005 RM'000	Charge for the financial year RM'000	Disposals RM'000	Reclassi-fication RM'000	Balance as at 31.12.2005 RM'000
Freehold land and hotel buildings					
- at valuation	4,702	1,191	-	-	5,893
- additions at cost	6	4	-	-	10
Long term leasehold land					
- at valuation	442	37	(479)	-	-
- additions at cost	-	-	-	-	-
Renovation	9,082	3,561	-	-	12,643
Furniture, fittings, office and other equipment	12,534	1,998	(51)	(45)	14,436
Motor vehicles	1,182	601	(60)	45	1,768
Show village and sales office	390	160	-	-	550
Work-in-progress	-	-	-	-	-
	28,338	**7,552**	**(590)**	**-**	**35,300**

Accumulated impairment loss	Balance as at 1.1.2005 RM'000	Impairment loss for the financial year RM'000	Balance as at 31.12.2005 RM'000
Freehold land and hotel buildings			
- at valuation	-	8,000	8,000

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2004	Balance as at 1.1.2004 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassi-fication RM'000	Balance as at 31.12.2004 RM'000
Cost unless otherwise stated						
Freehold land and hotel buildings						
- at valuation	122,928	-	-	-	-	122,928
- additions at cost	369	-	-	-	-	369
Long term leasehold land						
- at valuation	10,883	-	-	-	-	10,883
- additions at cost	16	-	-	-	-	16
Renovation	22,914	864	-	(161)	(6)	23,611
Furniture, fittings, office and other equipment	14,451	888	(49)	(16)	106	15,380
Motor vehicles	2,758	366	(469)	-	(120)	2,535
Show village and sales office	1,101	20	-	-	(51)	1,070
Work-in-progress	4,104	2,754	-	-	(5)	6,853
	179,524	**4,892**	**(518)**	**(177)**	**(76)**	**183,645**

Accumulated depreciation	Balance as at 1.1.2004 RM'000	Charge for the financial year RM'000	Disposals RM'000	Wtitten off RM'000	Reclassi-fication RM'000	Balance as at 31.12.2004 RM'000
Freehold land and hotel buildings						
- at valuation	3,520	1,182	-	-	-	4,702
- additions at cost	6	-	-	-	-	6
Long term leasehold land						
- at valuation	295	147	-	-	-	442
- additions at cost	-	-	-	-	-	-
Renovation	6,707	2,536	-	(161)	-	9,082
Furniture, fittings, office and other equipment	9,960	2,546	(17)	-	45	12,534
Motor vehicles	963	495	(231)	-	(45)	1,182
Show village and sales office	218	172	-	-	-	390
Work-in-progress	-	-	-	-	-	-
	21,669	**7,078**	**(248)**	**(161)**	**-**	**28,338**

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2005	Balance as at 1.1.2005 RM'000	Addition RM'000	Disposal RM'000	Balance as at 31.12.2005 RM'000
Cost				
Furniture, fittings, office and other equipment	223	20	(143)	100

Accumulated depreciation	Balance as at 1.1.2005 RM'000	Charge for the financial year RM'000	Disposal RM'000	Balance as at 31.12.2005 RM'000
Furniture, fittings, office and other equipment	62	16	(46)	32

Company 2004	Balance as at 1.1.2004 RM'000	Addition RM'000	Reclassi-fication RM'000	Balance as at 31.12.2004 RM'000
Cost				
Motor vehicles	120	-	(120)	-
Furniture, fittings, office and other equipment	43	60	120	223
	163	**60**	**-**	**223**

Accumulated depreciation	Balance as at 1.1.2004 RM'000	Charge for the financial year RM'000	Reclassi-fication RM'000	Balance as at 31.12.2004 RM'000
Motor vehicles	19	26	(45)	-
Furniture, fittings, office and other equipment	5	12	45	62
	24	**38**	**-**	**62**

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Net book value	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Freehold land and hotel buildings				
- at valuation	109,035	118,226	-	-
- additions at cost	359	363	-	-
Long term leasehold land				
- at valuation	-	10,441	-	-
- additions at cost	-	16	-	-
Renovation	11,249	14,529	-	-
Furniture, fittings, office and other equipment	2,529	2,846	68	161
Motor vehicles	1,698	1,353	-	-
Show village and sales office	542	680	-	-
Work-in-progress	7,566	6,853	-	-
	132,978	155,307	68	161

Interest expenses on borrowings which are directly related to work-in-progress that have been capitalised as the additions of the Group during the financial year amounted to RM106,000 (2004: RM937,000).

In the previous financial year, the long term leasehold land was charged as security for banking facilities granted to the Group. During the current financial year, the long term leasehold land was fully redeemed and free from encumbrances at the point of disposal. The long term leasehold land was previously revalued by the Directors based on independent professional valuation carried out in 1996 on the fair market value basis. The subsidiary company has not adopted a policy of regular revaluation of the said asset. As permitted by the transitional provisions of International Accounting Standards No. 16 (Revised) - Property, Plant and Equipment, the asset is stated at its 1996 valuation less accumulated depreciation.

The freehold land and hotel buildings which are charged as security for banking facilities granted to the Group (Note 27(iv)) were revalued on 23 March 2001 by the Directors based on independent professional valuations on the open market value basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

Net book value	Group 2005 RM'000	Group 2004 RM'000
Freehold land and hotel buildings	91,593	99,851
Long term leasehold land	-	6
	91,593	99,857

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in property, plant and equipment are the following:

i) Net book values of the assets to which legal title has not been transferred to the Group pending subdivision of master title are as follows:

	Group 2005 RM'000	Group 2004 RM'000
Freehold land and hotel buildings	18,427	26,699

ii) Net book values of the assets acquired under unexpired hire purchase arrangements are as follows:

	Group 2005 RM'000	Group 2004 RM'000
Furniture, fittings, office and other equipment	146	32
Motor vehicles	1,691	1,353
	1,837	1,385

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2005 RM'000	Company 2004 RM'000
Unquoted shares, at cost	188,099	190,441
Impairment loss recognised during the current financial year	(8,824)	-
	179,275	190,441

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies, all incorporated in Malaysia, are:

Name of company	Equity interest Direct 2005 %	2004 %	Indirect 2005 %	2004 %	Principal activities
*Meda Development Sdn. Bhd. ("MD")	100	100	-	-	Property development, property management and investment and operation of a hotel. During the financial year, MD took over the car park operation from the Company
*ZKP Development Sdn. Bhd. ("ZKP")	100	100	-	-	Property development, property management and investment and operation of a hotel During the financial year, ZKP took over the car park operation from the Company
*Litaran Bayu Sdn. Bhd. ("LB")	100	100	-	-	Investment holding
*Kota Malim Sdn. Bhd. ("KM")	30	30	70	70	Property development
Cemerlang Land Sdn. Bhd. ("CL")	100	100	-	-	Property development
Nandex Development Sdn. Bhd. ("ND")	100	100	-	-	Property development
Impressive Performance Sdn. Bhd. ("IP")	100	100	-	-	Property development
Everlasting Growth Sdn. Bhd. ("EG")	100	100	-	-	Property development
*Meda Project Management Sdn. Bhd. ("MPM")	100	100	-	-	Project management services
*Meda Realty Sdn. Bhd. ("MR")	100	100	-	-	Property development
*MIB Construction Sdn. Bhd. ("MIBC")	100	100	-	-	Marketing agent and building contractor
Nandex Land Sdn. Bhd. ("NL")	100	100	-	-	Provision of landscaping services
Sri Lingga Sdn. Bhd. ("SL")	100	100	-	-	Property development and cultivation of oil palm
Subsidiary company of SL					
Performance Sciences Sdn. Bhd. ("PS")	-	-	60	60	Provision of adventure facilities, design and installation, management training and consultancy services

**Not audited by BDO Binder*

8. INVESTMENT IN AN ASSOCIATED COMPANY

	Group 2005 RM'000	2004 RM'000
Unquoted shares, at cost	3,600	*
Share of post-acquisition loss	(244)	(*)
	3,356	-

** This represents an amount of RM4.00.*

The details of the associated company are as follow:

Name of company	Country of incorporation	Effective interest 2005 %	2004 %	Principal activity
Associated company of SL				
Putar-Erat Sdn. Bhd. ("PE")	Malaysia	40	40	Dormant

During the financial year, the issued and paid-up share capital of PE was increased from RM10 to RM9,000,000 by an allotment of 8,999,990 ordinary shares of RM1.00 each. The new shares rank pari-passu in all respects with the then existing shares of PE. The Group subscribed to 3,599,996 new ordinary shares which was satisfied by the transfer of a leasehold land from SL to PE. Interest of the Group subsequent to the new shares issued remains at 40%.

9. INVESTMENT PROPERTIES

	Group 2005 RM'000	Group 2004 RM'000
Investment properties represent the retained portion of:		
A 6-storey shopping complex known as The Summit, Subang USJ and an adjoining 13-storey office tower known as Menara Summit		
- at cost	3,575	3,575
- at valuation	211,954	211,954
	215,529	215,529
A 5-storey shopping complex together with a 10-storey office tower known as The Summit Bukit Mertajam Plaza		
- at cost	6,542	7,096
- at valuation	76,772	76,772
	83,314	83,868
	298,843	299,397

The titles to The Summit Bukit Mertajam Plaza have not been transferred to the Group pending subdivision of master title.

The investment properties which are charged as security for banking facilities granted to the Group (Note 27(iv)) were revalued by the Directors on 23 March 2001 based on independent professional valuations on the open market value basis.

10. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2005 RM'000	Group 2004 RM'000
Balance as at 1 January	81,854	92,508
Additions during the financial year	3,191	6,535
Transfer from/(to) property development costs (Note 13)	3,967	(17,189)
Impairment loss recognised during the financial year (Note 34)	(16,668)	-
Reversal of development rights	(2,659)	-
Reclassified to other receivables (Note 16 (a))	(6,560)	-
Balance as at 31 December	63,125	81,854
At valuation		
Freehold land	576	576
Long term leasehold land	22,516	19,989
	23,092	20,565
At cost		
Long term leasehold land	12,800	12,800
Development rights	4,470	7,129
Development expenditure	22,763	41,360
	63,125	81,854

The land stated at valuation were land previously used for plantation purposes which were reclassified from property, plant and equipment in financial year 2001 for the commencement of property development activities. These land were revalued by the Directors based on independent professional valuations carried out in 1996 on the open market value basis. As allowed by the transitional provision of FRS 201 - Property Development Activities, the carrying amounts of these land shown at valuation have been retained on the basis of their previous revaluations as their surrogate costs.

The development rights included in land for property development and property development cost (Note 13) were acquired from Kumpulan Prasarana Rakyat Johor Sdn. Bhd. ("KPRJ"), the registered land owner of one of the Group's development projects known as Desa Larkin Project.

The title to a long term leasehold land of a subsidiary company which amounted to RM12.8 million (2004: RM12.8 million) is registered under the name of Perbadanan Kemajuan Negeri Perak. The subsidiary company is the beneficial owner of the land, vested by the Sale and Purchase Agreement dated 14 March 1995.

The entire long term leasehold land carried at cost have been charged as security for banking facilities granted to the Group (Note 25(i) and Note 27(i)).

Included in the development expenditure is borrowing costs capitalised during the financial year amounting to RM1,935,000 (2004: RM2,503,000).

11. GOODWILL ON CONSOLIDATION

	Group	
	2005 RM'000	2004 RM'000
Balance as at 1 January	1,427	1,489
Arising from acquisition of subsidiary companies	-	50
Amortisation during the financial year	(38)	(62)
Written off during the financial year	(578)	(50)
Balance as at 31 December	**811**	**1,427**

12. INVENTORIES

	Group	
	2005 RM'000	2004 RM'000
At cost		
Completed development properties	25,823	27,527
Food and beverage	233	194
Room supplies and consumables	174	172
	26,230	**27,893**

13. PROPERTY DEVELOPMENT COSTS

	Group	
	2005 RM'000	2004 RM'000
Balance as at 1 January		
Long term leasehold land, at cost	22,501	13,677
Long term leasehold land, at valuation	9,001	9,667
Development rights	2,532	2,532
Development expenditure	190,854	132,845
	224,888	158,721
Cost incurred during the financial year		
Long term leasehold land, at cost	-	113
Development expenditure	45,633	48,865
	45,633	48,978

13. PROPERTY DEVELOPMENT COSTS (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000
Other movements during the financial year		
Reclassified to other receivables	(1,709)	-
Reversal of development rights	(594)	-
Development expenditure written off	(9,566)	-
Transfer (to)/from land held for property development costs (Note 10)	(3,967)	17,189
	(15,836)	17,189
Recognised as an expense in income statement		
In previous years	(125,938)	(94,840)
During the financial year	(52,767)	(31,098)
	(178,705)	(125,938)
Balance as at 31 December	75,980	98,950

The long term leasehold land under development have been charged as security for banking facilities granted to the Group (Note 25(ii) and Note 27(ii)).

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

	Group 2005 RM'000	Group 2004 RM'000
Interest expense	3,174	3,655
Rental of equipment	-	6

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	Group 2005 RM'000	Group 2004 RM'000
Aggregate costs incurred to date	63	491
Add: Attributable profits	5	-
	68	491
Less: Progress billings	(56)	-
	12	491

15. TRADE RECEIVABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Trade receivables	54,186	59,874	3	4
Less: Allowance for doubtful debts	(13,053)	(4,272)	-	-
	41,133	55,602	3	4
Included in trade receivables are: Amounts owing by companies in which certain Directors of the Company and a brother of certain Directors of the Company have substantial financial interests	5,273	4,639	-	-

The amounts owing by these companies were unsecured and interest-free.

The credit terms offered by the Group in respect of trade receivables are 7 days from the date of invoice and 21 days from the date of progress billing for property buyers. Other credit terms are assessed and approved on a case-by-case basis.

In addition, the Group offers an instalment plan to the buyers of a property development project that allow the buyers to settle the remaining 90% of the purchase consideration of the properties in monthly instalments over a period of 48 to 60 months from the date of Sale and Purchase Agreements.

There is no foreign currency exposure as at the end of the financial year.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Other receivables	41,765	18,946	523	432
Less: Allowance for doubtful debts	(8,608)	(31)	(403)	-
	33,157	18,915	120	432
Turnkey deposits	25,967	36,232	-	-
Less: Allowance for doubtful debts	(9,440)	-	-	-
	16,527	36,232	-	-
Advance billings by a turnkey contractor	20,376	20,471	-	-
Other deposits	1,334	2,273	58	57
Prepayments	307	322	-	23
	71,701	78,213	178	512

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000
a) Included in other receivables are:		
Liquidated and ascertained damages ("LAD") receivable from turnkey contractors		
- owing by companies in which certain Directors of the Company and a brother of certain Directors of the Company have substantial financial interest	4,000	4,000
- a former related party	-	1,566
Development expenditure on relocation of squatters recoverable from KPRJ in accordance with development agreement (Note 10 and Note 13), net of KPRJ entitlement on the sales value	5,751	-

b) The turnkey deposits of RM16.527 million (2004: RM35.532 million) represent deposits paid to the turnkey contractors for housing development projects upon award of the said development projects which will be refunded upon completion of the projects.

	2005 RM'000	2004 RM'000
Included in the turnkey deposits are:		
Deposits held by turnkey contractors		
- owing by companies in which certain Directors of the Company and a brother of certain Directors of the Company have substantial financial interest	3,950	3,950
- a former related party	-	9,440

The remaining RM12.577 million (2004: RM22.142 million) of the turnkey deposits is made to a single turnkey contractor. The advance billing of RM20.376 million (2004: RM20.471 million) paid to the same turnkey contractor will be recovered from a related company of the turnkey contractor, via assignment of the proceeds from sale of its property development project.

17. AMOUNTS OWING BY SUBSIDIARY COMPANIES

	Company 2005 RM'000	Company 2004 RM'000
Amounts owing by subsidiary companies	52,044	48,743
Less: Allowance for doubtful debts	(9,985)	-
	42,059	48,743

The amounts owing by subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

18. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits of the Group and of the Company are amounts of RM410,000 (2004: RM789,000) and RM52,000 (2004: RM52,000) pledged to licensed banks as security for bank guarantee facilities granted to the Group and to the Company.

19. CASH AND BANK BALANCES

Group

Included in the cash and bank balances is an amount of RM229,000 (2004: RM415,000) held under Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

20. TRADE PAYABLES

The credit terms available to the Group in respect of trade payables range from 14 to 60 days from the date of invoice and progress billing.

There is no foreign currency exposure as at the end of the financial year.

21. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other payables	24,432	16,293	1,957	272
Accruals	12,235	11,222	409	410
Purchasers' and tenants' deposits	5,263	5,077	-	44
	41,930	32,592	2,366	726

Included in other payables of the Group and of the Company is an amount of RM3.492 million (2004: RM1.758 million) and RM1.555 million (2004: Nil) representing advances from a third party which are interest-free, and are repayable by monthly instalments ranging from RM50,000 to RM165,000 commencing from 31 July 2005. The balances are secured by granting an option to the third party to purchase one level of office block from a subsidiary company of the Company for a consideration of RM3.9 million.

In the previous financial year, the amount was unsecured, bore interest rate of 9.0% and had no fixed terms of repayment.

Other than disclosed, all the above amounts are unsecured, interest-free and are to be settled in accordance with normal credit terms ranging from 14 to 60 days from the date of invoice.

22. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group 2005 RM'000	Group 2004 RM'000
Balance as at 1 January	951	974
Reversal of overpayment in prior year	15	-
Amount paid during the financial year	-	(23)
Balance as at 31 December	966	951

The provision for liquidated and ascertained damages is in respect of late delivery of a property development project undertaken by a subsidiary company and is expected to be payable within the next 12 months.

23. AMOUNTS OWING TO SUBSIDIARY COMPANIES

The amounts owing to subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

24. BORROWINGS (INTEREST BEARING)

	Group 2005 RM'000	Group 2004 RM'000
Current liabilities		
Hire purchase liabilities (Note 26)	517	312
Bank loans - secured (Note 27)	109,617	43,709
	110,134	44,021
Non-current liabilities		
Hire purchase liabilities (Note 26)	1,419	1,010
Bank loans - secured (Note 27)	163,202	226,046
	164,621	227,056
Total borrowings		
Hire purchase liabilities (Note 26)	1,936	1,322
Bank loans - secured (Note 27)	272,819	269,755
	274,755	271,077

25. BANK OVERDRAFTS - SECURED

The bank overdrafts of the Group are secured by:

i) first legal charges over the Group's land held for property development (Note 10);
ii) first legal charges over the Group's land under development, included in property development costs (Note 13);
iii) first legal charge over KPRJ leasehold land on which the Group's development project known as Desa Larkin Project is situated;
iv) a legal charge over a property of a third party;
v) corporate guarantees by the Company; and
vi) joint and several guarantees by certain Directors of the Company and a brother of certain Directors of the Company.

A bank overdraft of a subsidiary company is repayable by monthly principal reductions of RM50,000 each commencing September 2004.

During the previous financial year, a bank overdraft of a subsidiary company has been restructured into a term loan and bridging loan (Note 27).

During the financial year, a bank overdraft of a subsidiary company has been restructured into a fixed loan (Note 27).

26. HIRE PURCHASE LIABILITIES

	Group	
	2005 RM'000	2004 RM'000
Minimum hire purchase payments		
- not later than one year	663	399
- later than one year and not later than five years	1,516	1,077
- later than five years	46	70
	2,225	1,546
Less: Future interest charges	(289)	(224)
Present value of hire purchase liabilities	1,936	1,322
Repayable as follows:		
Current liabilities:		
- not later than one year	517	312
Non-current liabilities:		
- later than one year and not later than five years	1,375	944
- later than five years	44	66
	1,419	1,010
	1,936	1,322

27. BANK LOANS - SECURED

	Group 2005 RM'000	Group 2004 RM'000
a) Term loan		
RM125.0 million term loan I repayable as follows: - 12 monthly instalments of RM300,000 each commencing 1 July 2006 - 12 monthly instalments of RM400,000 each commencing 1 July 2007 - 12 monthly instalments of RM500,000 each commencing 1 July 2008 - 11 monthly instalments of RM1 million each commencing 1 July 2009 - a final instalment of RM95.841 million on 30 June 2010	130,571	127,560
RM30.0 million term loan II repayable as follows: - 12 monthly instalments of RM200,000 each commencing 1 July 2006 - 10 monthly instalments of RM300,000 each commencing 1 July 2007 - a final instalment of RM18.317 million in 31 May 2008	25,953	25,252
RM40.0 million term loan III repayable by monthly instalments of RM617,400 each inclusive of interest commencing 31 December 2006 with adjustment to final interest	34,740	34,740
RM20.0 million term loan IV repayable as follows: - 2 quarterly instalments of RM1,000,000 each commencing 30 June 2005 - 1 quarterly instalment of RM2,355,000 commencing 30 December 2005 - 3 quarterly instalments of RM1,250,000 each commencing 30 March 2006 - 1 quarterly instalment of RM3,390,000 commencing 30 December 2006 - 3 quarterly instalments of RM1,500,000 each commencing 30 March 2007 - final instalment payable on 30 December 2007	18,561	19,441
RM10.0 million term loan V and RM10.00 million bridging loan II repayable by 1 July 2005	10,217	8,471
RM13.16 million term loan VI repayable by monthly instalments of RM219,330 each commencing 18 August 2005	9,964	11,973
RM3.9 million term loan VII repayable on or before 25 July 2006 or upon redemption of titles, whichever is earlier	2,214	3,900
RM1.0 million term loan VIII repayable by 60 equal monthly instalments of RM20,227 each commencing 19 September 2005	474	-
	232,694	231,337

27. BANK LOANS - SECURED (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000
b) Bridging loan		
RM15.0 million bridging loan I repayable by 7 equal quarterly instalments of RM72,600 commencing 1 July 2005 and a lump sum repayment of RM1,464,531 on 1 April 2007, or upon redemption of titles, whichever is earlier	2,255	8,601
RM10.0 million bridging loan II repayable by 29 equal monthly instalments of RM333,000 each and a final instalment of RM343,000 commencing 1 February 2004	-	1,375
RM11.0 million bridging loan III repayable on or before 11 July 2006, or upon redemption of titles, whichever is earlier	-	190
RM5.0 million bridging loan IV repayable upon redemption of titles	2,486	-
RM32.0 million term loan and bridging loan V repayable by 8 quarterly instalments ranging from RM2,000,000 to RM6,000,000 commencing 16 December 2004, or upon redemption of titles, whichever is earlier	20,060	23,252
	24,801	33,418
(c) Other borrowings		
RM5.0 million revolving loan repayable on demand	3,860	5,000
RM11.4 million fixed loan repayable by 12 equal quarterly instalments commencing 1 May 2006 or upon redemption of titles, whichever is earlier, with adjustment to final interest	11,464	-
	15,324	5,000
	272,819	269,755

During the financial year, certain subsidiary companies have obtained the approval of the banks to restructure the following bank borrowing:

i) to restructure the repayment terms of term loan VI from 20 equal quarterly instalment of RM658,000 each commencing 18 January 2005 to 60 equal monthly instalment of RM219,330 each commencing 18 August 2005.

ii) to restructure bridging loan I and a bank overdraft to fixed loan of RM11.464 million which is repayable by 12 equal quarterly instalments commencing 1 May 2006 with adjustment to final interest. The repayment of the balance of the bridging loan I is deferred from 31 March 2005 to 7 quarterly instalments of RM72,600 commencing 1 July 2005 and a lump sum repayment of RM1,464,531 on 1 April 2007.

27. BANK LOANS - SECURED (CONT'D)

In respect of term loan I and II, in addition to the repayment terms as disclosed above, there will be lump sum payments of interest capitalised as part of the principal on 1 July 2006.

In addition, a subsidiary company is in the midst of negotiation with the bank to restructure the term loan V and bridging loan II, including its mode of repayment. The completion of the restructuring is pending the banker's approval.

Bridging loan I and a fixed loan of RM11.464 million (2004: bridging loan I and bank overdraft of RM5.392 million) had been acquired by Danaharta Urus Sdn. Bhd. on 3 April 2000 pursuant to the corporate restructuring of the bank.

	Group	
	2005 RM'000	2004 RM'000
The bank loans are repayable as follows:		
Current liabilities:		
- not later than one year	109,617	43,709
Non-current liabilities:		
- later than one year and not later than five years	156,912	95,739
- later than five years	6,290	130,307
	163,202	226,046
	272,819	269,755

The term loans, bridging loan and revolving loan are secured by:

i) first and second legal charges over certain of the Group's land held for property development (Note 10);
ii) first legal charges over the Group's land under development, included in property development costs (Note 13);
iii) first legal charge over KPRJ leasehold land on which the Group's development project known as Desa Larkin Project is situated;
iv) first and second legal charges over the Group's entire freehold land and hotel buildings (Note 6) and investment properties (Note 9);
v) legal assignment over the sales, rental income proceeds and such other income receivable from the Group's investment properties (Note 9);
vi) legal assignment of the surplus proceeds from the ongoing and future development projects carried out/to be carried out by the Group;
vii) debentures over MD, ZKP and PS's fixed and floating assets.
viii) corporate guarantees from the Company and the substantial shareholder; and
ix) joint and several guarantees by certain Directors of the Company and a brother of certain Directors of the Company.

28. SHARE CAPITAL

	Group and Company			
	2005		2004	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	500,000	250,000	500,000	250,000
Issued and fully paid	426,940	213,470	426,940	213,470

29. RESERVES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-distributable:				
Share premium	20,013	20,013	20,013	20,013
Distributable:				
Retained profits/(Accumulated losses)	19,803	130,079	(18,061)	2,954
	39,816	150,092	1,952	22,967

30. DEFERRED TAX

a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2005 RM'000	2004 RM'000
Balance as at 1 January	29,420	16,182
Reversal of fair value adjustment arising from profit guarantee compensation	(911)	-
Recognised in the income statement (Note 37)		
- current year	13,805	(7,973)
- (over)/under provision in prior years	(7,772)	21,211
	6,033	13,238
Balance as at 31 December	34,542	29,420
Presented after appropriate offsetting as follows:		
Deferred tax assets, net	-	(2,593)
Deferred tax liabilities, net	34,542	32,013
	34,542	29,420

30. DEFERRED TAX (CONT'D)

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

	Group 2005 RM'000	2004 RM'000
Deferred tax assets		
Balance as at 1 January	26,038	7,310
Recognised in the income statement		
Excess of depreciation over corresponding capital allowances	-	(361)
Unabsorbed tax losses	(4,063)	8,148
Unutilised capital allowances	(16,423)	10,947
Provisions	(945)	(6)
	(21,431)	18,728
Balance as at 31 December	4,607	26,038
Deferred tax liabilities		
Balance as at 1 January	55,458	23,492
Recognised in the income statement		
Excess of capital allowances over corresponding depreciation	(15,228)	32,067
Reversal or realisation of deferred tax on revaluation reserve through depreciation	(242)	(102)
Provision of deferred tax on fair value adjustment on acquisition of a subsidiary company	(839)	1
	(16,309)	31,966
Balance as at 31 December	39,149	55,458

30. DEFERRED TAX (CONT'D)

c) The components of deferred tax assets and liabilities as at end of the financial year comprise tax effect of:

	Group 2005 RM'000	Group 2004 RM'000
Deferred tax assets		
Unabsorbed tax losses	4,585	8,648
Unutilised capital allowances	22	16,445
Provisions	-	945
	4,607	26,038
Deferred tax liabilities		
Excess of capital allowances over corresponding of depreciation	17,684	32,912
Revaluation reserve	19,709	19,951
Fair value adjustment on acquisition of a subsidiary company	1,756	2,595
	39,149	55,458

d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group 2005 RM'000	Group 2004 RM'000
Excess of depreciation over corresponding capital allowances	-	30
Provisions	36	30
Unabsorbed tax losses	85,000	14,000
Unutilised capital allowances	78,000	22,000
	163,036	36,060

The unabsorbed tax losses and unutilised capital allowances are available indefinitely to offset against future taxable profits of the subsidiary companies in which those items arose.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group. They have arisen in subsidiary companies that have a recent history of losses of which it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

31. OTHER NON-CURRENT PAYABLES

	Group	
	2005 RM'000	2004 RM'000
Unpaid land acquisition cost	1,663	2,060

The unpaid land acquisition cost is due to Perbadanan Kemajuan Negeri Perak, the former substantial shareholder of KM. The amount is unsecured, interest-free and is not expected to be paid within the next 12 months.

32. REVENUE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Proportionate sales value of development properties	43,476	40,215	-	-
Sale of hotel rooms, food and beverages and other ancillary services	22,026	20,551	-	-
Gross rental income	18,967	18,774	-	-
Car park operations	3,628	3,550	-	3,550
Others	1,014	1,558	-	-
	89,111	84,648	-	3,550

33. COST OF SALES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Proportionate cost of development properties sold	64,202	36,264	-	-
Cost of hotel services rendered	3,448	2,973	-	-
Properties letting direct expenses	3,843	3,374	-	-
Cost of car park operations	709	810	2	1,676
Others	714	273	-	-
	72,916	43,694	2	1,676

34. OTHER OPERATING EXPENSES

Included in the other operating expenses of the Group is an impairment of property, plant and equipment and impairment on development expenditure for future development.

The impairment of property, plant and equipment amounting to RM8.0 million arises from lower yield from occupancy than expected by the management in respect of The Summit Hotel, Bukit Mertajam. The impairment on development expenditure for future development amounting to RM16.998 million arises from impairment of property development cost incurred during the previous financial years. The Group decided to charge out the development cost previously capitalised as the delay in the relocation of squatters has severely hindered the progress of development of project of the Group to an extent that amendment need to be made to the development plan.

35. LOSS FROM OPERATIONS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Loss from operations is stated after charging:				
Amortisation of goodwill	38	62	-	-
Allowance for doubtful debts included in other operating expenses	26,798	528	10,388	-
Auditors' remuneration				
- current year	106	94	36	30
- underprovision in prior year	21	13	6	4
Bad debts written off	4,045	51	-	-
Depreciation of property, plant and equipment	7,552	7,078	16	38
Development expenditure written off	9,566	-	-	-
Directors' remuneration				
- Company's Directors:				
- fees	144	147	144	141
- emoluments other than fees	870	719	393	295
- Subsidiary companies' Directors:				
- emoluments other than fees	314	409	99	205
Goodwill written off	578	50	-	-
Impairment loss on:				
- property, plant and equipment	8,000	-	-	-
- land held for property development	16,668	-	-	-
- investment in subsidiary companies	-	-	8,824	-
Loss on disposal of property, plant and equipment	10	10	-	-
Property, plant and equipment written off	-	16	-	-
Rental of:				
- premises	135	50	392	1,238
- equipment	17	144	-	103

35. LOSS FROM OPERATIONS (CONT'D)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax penalty included in other operating expenses	2,952	725	-	-
and crediting:				
Interest income	32	46	-	2
Gain on disposal of				
- investment properties	-	40	-	-
- shares in subsidiary company	-	80	-	-
- property, plant and equipment	-	38	-	-
Late payment interest income	278	332	-	-
Realised gain from foreign currency transactions	-	11	-	-
Rental income	-	5	-	-

The estimated monetary value of benefits-in-kind received by the Directors are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Company's Directors	15	15	15	15
Subsidiary companies' Directors	9	8	3	4

36. FINANCE COSTS

	Group	
	2005 RM'000	2004 RM'000
Bank loans	16,856	16,159
Hire purchase liabilities	123	116
Others	113	511
	17,092	16,786

37. TAX EXPENSE/(INCOME)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Current tax expense based on profit for the financial year	274	1	-	-
Deferred tax (Note 30)	13,805	(7,973)	-	-
	14,079	(7,972)	-	-
Under/(Over) provision of tax in prior years				
- Income tax	5,296	(11,780)	-	(60)
- Deferred tax (Note 30)	(7,772)	21,211	-	-
	(2,476)	9,431	-	(60)
Real property gain tax	1,332	-	-	-
	12,935	1,459	-	(60)

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	2005 %	2004 %	2005 %	2004 %
Applicable tax rate	(28.0)	(28.0)	(28.0)	(28.0)
Tax effect in respect of:				
Depreciation on non-qualifying property, plant and equipment	1.0	2.0	-	-
Non-deductible expenses	4.9	2.1	28.0	28.0
Non-taxable income	-	(0.1)	-	-
Real property gain tax	1.4	-	-	-
Deferred tax assets not recognised	36.5	4.6	-	-
	15.8	(19.4)	-	-
(Over)/Under provision in prior years	(2.5)	22.9	-	(9.4)
Effective tax rate	13.3	3.5	-	(9.4)

38. LOSS PER ORDINARY SHARE

Basic earnings per ordinary share:

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated loss after tax and minority interests divided by the weighted average number of ordinary shares outstanding during the financial year:

	2005	2004
Consolidated loss after tax and minority interests (RM'000)	(110,276)	(42,571)
Weighted average number of ordinary shares outstanding ('000)	426,940	426,940
Basic loss per ordinary share (sen)	(25.83)	(9.97)

Diluted earnings per ordinary share:

The Company does not have any dilutive potential ordinary share.

39. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Purchase of property, plant and equipment (Note 6)	3,987	4,892	20	60
Financed by hire purchase arrangements	(1,115)	(286)	-	-
Financed by term loan drawdown	(474)	-	-	-
Cash payments on purchase of property, plant and equipment	2,398	4,606	20	60

40. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed deposits with licensed banks	430	844	52	52
Cash and bank balances	5,334	2,132	80	100
Bank overdrafts	(15,691)	(22,060)	-	-
	(9,927)	(19,084)	132	152
Less: Fixed deposits pledged to licensed banks (Note 18)	(410)	(789)	(52)	(52)
	(10,337)	(19,873)	80	100

41. SEGMENT REPORTING

By business segments

The Group's operations comprise the following business segments:

Property development	:	Development of residential and commercial properties and agricultural lots
Property investment	:	Rental collection from investment properties
Hotel operations	:	Hotel operations
Car park operation	:	Operation of car park in commercial properties
Others	:	Businesses involved in cultivation of oil palm, provision of landscaping and project management services and provision of adventure facilities and consultancy services, marketing agent and building contractor

41. SEGMENT REPORTING (CONT'D)

2005	Property development RM'000	Property investment RM'000	Hotel operations RM'000	Car park operation RM'000	Others RM'000	Elimination RM'000	Consoli-dated RM'000
Revenue							
External sales	43,476	18,967	22,026	3,628	1,014	-	89,111
Inter-segment sales	-	405	-	-	18	(423)	-
Total	43,476	19,372	22,026	3,628	1,032	(423)	89,111
Results							
Segment result	(47,455)	(25,299)	(6,698)	2,919	(1,217)	-	(77,750)
Unallocated items:							
Corporate expenses							(2,407)
Interest income							32
Finance costs							(17,092)
Share of results in associated company	(244)	-	-	-	-	-	(244)
Loss before tax							(97,461)
Tax expense							(12,935)
Loss after tax							(110,396)
Minority interests							120
Net loss for the financial year							(110,276)
Other information							
Segment assets	242,441	356,145	120,040	180	2,791	-	721,597
Tax assets							417
Investment in associated company	3,356	-	-	-	-	-	3,356
Unallocated corporate assets							108
Total assets							725,478
Segment liabilities	48,602	31,300	3,796	255	3,190	-	87,143
Tax liabilities							94,603
Borrowings							290,446
Total liabilities							472,192
Capital expenditure	138	1,050	1,139	80	1,719		4,126
Depreciation	416	2,990	4,035	15	96		7,552
Non cash expenses other than depreciation	29,921	26,593	8,748	-	403		65,665
Goodwill amortisation	-	-	-	-	38		38

41. SEGMENT REPORTING (CONT'D)

2004 (Restated)	Property development RM'000	Property investment RM'000	Hotel operations RM'000	Car park operation RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	40,215	18,774	20,551	3,550	1,558	-	84,648
Inter-segment sales	-	1,238	-	-	-	(1,238)	-
Total	40,215	20,012	20,551	3,550	1,558	(1,238)	84,648
Results							
Segment result	(34,431)	7,465	1,648	2,470	404	-	(22,444)
Unallocated items:							
Corporate expenses							(1,953)
Interest income							46
Finance costs							(16,786)
Loss before tax							(41,137)
Tax expense							(1,459)
Loss after tax							(42,596)
Minority interests							25
Net loss for the financial year							(42,571)
Other information							
Segment assets	268,069	389,881	147,553	165	1,618	-	807,286
Tax assets							2,878
Unallocated corporate asset							1,427
Total assets							811,591
Segment liabilities	38,859	23,236	3,518	-	1,262	-	66,875
Tax liabilities							85,957
Borrowings							295,197
Total liabilities							448,029
Capital expenditure	2,911	382	1,096	-	503	-	4,892
Depreciation	372	1,961	4,694	26	25	-	7,078
Non cash expenses other than depreciation	-	423	172	-	50	-	645
Goodwill amortisation	62	-	-	-	-	-	62

Inter-segment sales represent the car park rental charged by the property investment segment to the car park operation segment. Inter-segment pricing is determined on an arm's length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

The Group has no secondary segment information as the Group operates wholly in Malaysia.

42. FINANCIAL INSTRUMENTS

a) Interest rate risk

The effective interest rates of the financial asset and liabilities of the Group and of the Company are as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Financial asset				
Fixed deposits with licensed banks	3.00	3.70	3.70	3.70
Financial liabilities				
Bank overdrafts	8.00 - 8.50	7.50 - 8.50	-	-
Bank loans	7.31 - 8.50	7.31 - 8.50	-	-

b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at balance sheet date approximate their fair values except that it is not practical to estimate the fair value of amounts owing by subsidiary companies of RM42.059 million (2004: RM48.743 million). This is principally due to the lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received.

The following methods and assumptions are used to determine the fair value of financial instruments:

i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments; and

ii) The fair values of the financial liabilities are estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

42. FINANCIAL INSTRUMENTS (CONT'D)

c) Credit risk

As at 31 December 2005, the Group has trade receivables of RM16.641 (2004: RM13.907) million and RM7.021 (2004: RM18.468) million in respect of property buyers and tenants receivables respectively which have been outstanding for more than 1 year. Out of the long outstanding tenant receivables, RM2.28 million is currently under legal proceedings as disclosed in Note 47 (b). Concentration of credit risk with respect to trade receivables of property buyers is limited by withholding legal ownership before the full consideration is received. The Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade and other receivables.

In respect of the deposits, cash and bank balances placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Other than as mentioned, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheet.

43. SIGNIFICANT RELATED PARTY DISCLOSURES

a) Identities of related parties

The Company has controlling related party relationships with its direct and indirect subsidiary companies.

The Group also has related party relationships with the following parties:

i) Substantial shareholders of the Company

Ecofirst Consolidated Berhad ("ECO")
(Formerly known as Kumpulan Emas Berhad)

ii) Associated companies of ECO

Berrington Bay Corporation Sdn. Bhd. ("BBC")
Premier Media Sdn. Bhd. ("PMSB")
Summit Multimedia Education Sdn. Bhd. ("SME")
SEG International Bhd ("SEG")

iii) Companies in which Directors of the Company, Dato' (Dr.) Teoh Seng Foo, Teoh Seng Kian and their brother have substantial financial interests

Meda Complex Management (USJ) Sdn. Bhd. ("MCMU")
Meda Parking Sdn. Bhd. ("MP")

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

iv) A company in which Teoh Seng Kian is a former Director
Regalia Hospitality Management Sdn. Bhd. ("RHM")
(Formerly known as Meda Hotels Sdn. Bhd.)

v) Companies in which Dato' (Dr.) Teoh Seng Foo, a Director of the Company and his brother have substantial financial interests

Meda Complex Management (Bukit Mertajam) Sdn. Bhd. ("MCMB")

vi) A company in which brother of one of the Director of the Company is a former Director

Superforce Security Services Sdn. Bhd. ("SSS")
(Formerly known as Meda Security Services Sdn. Bhd.)

b) Significant related party transactions and balances

In the normal course of business, the Group undertakes transactions with certain of its related parties listed above. Set out below is the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties.

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Hotel and related services rendered to:				
- MCMU	20	49	-	-
- MCMB	11	7	-	-
- SEG	117	87	-	-
- ECO	19	10	-	-
Rental income from:				
- MCMU	480	351	-	-
- SSS	-	103	-	-
- MCMB	247	247	-	-
- BBC	854	824	-	-
- PMSB	155	148	-	-
- SME	460	439	-	-
- ECO	225	325	-	-
Service charges paid and payable to:				
- MCMU	1,670	1,039	184	252
- MCMB	753	918	-	24
Management fees payable to RHM	583	572	-	-
Security services payables to SSS	77	70	-	-
Rental of car park equipment paid to MP	-	96	-	96

44. CAPITAL COMMITMENTS

	Group	
	2005 RM'000	2004 RM'000
Approved but not contracted	1,692	-

45. CONTINGENT LIABILITIES

	Company	
	2005 RM'000	2004 RM'000
Guarantees given to financial institutions for credit facilities granted to subsidiary companies	288,510	291,815

46. CONTINGENT ASSETS

a) In consideration of the acquisition of Cemerlang Land Sdn. Bhd. ("CL") from the substantial shareholder of the Company, Ecofirst Consolidated Berhad ("ECO"), ECO has granted a guarantee via a profit guarantee agreement ("PGA") dated 27 December 2001 that the aggregate audited profit after tax of CL for the three financial years commencing from 1 January 2002 or until the termination of the development agreement with KPRJ, the registered land owner of the project of CL, whichever is earlier, shall not be less than RM6 million.

The PGA has expired on 31 December 2004 and the shortfall of the profit guarantee is determined at RM4,531,073. During the financial year, ECO has transferred a lot in its investment property worth RM2,341,922 to Majlis Perbandaran Subang Jaya as a settlement of assessment owing by a subsidiary company of the Company. The transfer is treated as part settlement of the profit guarantee.

ECO has the intention to settle the balance of RM2,189,151 by the transfer of another lot in the same investment property to Tenaga Nasional Berhad ("TNB") as a contra of electricity bills amounting to RM1.12 million owing by another subsidiary company of the Company. A proposal letter dated 15 June 2005 have been sent to TNB and currently pending for approval from the utility company.

b) There is a contract of insurance where AM Assurance Berhad ("AM") agreed to insure and indemnify a subsidiary company up to a total sum of RM74,000,000. The subsidiary company had submitted a claim for the sum of RM6,016,155 being loss and damage suffered to its properties during the insured period.

AM had repudiated their liability in the contract of insurance. A Writ of Summon was initiated thereafter by the subsidiary company against AM to claim amongst others the aforesaid sum of RM6,016,155.

46. CONTINGENT ASSETS (CONT'D)

The Penang High Court had allowed AM's application to strike out the subsidiary company's Writ and Statement of Claim on reason that it was time-barred and the subsidiary company has filed their appeal against the Court decision.

The appeal which was fixed for hearing on 21 March 2006 by Judge of Chambers has been postponed to 10 October 2006.

The Directors have been advised by their solicitors that the subsidiary company has a good case against the defendant.

47. MATERIAL LITIGATION

a) A third party has made a claim of RM3.5 million against a subsidiary company in respect of properties buy back arrangement via a Put Option Agreement dated 1 October 1998. The plaintiff has also issued another notice to certain Directors of the Company and a Director of certain subsidiary companies, as guarantors, to pay the balance outstanding sum.

The matter was struck off on 29 July 2003. However, the plaintiff has filed in an application to reinstate the matter and the subsidiary company has filed their opposition to the application. The matter is now fixed for full trial on 28 June 2006 and 29 June 2006.

No provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the subsidiary company has a good defence to the plaintiff's claim.

b) This matter arose out of a tenancy agreement entered into between the two parties whereby the plaintiff agreed to rent all that premises known as Shoplots S2.67, F1.19, G.58 and LG.57 of The Summit Bukit Mertajam.

The plaintiff applied for a declaration order against a subsidiary company to seek inter alia the Court's declaration that the outstanding arrears in rental of RM4.7 million claimed by the subsidiary company as at year 2002 to be unlawful and a declaration from the Court of what ought to be the applicable rental rate per square foot for the respective term of the tenancy.

The Court granted Order in Terms to convert the originating summons into Writ Action on 21 October 2004 and in the same action, the subsidiary company filed a counter claim inter alia, for the sum of RM8.97 million being the shortfall of rental payable by the plaintiff as at 2004 and continuing together with interest at the rate of 12% per annum.

Pursuant thereto, the subsidiary company filed an application for Summary Judgement against the plaintiff which was dismissed on 12 August 2005. The subsidiary company has filed its appeal against the decision which is fixed for hearing on 9 May 2006.

An allowance for doubtful debts amounting to RM4.98 million has been made in the financial statements of the Group and the subsidiary company.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

i) During the financial year, a subsidiary company, Sri Lingga Sdn. Bhd. ("SL") subscribed for an additional 3,599,996 shares of RM1.00 each at par of its associated company, Putar-Erat Sdn. Bhd. ("PE"). This subscription was satisfied by transfer of long term leasehold land to PE. SL's equity interest in PE has remained unchanged at 40% after the subscription. The leasehold land is to be developed into clubhouse and chalets by PE.

ii) On 18 February 2005, SL subscribed for an additional 180,000 shares of RM1.00 each at par in its subsidiary company, Performance Sciences Sdn. Bhd. ("PS"), for a total cash consideration of RM180,000. SL's equity interest in PS has remained unchanged at 60% after subscription.

49. NUMBER OF EMPLOYEES AND STAFF COSTS

The total expenses recognised in the income statement are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Salaries and wages	7,465	6,050	638	935
Defined contribution retirement plan	786	376	58	97
Termination benefits	34	-	-	-
Other employee benefits	1,890	1,588	275	191
	10,175	8,014	971	1,223

The total expenses capitalised under development expenditure of land held for property development, property development costs and amounts due from customers for contract works are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Salaries and wages	2,318	2,729	-	-
Defined contribution retirement plan	274	327	-	-
Other employee benefits	288	387	-	-
	2,880	3,443	-	-

The average number of employees (including executive Directors) for the financial year of the Group and of the Company was 455 (2004: 448) and 2 (2004: 24) respectively.

50. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 18 April 2006.

analysis of shareholdings

STATISTICAL REPORT OF SHAREHOLDERS AS AT 2 MAY 2006

Class of Securities	:	Ordinary shares of RM0.50 each
Authorised Share Capital	:	RM250,000,000.00
Issued and Fully Paid-up Share Capital	:	RM213,470,471.00
No. of Shareholders	:	24,305

Holdings	No. of Holders	Total Holdings	Percentage
1-99	17	546	0.00
100-1,000	15,361	15,318,206	3.59
1,001-10,000	6,105	29,260,788	6.85
10,001-100,000	2,385	79,558,627	18.63
100,001- 21,347,046 (*)	437	302,802,775	70.92
21,347,047 and above (**)	0	0	0.00
Total	24,305	426,940,942	100

Remarks : * *Less than 5% of issued holdings*
** *5% and above of issued holdings*

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares held	Percentage
1.	AMMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun (C.ANDAM3)	13,500,000	3.16
2.	AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for Sawitani Sdn Bhd (7/975-0)	12,000,000	2.81
3.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hii Chii Kok @ Hii Chee Kok	9,519,800	2.23
4.	EB Nomimees (Tempatan) Sendirian Berhad Pledged Securities Account for Bernas Bermutu Sdn Bhd (BB)	9,140,000	2.14
5.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian	8,574,000	2.01

analysis of shareholdings (cont'd)

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares held	Percentage
6.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kumpulan Emas Berhad (M09)	8,200,000	1.92
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun (100386)	7,823,500	1.83
8.	AMMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian (C.ANDAM1)	7,501,000	1.76
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian (100387)	7,381,500	1.73
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Foo (100265)	7,102,000	1.66
11.	Tee Tiam Lee	6,600,000	1.55
12.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for EcoFirst Consolidated Bhd	6,260,016	1.47
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Alliance Merchant Nominees (Tempatan) Sdn Bhd for Sawitani Sdn Berhad	5,445,000	1.28
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Timeless Sterling Sdn Bhd	5,400,000	1.26
15.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Aun	5,178,700	1.21
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kumpulan Emas Berhad (KLC)	5,000,000	1.17
17.	SEG Equity Sdn Bhd	4,997,000	1.17

Kumpulan Emas Berhad is now known as EcoFirst Consolidated Bhd

analysis of shareholdings (cont'd)

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares held	Percentage
18.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Foo	4,483,724	1.05
19.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for EcoFirst Consolidated Bhd	3,700,000	0.87
20.	EcoFirst Consolidated Bhd	3,550,000	0.83
21.	Lembaga Tabung Angkatan Tentera	3,500,000	0.82
22.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Seng Kian	3,421,600	0.80
23.	MKW Jaya Sdn Bhd	3,200,000	0.75
24.	Celentano Mah Siew Nan	3,102,300	0.73
25.	Perbadanan Melaka Holdings Sdn Bhd	2,461,765	0.58
26.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Keong	2,270,000	0.53
27.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Ah Chai (473223)	2,065,000	0.48
28.	Soh Chin Loong	2,048,500	0.48
29.	Badan Perhubungan UMNO Negeri Melaka	1,976,470	0.46
30.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yee Eng King	1,800,000	0.42
	Total	**167,201,875**	**39.16**

analysis of shareholdings (cont'd)

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 69L of the Companies Act, 1965 the substantial shareholder (beneficial owners only) of the Company are as follows:-

Name of Substantial Shareholder	Direct Interest (%) (A)	Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' (Dr.) Teoh Seng Foo	14,401,924 (3.37)	48,165,008 (11.28)@	62,566,932 (14.65)
Teoh Seng Aun	27,119,032 (6.35)	48,165,008 (11.28)@	75,284,040 (17.63)
Teoh Seng Kian	28,543,724 (6.68)	48,165,008 (11.28)@	76,708,732 (17.97)
EcoFirst Consolidated Berhad *(Formerly known as Kumpulan Emas Berhad)*	29,720,016 (6.96)	18,444,992 (4.32)#	48,165,008 (11.28)

STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATIONS

Name	No. of shares held Direct Interest (%) (A)	No. of shares held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Tan Sri Dato' Mohd Ramli Bin Kushairi	782,710 (0.18)	-	782,710 (0.18)
Dato' (Dr.) Teoh Seng Foo	14,401,924 (3.37)	48,165,008 (11.28)@	62,566,932 (14.65)
Teoh Seng Kian	28,543,724 (6.68)	48,165,008 (11.28)@	76,708,732 (17.97)
Ong Bok Siong	-	-	-
Chiam Tau Meng	-	-	-
Ooi Giap Ch'ng	-	-	-
Dato' Dr. Loga Bala Mohan a/l Jaganathan	-	-	-

@ *Deemed interested by virtue of their shareholdings in EcoFirst Consolidated Berhad and its wholly owned subsidiary, Sawitani Sdn. Bhd.*

Deemed interested by virtue of its shareholding in Sawitani Sdn. Bhd.

list of properties

	Lot No./Location	Description	Built-Up / Land Area	Tenure	Approximate Age of Building (Year)	Net Book Value as at 31.12.05 (RM'000)
1	Lot 14, Geran 43528, Pekan Subang Jaya, Daerah Petaling, Selangor	Shopping Mall, office tower and hotel	35,276 sq.metre	Freehold	7	306,287
2	Lot 2020, Geran 61288, Bandar Bukit Mertajam, Seksyen 4, Daerah Seberang Perai Tengah, Pulau Pinang	Shopping Mall, office tower and hotel	17,196 sq. metre	Freehold	8	101,946
3	Mukim Hulu Bernam Timur, Daearah Batang Padang, Perak	Land under mixed development	424.19 acres	Leasehold 99 years	N/A	140,556
4	Lot PTB 20184, H.S.(D) 303962 Lot PTB 20185, H.S.(D) 303963 Lot PTB 20202, H.S.(D) 303964 Lot PTB 20203, H.S.(D) 303965 Lot PTB 20455, H.S.(D) 303966 Lot PTB 20456, H.S.(D) 303967 Lot PTB 20457, H.S.(D) 303968 Lot PTB 20458, H.S.(D) 303969 Township and District of Johor Bahru, Johor	Land under mixed development	61.83 acres	Leasehold 99 years	N/A	4,941
5	H.S.(D) 566, Mukim Kuala Linggi, H.S.(D) 567, Geran 2110 and Geran 2111, Mukim Kuala Sungei Baru, Daerah Alor Gajah, Melaka	Orchard land and resort under development	1,287.76 acres	Freehold & Leasehold 99 years	N/A	73,751

list of properties (cont'd)

	Lot No./Location	Description	Built-Up / Land Area	Tenure	Approximate Age of Building (Year)	Net Book Value as at 31.12.05 (RM'000)
6	Mukim of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur PN 14014, Lot 47080 PN 9359, Lot 47081 PN 6419, Lot 47082 PN 11334, Lot 47083 PN 7465, Lot 47084 PN 6420, Lot 47085	Land under commercial development	2.247 acres	Leasehold 99 years	N/A	79,706
7	Lot 381, Block 233 Kuching North Land District	Land under residential development	19.148 acres	Leasehold 60 years	N/A	12,681
						719,868

MEDA INC.

MEDA INC. BERHAD (507785-P)
(Incorporated in Malaysia)

PROXY FORM

I/We ____
(NAME IN BLOCK LETTERS)

of ____

being a member(s) of MEDA INC. BERHAD hereby appoint ______________________________

of ____

or failing him, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Ballroom 1, Level 5, The Summit Hotel Subang USJ, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor on Thursday, 29 June 2006 at 10:00 a.m. and at any adjournment thereof.

RESOLUTION RELATING TO:	*** FOR**	*** AGAINST**
1. Adoption of Reports and Accounts		
2. The payment of directors' fee		
3. The re-election of Directors		
(a) Ong Bok Siong		
(b) Chiam Tau Meng		
(c) Dato' Dr. Loga Bala Mohan a/l Jaganathan		
4. To re-appoint Tan Sri Dato' Mohd Ramli Bin Kushairi as Director pursuant to Section 129 of the Companies Act, 1965		
5. Appointment of Auditors		
6. Ordinary Resolution		

* Please indicate with (x) how you wish your vote to be cast. If no specific direction as to voting is given the proxy will vote or abstain at his discretion.

Dated this _______ day of _______________ 2006

NUMBER OF SHARES HELD

____

Signature of Shareholder(s)

NOTE :

(a) A member entitled to attend and vote at the meeting is entitled to appoint not more than two(2) proxies to attend and vote in his stead. A proxy need not be a member of the Company and Section 149(1) of the Companies Act, 1965 shall not apply. Where a member appoints more than one(1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(b) In the case of a corporate body, the proxy appointed must be in accordance with the Articles of Association and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney of the corporation duly authorized.

(c) The Form of Proxy must be deposited at the Company's Registered Office at 9th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

(d) Any alteration in the Form of Proxy must be initialed.

FOLD HERE

STAMP

MEDA INC. BERHAD
9th Floor, Menara Summit,
Persiaran Kewajipan, USJ 1
47600 UEP Subang Jaya
Selangor Darul Ehsan
Malaysia

FOLD HERE