LAPORAN TAHUNAN 2006

ANNUAL REPORT



GuocoLand (Malaysia) Berhad (300-K)

A Member of the Hong Leong Group Malaysia

Company Profile

GuocoLand (Malaysia) Berhad is a property group with businesses in Property Development, Property Investment and Hotel & Resort Holdings. Our projects include award winning residential and commercial developments in the Klang Valley. With a management team that has grown with the Group over the years, we are well positioned to face the challenges and seize the opportunities that will arise in the coming years.







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Corporate Information

DIRECTORS

YBhg Tan Sri Quek Leng Chan
Executive Chairman

Mr Kwek Leng Seng
Group Managing Director

Ir. Lim Sow Wu
Executive Director

YBhg Dato' Ong Joo Theam

Mr Tan Keok Yin

YBhg Dato' Chew Kong Seng

Mr Quek Chee Hoon

YBhg Tan Sri Nik Mohamed bin Nik Yaacob

SECRETARY

Ms Lim Yew Yoke

AUDITORS

Messrs Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax : 03-2095 5332

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03-2164 1818
Fax : 03-2164 3703

REGISTERED OFFICE

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03-2164 1818
Fax : 03-2164 2476

Directors' Profile



YBhg Tan Sri Quek Leng Chan

Executive Chairman / Non-Independent Director

Tan Sri Quek Leng Chan, aged 63, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

Tan Sri Quek is the Executive Chairman of GuocoLand (Malaysia) Berhad ("GLM") and was appointed to the Board of GLM on 16 June 1990. He does not sit on any committees of GLM.

He is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad, Executive Chairman of Hong Leong Industries Berhad, Hong Leong Financial Group Berhad (formerly known as Hong Leong Credit Berhad), Hume Industries (Malaysia) Berhad, O.Y.L. Industries Bhd, Narra Industries Berhad and Camerlin Group Berhad, Chairman of Hong Leong Bank Berhad, HLG Capital Berhad, Hong Leong Assurance Berhad and Hong Leong Islamic Bank Berhad.

Tan Sri Quek attended all the Board meetings of GLM held during the financial year ended 30 June 2006.

He has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

Mr Kwek Leng Seng

Group Managing Director / Non-Independent Director

Mr Kwek Leng Seng, aged 48, a Singaporean, holds an Honours degree in Law from the University of Buckingham, London. He joined Hong Leong Group Malaysia in 1987 as the Claims Manager and Director of Hong Leong Assurance Berhad. Between 1990 to mid 1994, he assumed directorships and managerial positions in various subsidiaries of GLM. He was the Managing Director of HLG Securities Sdn Bhd from mid 1994 to October 1995.

Mr Kwek is currently the Group Managing Director of GLM and was appointed to the Board of GLM on 1 November 1995. He is a member of the Board Audit & Risk Management Committee of GLM.

He is also a Director of Hong Leong Bank Berhad, a public listed company, and the Chairman of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Board of Bursa Malaysia Securities Berhad.

He attended all the Board meetings of GLM held during the financial year ended 30 June 2006.

Mr Kwek, YBhg Tan Sri Quek Leng Chan, the Executive Chairman of GLM, and Mr Quek Leng Chye, a deemed major shareholder of GLM, are brothers.

Mr Kwek has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

Ir. Lim Sow Wu

Executive Director / Non-Independent Director

Ir. Lim Sow Wu, aged 43, a Malaysian, graduated with a Bachelor's Degree in Civil Engineering from the National University of Singapore. He is a Corporate Member of the Institute of Engineers Malaysia and a Professional Engineer of the Board of Engineers Malaysia. After graduation, he joined Building Engineering Consultants, Singapore as an Engineer from September 1988 to December 1990. From December 1990 to June 1996, he was the Principal Engineer/Associate of Acer Consultants (UK) Group. In July 1996, he joined ABL Consultants Sdn Bhd as the Associate Director until August 1997. From September 1997 to June 2002, he was the Senior Project Manager (Project/Business Development) of Ho Hup Construction Company Berhad and subsequently, was promoted as the Country Director of Ho Hup Construction Company (India) Pvt Ltd. From June 2002 to February 2004, he joined MTD Capital Berhad Group as the General Manager of its subsidiary company, Rocon Ortego Sdn Bhd. Prior to his appointment as the Executive Director of GLM on 1 August 2006, Ir. Lim joined Nam Fatt Construction Sdn Bhd in which he held the positions as the Head of Infrastructure Construction Division, Senior Manager of Group Business Development team and also as a Director of Nam Fatt Fabricators Sdn Bhd and NF Gulf Group (Kuwait).



Directors' Profile
(cont'd)

Ir. Lim did not attend any Board meetings of GLM held during the financial year ended 30 June 2006 as he was appointed after the financial year end. He does not sit on any committees of GLM.

He has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

YBhg Dato' Ong Joo Theam
Non-Executive Non-Independent Director

Dato' Ong Joo Theam, aged 57, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in February 1972 and the Malaysian Bar in September 1972. He is an advocate and solicitor and has been in legal practice for more than 30 years.

Dato' Ong was appointed to the Board of GLM on 26 August 1981. He does not sit on any committees of GLM.

He attended all the Board meetings of GLM held during the financial year ended 30 June 2006.

Dato' Ong has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

Mr Tan Keok Yin
Non-Executive Independent Director

Mr Tan Keok Yin, aged 62, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya in 1966. He also completed an Executive Program in Management at the University of California, Berkeley in 1984 and a Program in International Boards and Directors at the Swedish Academy of Directors, Stockholm in 1995. He started his career with Bank Negara Malaysia ("BNM") in 1966 and served in various capacities in the Economics, Investments Department and the Penang Branch of BNM. In 1977, he joined the Federation of Malaysian Manufacturers (FMM) as Deputy Director and was appointed Chief Executive Officer in 1981 till 1999. He served on various Government Boards and Committees and participated actively as speaker and panelist at the World Economic Forum, ASEAN Economic Cooperation meetings and other international business forums. He was also a Management Board member of the internationally recognised GS1 System (One Global System, formerly known as EAN International) located in Brussels, which presides over the global application of EAN - UCC bar codes and product numbering system in business and industries.

Mr Tan was appointed to the Board of GLM on 26 September 2001 and is the Chairman of the Board Audit & Risk Management Committee of GLM.

He is also a Director of Hong Leong Bank Berhad, Malaysian Pacific Industries Berhad and Hong Leong Assurance Berhad.

He has attended all the Board meetings of GLM held during the financial year ended 30 June 2006.

Mr Tan has no family relationship with other Directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

YBhg Dato' Chew Kong Seng
Non-Executive Independent Director

Dato' Chew Kong Seng @ Chew Kong Huat, aged 68, a Malaysian, is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

Dato' Chew was a tax officer in the Inland Revenue Department in United Kingdom and then joined Stoy Hayward & Co in United Kingdom from 1964 to 1970. He returned to Malaysia and joined Turquand Young & Co (now known as Ernst & Young) and was subsequently transferred to the Sarawak office in 1973, first as Manager in Charge and later as Partner in Charge. He was appointed as the Managing Partner of Ernst & Young from 1990 until his retirement in 1996.



Directors' Profile
(cont'd)

Dato' Chew is also a Director of the following public listed companies:

- Director and Audit Committee Chairman of Petronas Dagangan Berhad, Industrial Concrete Products Berhad, AEON Co. (M) Bhd and PBA Holdings Berhad;
- Director and Audit Committee member of Petronas Gas Berhad; and
- Director of Encorp Berhad.

He is also a Director of Great Wall Plastic Industries Berhad and Bank of America Malaysia Berhad, both are public companies.

Dato' Chew was appointed to the Board of GLM on 26 September 2001 and he is a member of the Board Audit & Risk Management Committee of GLM.

He had attended five (5) out of six (6) Board meetings of GLM held during the financial year ended 30 June 2006.

Dato' Chew has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

Mr Quek Chee Hoon
Non-Executive Non-Independent Director

Mr Quek Chee Hoon, aged 53, a Singaporean, holds a Bachelor of Accountancy degree from the University of Singapore. He has 28 years' extensive experience in various investment, corporate and management activities, including property-related activities and businesses. He is currently the Group President and Chief Executive Officer of GuocoLand Limited, which is listed on Singapore Exchange Securities Trading Limited and is the holding company of GLM.

Mr Quek was appointed to the Board of GLM on 19 April 2004. He does not sit on any committees of GLM.

He had attended five (5) out of six (6) Board meetings of GLM held during the financial year ended 30 June 2006.

Mr Quek has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.

YBhg Tan Sri Nik Mohamed bin Nik Yaacob
Non-Executive Independent Director

Tan Sri Nik Mohamed bin Nik Yaacob, aged 57, a Malaysian, holds a Diploma in Mechanical Engineering, a B.E. (Hons) Degree from Monash University and a Masters in Business Management from the Asian Institute of Management. He also completed the Advanced Management Programme at Harvard University in United States.

Tan Sri Nik Mohamed was the Group Chief Executive of Sime Darby Berhad from 1993 until his retirement in June 2004. He was Sime Darby Berhad's Director of Operations in Malaysia prior to his appointment as the Group Chief Executive in 1993. He also served on various Boards of the Sime Darby group of companies during this period. He was also the Chairman of the Advisory Council of National Science Centre and Chairman of the Board of UiTM and served as member of the INSEAD East Asian Council, National Council for Scientific Research and Development, Co-ordinating Council for the Public-Private Sectors in the Agricultural Sector, National Coordinating Committee on Emerging Multilateral Trade Issues, and the Industrial Coordinating Council. He was a representative for Malaysia in the Apec Business Advisory Council and the Asia-Europe Business Forum.

Tan Sri Nik Mohamed is currently the Executive Director of Perdana Leadership Foundation, a company limited by guarantee. He is also a Director of Perbadanan Nasional Berhad, a public company, and a Director of Scomi Group Berhad, Scomi Marine Berhad, Bolton Berhad and Supercomal Technologies Berhad, all are public listed companies.

Tan Sri Nik Mohamed was appointed to the Board of GLM on 28 January 2005. He does not sit on any committees of GLM.

He has attended all Board meetings of GLM held during the financial year ended 30 June 2006

Tan Sri Nik Mohamed has no family relationship with other directors or major shareholders of GLM, has no conflict of interests with GLM and has no convictions for offences within the past 10 years.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-second Annual General Meeting of GuocoLand (Malaysia) Berhad (the "Company") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 18 October 2006 at 2.30 p.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the year ended 30 June 2006.
2. To declare a final dividend of 4% less tax for the year ended 30 June 2006 to be paid on 15 November 2006 to shareholders registered in the Record of Depositors on 31 October 2006. **(Resolution 1)**
3. To approve the payment of Directors' fees of RM324,945 for the year ended 30 June 2006 to be divided amongst the Directors in such manner as the Directors may determine. **(Resolution 2)**
4. To re-elect the following retiring Directors:
   (a) Ir. Lim Sow Wu; **(Resolution 3)**
   (b) Mr Tan Keok Yin; and **(Resolution 4)**
   (c) YBhg Dato' Ong Joo Theam. **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**
6. As a special business, to consider and, if thought fit, pass with or without any modification, the following ordinary motion:

   Authority To Directors To Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**
7. To consider any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the final dividend only in respect of:

(a) shares transferred into the depositor's securities account before 4.00 p.m. on 31 October 2006 in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LIM YEW YOKE
Secretary

Kuala Lumpur
26 September 2006

NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.*
2. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.*
3. ***Ordinary Motion On Authority To Directors To Issue Shares***

   The Ordinary Motion, if passed, will give authority to the Directors of the Company to issue ordinary shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.



Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 82ND ANNUAL GENERAL MEETING OF THE COMPANY

Pursuant to Article 94 of the Company's Articles of Association

Ir. Lim Sow Wu

Pursuant to Article 115 of the Company's Articles of Association

Mr Tan Keok Yin

YBhg Dato' Ong Joo Theam

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were six (6) Board meetings held during the financial year ended 30 June 2006. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 3 to 5 of the Annual Report.

3. PLACE, DATE AND TIME OF THE 82ND ANNUAL GENERAL MEETING

The 82nd Annual General Meeting of the Company will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 18 October 2006 at 2.30 p.m.

4. FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the 82nd Annual General Meeting.



Board Audit & Risk Management Committee Report

CONSTITUTION

The Board Audit & Risk Management Committee (the "Committee") of GuocoLand (Malaysia) Berhad ("GLM" or the "Company") has been established since 23 March 1994.

COMPOSITION

Mr Tan Keok Yin
Chairman, Independent Non-Executive Director
(Appointed as Chairman w.e.f. 25.1.2006)

YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain
Chairman, Independent Non-Executive Director
(Resigned w.e.f. 25.1.2006)

YBhg Dato' Chew Kong Seng
Independent Non-Executive Director
(Appointed w.e.f. 25.1.2006)

Mr Kwek Leng Seng
Non-Independent Executive Director

SECRETARY

The Company Secretary of the Company shall be the Secretary of the Committee.

TERMS OF REFERENCE

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions and resources of the internal audit functions.
- To review the report and findings of the internal audit department including any findings of internal investigations and the management's response thereto.
- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks.



Board Audit & Risk Management Committee Report
(cont'd)

- To review any related party transactions that may arise within the Company or the Group.
- Other functions as may be agreed to by the Committee and the Board.

AUTHORITY

The Committee is authorised by the Board to review any activity of GLM and its subsidiaries (the "Group") within its Terms of Reference. It is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit and external auditors are invited to attend Committee meetings. At least once a year, the Committee will have a separate session with the external auditors without the presence of executive directors.

Three (3) members of the Committee shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

The Committee carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2006, four (4) Committee meetings were held and all the meetings were attended by all the Committee members.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee also reviewed and approved various related party transactions carried out by the Group.

INTERNAL AUDIT

During the financial year ended 30 June 2006, the Internal Audit Department carried out its duties covering business audit, system and financial audit.



Corporate Governance & Internal Control

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholders' value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors has reviewed the manner in which the Malaysian Code on Corporate Governance (the "Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

A. DIRECTORS

I The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference to assist in the discharge of this responsibility.

The role and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

II Board Balance

The Board of Directors comprises eight (8) directors, five (5) of whom are non-executive. Of the non-executive directors, three (3) are independent. The profiles of the members of the Board are provided in the Annual Report.

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

The Executive Chairman leads the Board and is responsible for the vision and strategic direction of the Group as well as to monitor progress on implementation of Key Performance Areas and strategic developments.

The Group Managing Director, assisted by the Executive Director, is responsible for implementing the policies and decisions of the Board, overseeing the day-to-day operations, setting the plan and direction, benchmark and targets for operating companies, tracking compliance and business progress, initiating innovative business ideas to create competitive edge and development of business and corporate strategies with the aim of enhancing shareholders' wealth.

The Board met six (6) times during the financial year ended 30 June 2006.

The Board has identified the Company Secretary of the Company to whom concerns may be conveyed, who would bring the same to the attention of the Board.



Corporate Governance & Internal Control
(cont'd)

III Supply of Information

All Board members are supplied with information on a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, performance of the Company and of the Group and management's proposals which require the approval of the Board.

All directors have access to the advice and services of the Company Secretary as well as to independent professional advice, including the internal auditors.

IV Appointments to the Board

The Board has decided that the Board as a whole will serve as the Nominating Committee. All new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The process of assessing the directors is an on-going responsibility of the entire Board.

V Re-election

All directors are required to submit themselves for re-election every three (3) years.

VI Training and Education

The Company does not have a formal training programme for new directors. However, to assist the directors in discharging their duties, the Company has developed a Director Manual which is given to every director for their reference. The Director Manual highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same. New directors will also be given a briefing on the businesses of the Group.

All directors of the Company except the Executive Director who was appointed on 1 August 2006, have completed the Mandatory Accreditation Programme. The directors continuously receive briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the companies and other relevant legislation, rules and regulations.

During the financial year ended 30 June 2006, the Company organised training programmes covering, inter alia, corporate governance, finance, risk management, branding and business planning and strategies, for the directors and senior management of the Company facilitated by industry experts. In addition to these training programmes, the directors are also encouraged to attend seminars and briefings in order to keep themselves abreast of the latest developments in the business environment and to enhance their skills and knowledge.

B. DIRECTORS' REMUNERATION

I Level and Make-Up of Remuneration

The Company does not have a Remuneration Committee.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmark to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

For non-executive directors, the level of remuneration reflects the level of responsibilities undertaken by them.



Corporate Governance & Internal Control
(cont'd)

II Procedure

The remuneration packages of all executives of the Group including executive directors are laid out in the Group's Human Resources Manual, which is reviewed from time to time to align with market/ industry practices.

The fees of directors, including non-executive directors, are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting.

III Disclosure

The aggregate remuneration of directors (including those who have resigned during the year and including remuneration earned as executive directors of subsidiaries) for the financial year ended 30 June 2006 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	145,000	1,331,738	1,476,738
Non-Executive Directors	194,945	45,000	239,945

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

Range Of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	5
50,001 - 100,000	1	1
100,001 - 650,000	-	-
650,001 - 700,000	2	-

C. SHAREHOLDERS

I Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

The Company has a website at 'www.mystorey.com' which the shareholders can access for information which includes corporate and financial information.

In addition, the Group Financial Controller of the Company could provide shareholders and investors with a channel of communication in which they can provide feedback to the Group.

Queries may be conveyed to the following person:

Name : Ms Phan Gaik Cher
Tel No : 603-21647878
Fax No : 603-21641822
E-mail address : gcphan@hlpm.hongleong.com.my



Corporate Governance & Internal Control
(cont'd)

II Annual General Meeting ("AGM")

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

D. ACCOUNTABILITY AND AUDIT

The Board Audit & Risk Management Committee (the "Committee") was established on 23 March 1994. The financial reporting and internal control system of the Group is overseen by the Committee, which comprises a majority of non-executive directors. The primary responsibilities of the Committee are set out in the Committee Report.

The Committee met four (4) times during the financial year ended 30 June 2006. All meetings were attended by all members of the Committee.

The Committee is supported by the Internal Audit Department whose principal responsibility is to conduct periodic audits to ensure compliance with systems and/or standard operating procedures of the Group. Investigation will be made at the request of the Committee and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the Committee meetings where appropriate actions will be taken.

I Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the Committee, which assesses the financial statements with the assistance of the external auditors.

II Internal Control

The Statement on Internal Control as detailed under paragraph E of this Statement provides an overview of the state of internal controls within the Group.

III Relationship with Auditors

The appointment of external auditors is recommended by the Committee, which determines the remuneration of the external auditors. The external auditors meet with the Committee to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

E. STATEMENT ON INTERNAL CONTROL

The Board of Directors, recognising its responsibilities in ensuring sound internal controls, has developed a risk management framework for the Group to assist it in:

- identifying the significant risks faced by the Group in the operating environment as well as evaluating the impact of such risks identified;
- developing the necessary measures to manage these risks; and
- monitoring and reviewing the effectiveness of such measures.



Corporate Governance & Internal Control
(cont'd)

The Board has entrusted the Committee with the responsibility to oversee the implementation of the risk management framework of the Group.

The Board, in concurrence with the Committee, has appointed a Risk Manager to administer the risk management framework. The Risk Manager is responsible to:

- periodically evaluate all identified risks for their continuing relevance in the operating environment and inclusion in the Risk Management Framework;
- assess adequacy of action plans and control systems developed to manage these risks;
- monitor the performance of management in executing the action plans and operating the control systems; and
- periodically report to the Committee on the state of internal controls and the management of risks throughout the Group.

The Committee, assisted by the Internal Audit Department, provides oversight on the implementation of the risk management framework of the Group.

These on-going processes have been in place for the year under review, and are reviewed periodically by the Committee.

The controls built into the risk management framework are intended to manage and are not expected to eliminate all risks of failure to achieve business objectives but to provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

In joint ventures and associated companies, the Board nominates representatives to sit as directors and take a proactive stance in assessing the performance of the entity with the goal of safeguarding the investment of the Group. Where practical, the Group may request functional, financial and operating information as well as assurance that such information have been prepared in accordance with reporting standards and have been derived from control environments acceptable to the Group.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

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

The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2006, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

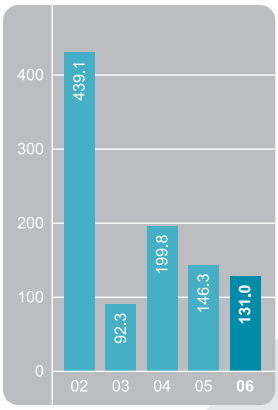
This Statement on Corporate Governance and Internal Control is made in accordance with the resolution of the Board of Directors.



Group Financial Highlights

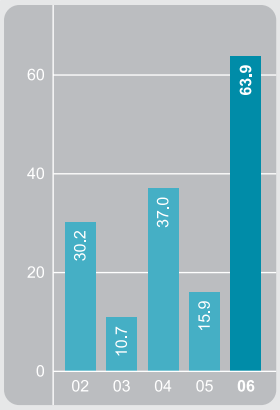
YEAR ENDED (RM MILLION)	JUNE 02	JUNE 03	JUNE 04	JUNE 05	JUNE 06
Revenue	439.1	92.3	199.8	146.3	**131.0**
Profit before taxation	30.2	10.7	37.0	15.9	**63.9**
Profit attributable to shareholders	25.6	6.2	33.9	12.6	**50.8**
Net earnings per share (sen)	3.7	0.9	4.8	1.8	**7.3**
Net dividend per share (sen)	0.7	0.4	0.7	0.7	**1.4**
Gross dividend per share (sen)	1.0	0.5	1.0	1.0	**2.0**
Shareholders' funds	713.0	713.8	744.9	752.0	**773.0**
Total assets	1,401	1,274	1,156	1,235	**993.4**

REVENUE



RM Million

PROFIT BEFORE TAXATION



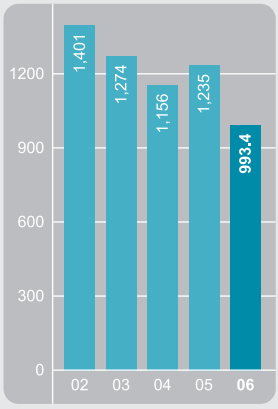
RM Million

SHAREHOLDERS' FUNDS



RM Million

TOTAL ASSETS



RM Million

Chairman's Statement

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF GUOCOLAND (MALAYSIA) BERHAD GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006.

OPERATING ENVIRONMENT

Overall, the Malaysian economy remained strong posting GDP growth of 5.3% in 2005, driven by strong domestic demand and private sector investment. Growth was balanced and broad-based underpinned by supportive macro-economic policies, providing the momentum for sustained expansion.

Against a backdrop of rising fuel prices and interest rate hikes, overall Malaysian property market sales performance moderated towards end 2005 and 1st half of 2006, registering a decrease in both volume and value of transactions after three years of positive growth. The roll-out of new supplies from established and new players further weighed down the property market.

OPERATING RESULTS

Despite the property market taking a breather, the Group registered a four-fold increase in profit before taxation from RM15.9 million in the previous financial year to RM63.9 million for the financial year under review, lifted by the gain on disposal of two office buildings to Tower Real Estate Investment Trust ("Tower REIT"). Revenue was slightly lower at RM131.0 million compared to RM146.3 million in the preceding year.


3 KiaPeng


Guoman Port Dickson


Hyatt Regency Johor Bahru


Emerald, Rawang

For the financial year under review, revenue from the Residential Division declined by 36.3% to RM46.8 million, decreasing from a larger base in preceding year which saw the encouraging sales from 3 KiaPeng, our prestigious service apartment project. Hotel and Resort Division achieved a steady improvement of 8.3% in revenue to RM51.7 million through aggressive marketing campaigns and facilities and assets enhancement programmes. Revenue from our Property Investment Division rose 27.3% to RM29.6 million. The implementation of efficient asset management initiatives and building up a good tenant profile for our office space supported the continuous growth of our Property Investment Division.

For the financial year under review, the Group realized a gain of RM67.2 million from the disposal of Menara HLA and HP Towers to Tower REIT. During the year, impairment charge totalling RM22.9 million was made against development assets of certain joint venture entities and to investments in quoted securities to reflect them at fair market value.

The paring down of Group's net debt from the proceeds of RM351.0 million arising from disposal of Menara HLA and HP Towers to Tower REIT from RM 343.1 million as at 30 June 2005 to RM65.1 million as at 30 June 2006, reduced net gearing from 45.6% to 8.2%.

Chairman's Statement
(cont'd)

CORPORATE DEVELOPMENTS

Establishment and listing of Tower REIT

We are pleased to report on the establishment and the listing of Tower REIT on the Main Board of Bursa Malaysia Securities Berhad and the appointment of GLM REIT Management Sdn Bhd, our wholly-owned subsidiary, as the manager for Tower REIT. This is a pivotal step in the growth of the Group, further establishing the Group as a REIT manager. With assets of RM351.0 million under management, we continue to target growth in this business segment over the next few years. The introduction of REIT will also make a major contribution to increase the liquidity of real estate assets and improving our asset turn.

GLL (Malaysia) Pte Ltd's Unconditional Mandatory Offer

On 3 May 2006, GuocoLand (Malaysia) Berhad ("GLM") became a subsidiary of GuocoLand Limited, a public company listed on Singapore Exchange Securities Trading Limited. Pursuant to the Unconditional Mandatory Offer by GLL (Malaysia) Pte Ltd ("GLLM"), a subsidiary of GuocoLand Limited, to acquire all the remaining ordinary shares of RM0.50 each in GLM, not already owned by GLLM for a cash consideration of RM0.78 per share ("Offer"), the shareholding of GLLM in GLM was increased to 64.0% as at 7 June 2006, being the closing date of the Offer.

PROSPECTS

2006 will see the commencement of a 2.2 million square feet integrated freehold development known as Damansara City in upmarket neighbourhood of Damansara Heights. This flagship development will showcase luxury condos, a 5-star boutique hotel, prime office towers and lifestyle mall that incorporate modern and innovative architectural designs and facilities as well as optimizing spatial planning of interior and exterior layouts. Damansara City is set to be an iconic landmark for Damansara Heights.

Malaysian economy for 2006 is forecasted to grow at a rate of 6%, driven by increasing government expenditure under the recently announced Ninth Malaysian Plan, strengthening exports and strong domestic spending. The property market especially the residential segment is expected to remain positive underpinned by strong economic fundamentals, a young and growing demographic profile, high urban migration, stable employment and high savings rate. Well-conceptualized development projects which are strategically located in growth corridors will continue to be well received. We will continue to strive to perform better and differentiate our developments and products by continuing to deliver value and enhance the quality of life of all our customers.

We will continue the focus of our development in the Klang Valley by acquiring land in growth corridors for township developments and in prime locations for niche residential and commercial developments. With Damansara City as the anchor development and more development projects in the pipeline coupled with comfortable level of gearing and available funds, we are well positioned for future growth.

DIVIDEND

During the year, the Company paid a final dividend of 2% less tax at 28% amounting to approximately RM5.0 million in respect of the previous financial year.

The Board is pleased to recommend a final dividend in respect of the financial year ended 30 June 2006 of 4% less tax at 28% amounting to approximately RM10.1 million.

DIRECTORATE

Mr Tan Ming Huat retired as a Director of GLM and the Chief Executive Officer of GLM REIT Management Sdn Bhd (as manager of Tower REIT) on 31 July 2006. YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain resigned as a Director of GLM with effect from 25 January 2006. On behalf of the Board, I would like to express our appreciation for their services and invaluable contributions during their tenure of service in the Group.

On behalf of the Board, I welcome Ir. Lim Sow Wu as a new Board member with effect from 1 August 2006.

APPRECIATION

On behalf of the Board of Directors, I wish to express our appreciation for the continued support of our valued customers, business associates, government authorities and shareholders and we look forward to their continued support in the future. To our management and staff, we thank you for your commitment and dedication.

QUEK LENG CHAN
Chairman

18 August 2006



Group Managing Director's Review

THE GROUP REGISTERED A PRE-TAX PROFIT OF RM63.9 MILLION FOR THE FINANCIAL YEAR UNDER REVIEW. THE STRONG PERFORMANCE WAS MAINLY ATTRIBUTABLE TO THE SALE OF OUR INVESTMENT PROPERTIES TO TOWER REIT. THE FINANCIAL POSITION WAS FURTHER STRENGTHENED WITH THE INCREASE IN SHAREHOLDERS' FUND TO RM773.0 MILLION AND THE REDUCTION OF NET GEARING TO 8.2%.

PROPERTY DEVELOPMENT

RESIDENTIAL

GuocoLand (Malaysia) Berhad ("GLM") Group's on-going developments, namely, Bukit Rahman Putra, Emerald and Pantai Sepang Putra, are located in the high growth northern and southern corridors of the Klang Valley.

Bukit Rahman Putra

This mature freehold mixed residential and commercial project nestled in the verdant landscape of Bukit Rahman Putra Golf Club is located within the high growth area of Sungai Buloh-Damansara, about 20 minutes, drive from the Kuala Lumpur City Centre.

To-date, some 3,100 units of properties comprising bungalows, semi-detached, terrace houses, condominiums and shop offices have been handed over.

Current launch

Close to 60% of the two to three-storey Notting Hill bungalows priced between RM1.0 million to RM1.8 million, have been taken up.

Response to the recent launch of two and three-storey shops, priced between RM280,000 to RM768,000, was good with a take up rate of 83% to date.

The next launch will be 84 units of condominiums overlooking the panoramic golf course and the last remaining 34 units of double-storey shop offices with an estimated gross development value of RM38 million.

Emerald Rawang

Spanning 1,000 acres of freehold land, the lush residential paradise of Emerald enclave in Rawang which presents an elegant and distinctive range of bungalows, semi-detached and link homes is located just 20 minutes drive from the Kuala Lumpur city. Strategically located along the northern growth corridor with the North-South Highway straddling it, its accessibility has been greatly enhanced with the newly completed Guthrie Corridor Expressway which links Rawang to Klang and Shah Alam and the soon-to-be completed upgrading of the Rawang-Selayang Highway from the current 2 to 4-lane carriageway. To-date, 73% of the 1,315 units comprising bungalows, semi-detached and link houses launched has been sold while 507 units have been handed over to purchasers.

Current launch

Slated for launch in the coming year are another 456 link houses, 141 units semi-detached and cluster houses, 110 units bungalows and two phases of neighbourhood shops with an estimated gross development value of RM220 million.

Pantai Sepang Putra

This 7,200-acre freehold township in the making is a resort city in the southern coast of Selangor fronting the Straits of Malacca that offers an idyllic lifestyle amidst modern city conveniences. Pantai Sepang Putra is conveniently located some 30 minutes drive from the Kuala Lumpur International Airport and the Sepang Formula 1 Circuit.

Showcasing a wide array of freehold landed properties, commercial and resort development, to-date, approximately 1,950 acres have been developed. A total of 700 plots of agricultural land and 1,900 units comprising a mix of bungalow units, semi-detached homes, single and double-storey link homes, courtyard homes and shops have been completed and sold.

Part of the remaining 5,253 acres is slated for the proposed premium seafront resort development which will be complemented by resort hotels, water villas, exclusive seafront villas, waterfront bungalows and unique residential properties with recreational & water sports facilities, inland marina and 18-holes championship golf course, commercial district and inland waterways & modern transportation system.




Bukit Rahman
Putra





Emerald, Rawang



Group Managing Director's Review (cont'd)

COMMERCIAL

Damansara City

Development of Damansara City, an integrated development project with an estimated gross development value of RM1.2 billion comprising 2.2 million sq. ft. of luxury condominiums, office towers, a 5-star boutique hotel and a lifestyle retail mall, is expected to commence soon. It is sited on 8.5 acres of freehold land in Damansara Heights, an exclusive residential suburb of Kuala Lumpur. Upon its completion, this flagship project development is set to become the next iconic landmark in the Damansara Heights area with its state-of-the-art environmental friendly and high-energy efficiency architectural design.

PROPERTY INVESTMENT

Establishment of Tower REIT

The successful listing of Tower REIT and the appointment of GLM REIT Management Sdn Bhd, our wholly-owned subsidiary company as the REIT manager, was another milestone for the Group. This strategic move will position the Group as a significant player in the fast-growing REIT industry and generate a sustainable and increasing stream of fee based income.

GLM Group's investment property portfolio includes the following:

Bangunan Hong Leong

A 16-storey purpose-built office building located in one of the busiest, most visited area "Petaling Street" in downtown Kuala Lumpur city, right at the heart of the central business and banking district. With a net lettable area of 92,561 sq. ft., Bangunan Hong Leong is well served by efficient public transportation system such as bus and rail transit.

Menara Pandan

Menara Pandan is strategically located in the hub of suburban Pandan Triangle. The 18-storey twin office building is easily accessible from the Kuala Lumpur city and is the central point of business for the nearby Ampang and Pandan areas.

HOTELS

The three hotels in our portfolio are all achieving good earnings, occupancies, room rates, profits as well as customers' satisfaction as a result of our strong emphasis on providing quality services to our guests and the continual asset enhancement programmes in improving facilities.

Guoman Port Dickson

This resort has seen major upgrading in the course of the year including renovation of the main restaurant, public washrooms, function rooms and landscaping. Additional upgrading projects are planned for the coming two years to achieve the 5-star status for the hotel and to keep ahead of competition by setting itself apart from other hotels.

Guoman Hanoi

This city centre boutique hotel has, likewise, renovated its main restaurant as well as upgraded room amenities. Hanoi is experiencing a large influx of travellers due to Vietnam's improved tourism management as well as the improved private enterprise environment with the opening up of its economy.

Hyatt Regency Johor Bahru

Set across the Straits of Johor, this hotel is refurbishing its interior along with other infrastructure projects to enhance the hotel's operating facilities. The hotel has been running as the market leader for the area in average room rate and occupancy for the most part of this year and is expected to continue to do so.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank the directors, management and all the staff for their commitment and contributions toward the success of the Group. I would also like to take this opportunity to express our appreciation for the continued support of our valued customers, business associates, government authorities and bankers.

I wish to record my sincere appreciation for the service rendered by YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain who resigned from the Board of GLM on 25 January 2006 and Mr Tan Ming Huat who retired from the Group on 31 July 2006. I also welcome to the Board, Ir. Lim Sow Wu who was appointed as the Executive Director on 1 August 2006.

KWEK LENG SENG
Group Managing Director

18 August 2006





Damansara City
Artist Impression


Guoman Hanoi


Guoman Port Dickson


Hyatt Regency Johor Bahru

Corporate Social Responsibility

As a responsible and caring corporate citizen, the Group strives for the betterment of society by giving back to the community and environment it operates in, through education, community development and social welfare.

The Group conducts most of its philanthropic activities through Hong Leong Foundation (the "Foundation"), the charitable arm of Hong Leong Group Malaysia, which was incorporated in 1992 with the main intention of:

- providing scholarships;
- giving aid and relief to the poor and needy, victims of fire, floods, famine, war or calamity, and those in need of moral or social rehabilitation or welfare;
- granting donations to local or national charitable institutions; and
- promoting sustainable and good environment practices.

The Group further supports and responds positively to various appeals for natural disasters such as earthquakes, floods, tsunamis, etc.

Since adopting the tagline '*Tomorrow's Generation*' in 2004, the Foundation champions causes in aid of Children and Youth, to provide for their needs in the areas of education, welfare, health and sports.

Supporting education has been, and will continue to be, an important tradition for the Group. To assist the academically gifted but financially disadvantaged students to gain access to higher education, the Foundation awards unconditional scholarships for Diploma and Undergraduate studies at local universities and selected institutions of higher learning. The Foundation also offers scholars the opportunity to undergo industrial training to gain related work experience at operating companies.

Launched in 1998, the Student Assistance Programme was initiated with the aim to address the immediate needs of primary and secondary school children from low-income families. To date, through this programme, the Foundation has donated school bags, books, uniforms, bicycles as well as school and examination fee subsidies to thousands of school children nation-wide.

Annually, the Foundation donates to various welfare organisations committed to helping the underprivileged and unfortunate throughout the country. During the financial year ended 30 June 2006, in support of '*Tomorrow's Generation*', the Foundation has contributed to 47 orphanages and welfare homes such as Majlis Kebajikan Kanak-kanak Alor Star, Pusat Harian Kanak-kanak Spastik, Selangor and Federal Territory Association for Retarded Children, Beautiful Gate Foundation For the Disabled, Tasputra Perkim, Yayasan Harapan Kanak-kanak Malaysia, The Salvation Army, Melaka, Sarawak Association For the Welfare of Intellectually Disabled Children, Sabah Cheshire Home Sandakan, etc.

As part of our commitment to our employees and society, we practise environmental preservation and maintain high standards of Occupational Safety and Health management practices. In addition, we conduct regular occupational safety and awareness programmes for our employees.



Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are property development, property investment, hotel operations, investment holding, trading in securities and provision of management services.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	66,752	7,321
Minority interests	(15,989)	-
Net profit for the year	50,763	7,321

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 24 to the financial statements.

DIVIDENDS

During the year, the Company paid a final dividend of 1 sen per share less taxation at 28% amounting to RM5,043,303 in respect of the previous financial year as proposed in the directors' report of that year.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2006, of 2 sen per share less taxation at 28% on 700,458,518 ordinary shares of RM0.50 each, amounting to a total dividend payable of RM10,086,603 (1.44 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2007.

Directors' Report
(cont'd)

EXECUTIVE SHARE OPTION SCHEME ("ESOS" or "Scheme")

At an Extraordinary General Meeting held on 25 October 2005, the shareholders of the Company had approved:-

i. the proposed termination of the existing ESOS of the Company which was established in year 1999 and which was to expire in 2009; and

ii. the proposed establishment of a new ESOS of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company ("New ESOS").

On 17 January 2006, the Company announced that Bursa Malaysia Securities Berhad had approved-in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the New ESOS at any time during the existence of the New ESOS.

The New ESOS was established on 23 January 2006 and shall be in force for a period of ten (10) years.

The New ESOS will enable the Company to have a fresh duration of ten (10) years to implement the Scheme and provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Company.

The main features of the New ESOS are, inter alia, as follows:-

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors (executive or non-executive) of the Company and its subsidiaries. The maximum allowable allotments for the full time executive directors had been approved by the shareholders of the Company in a general meeting. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options.

2. The aggregate number of shares to be issued under the New ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company for the time being.

3. The Scheme shall be in force for a period of ten (10) years from 23 January 2006.

4. The option price shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

5. The option granted to an option holder under the New ESOS is exercisable by the option holder only during his employment with the Group and within the option exercise period subject to any maximum limit as may be determined by the Board under the Bye-Laws of the New ESOS.

Directors' Report
(cont'd)

EXECUTIVE SHARE OPTION SCHEME ("ESOS" or "Scheme") (cont'd)

6. The exercise of the options may, at the absolute discretion of the Board of Directors of the Company, be satisfied by way of issuance of new shares, transfer of existing shares purchased by a trust established for the New ESOS ("ESOS Trust"), or a combination of both new shares and existing shares.

During the financial year, the ESOS Trust acquired 30,000,000 issued ordinary shares of the Company from the open market at prices ranging from RM0.62 to RM0.78 per share for RM23,000,203.

There were no options granted during the financial year.

DIRECTORS

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

YBhg Tan Sri Quek Leng Chan	(Executive Chairman)
Mr Kwek Leng Seng	(Group Managing Director)
Ir. Lim Sow Wu	(Executive Director; Appointed on 1.8.2006)
YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain	(Resigned on 25.1.2006)
YBhg Dato' Ong Joo Theam	
Mr Tan Ming Huat	(Retired on 31.7.2006)
Mr Tan Keok Yin	
YBhg Dato' Chew Kong Seng @ Chew Kong Huat	
Mr Quek Chee Hoon	
YBhg Tan Sri Nik Mohamed bin Nik Yaacob	

In accordance with Article 94 of the Company's Articles of Association, Ir. Lim Sow Wu retires from the Board at the forthcoming Annual General Meeting ("AGM") and, being eligible, offers himself for re-election.

In accordance with Article 115 of the Company's Articles of Association, YBhg Dato' Ong Joo Theam and Mr Tan Keok Yin retire by rotation from the Board at the forthcoming AGM and, being eligible, offer themselves for re-election.

Directors' Report
(cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares/ warrants/options/convertible unsecured loan stocks of the Company and/or its related corporations during the financial year ended 30 June 2006, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Shareholdings in which directors have direct interests Number of ordinary shares or *new shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks				
	Nominal value per share RM	At 1.7.2005	Acquired	Sold	At 30.6.2006
Interests of YBhg Tan Sri Quek Leng Chan in:					
GuocoLand (Malaysia) Berhad	0.50	3,266,280	-	-	**3,266,280**
Hong Leong Company (Malaysia) Berhad	1.00	390,000[5]	-	-	**390,000**
Guoco Group Limited	US$0.50	1,656,325[5]	-	-	**1,656,325**
GuocoLand Limited	[4]	15,047,224[5]	-	-	**15,047,224**
Hong Leong Financial Group Berhad (formerly known as Hong Leong Credit Berhad)	1.00	4,989,600[5]	-	-	**4,989,600**
Hume Industries (Malaysia) Berhad	1.00	2,000,000[5]	-	-	**2,000,000**
Narra Industries Berhad	1.00	8,170,200[5]	-	-	**8,170,200**
BIL International Limited	US$0.20	150,000[5]	-	-	**150,000**
Interest of Mr Tan Ming Huat in:					
GuocoLand (Malaysia) Berhad	0.50	50,800	-	-	**50,800**
Interests of Mr Kwek Leng Seng in:					
GuocoLand (Malaysia) Berhad	0.50	123,180	-	-	**123,180**
Hong Leong Company (Malaysia) Berhad	1.00	97,500[5]	20,000	-	**117,500**
Hong Leong Financial Group Berhad	1.00	410,600[5]	-	-	**410,600**
Hong Leong Bank Berhad	1.00	42,490[5]	-	-	**42,490**
Interests of YBhg Dato' Ong Joo Theam in:					
GuocoLand (Malaysia) Berhad	0.50	22,588	-	-	**22,588**
Hong Leong Financial Group Berhad	1.00	18,000[5]	-	-	**18,000**
Interest of Mr Tan Keok Yin in:					
Camerlin Group Berhad	1.00	10,000[5]	-	-	**10,000**
Interest of Mr Quek Chee Hoon in:					
GuocoLand Limited	[4]	6,862,725[5]	-	-	**6,862,725**
		6,500,000[5]*	-	-	**6,500,000***

Directors' Report
(cont'd)

DIRECTORS' INTERESTS (cont'd)

	Nominal value per share RM	At 1.7.2005	Acquired	Sold	At 30.6.2006
		Shareholdings in which directors have indirect interests Number of ordinary shares or *new shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks			
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100[5]	-	-	**7,487,100**
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000[5]	-	-	**1,400,000**
MEHY Sdn Bhd (In members' voluntary liquidation)	1.00	650,000[5]	-	-	**650,000**
Guoco Group Limited	US$0.50	219,111,309[5]	495,000	-	**219,606,309**
Citiwide International Limited	US$1.00	9[5]	-	9[6]	**-**
GuocoLand Limited	[4]	469,407,229[5]	-	-	**469,407,229**
First Changi Development Pte Ltd	[4]	40,002,075[5]	-	-	**40,002,075**
First Garden Development Pte Ltd	[4]	72,000,000[5]	-	-	**72,000,000**
Melville Park Development Pte Ltd	[4]	57,840,000[5]	-	-	**57,840,000**
Sanctuary Land Pte Ltd	[4]	54,000,000[5]	-	-	**54,000,000**
Beijing Minghua Property Development Co., Ltd	[1]	150,000,000[5]	-	-	**150,000,000**
Shanghai Xinhaozhong Property Development Co., Ltd	[2]	19,600,000[5]	-	-	**19,600,000**
Shanghai Xinhaolong Property Development Co., Ltd	[2]	123,303,088[5]	2,696,912	-	**126,000,000**
Beijing Jiang Sheng Property Development Co., Ltd	[1]	247,600,000[5]	-	-	**247,600,000**
Nanjing Xinhaoning Property Development Co., Ltd	[2]	11,800,800[5]	-	-	**11,800,800**
Nanjing Xinhaoxuan Property Development Co., Ltd	[2]	11,800,800[5]	-	-	**11,800,800**
Nanjing Mahui Property Development Co., Ltd	[1]	95,404,650[5]	-	-	**95,404,650**
Lam Soon (Hong Kong) Limited	HK$1.00	140,008,659[5]	-	-	**140,008,659**
Kwok Wah Hong Flour Company Limited	HK$100.00	9,800[5]	-	-	**9,800**
LS Golden Oils & Fats Limited	HK$1.00	185,000,000[5]	-	-	**185,000,000**
M.C. Packaging Offshore Limited	HK$0.01	471,793[5]	-	-	**471,793**
Lam Soon Ball Yamamura Inc	NT$10	15,221,823[5]	-	-	**15,221,823**
Guangzhou Lam Soon Food Products Limited	[3]	6,570,000[5]	-	-	**6,570,000**
Shekou Lam Soon Silo Company Limited	[2]	8,464,500[5]	-	-	**8,464,500**
Hong Leong Financial Group Berhad	1.00	819,824,298[5]	-	-	**819,824,298**
HLG Capital Berhad	1.00	92,590,545[5]	-	-	**92,590,545**
Hong Leong Bank Berhad	1.00	953,725,600[5]	-	200,000	**953,525,600**
Hong Leong Tokio Marine Takaful Berhad	1.00	- [5]	65	-	**65**
Hong Leong Industries Berhad	0.50	134,924,600[5]	-	-	**134,924,600**
		24,167,137[5]*	22,444,698*	-	**46,611,833***

Directors' Report
(cont'd)

DIRECTORS' INTERESTS (cont'd)

	Shareholdings in which directors have indirect interests Number of ordinary shares or *new shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks				
	Nominal value per share RM	At 1.7.2005	Acquired	Sold	At 30.6.2006
Interests of YBhg Tan Sri Quek Leng Chan in: (cont'd)					
Maxider Sdn Bhd (formerly known as Hong Leong Yamaha Distributors Sdn Bhd)	1.00	10,360,000[5]	3,640,000	-	**14,000,000**
Hong Leong Yamaha Motor Sdn Bhd	1.00	17,352,872[5]	-	-	**17,352,872**
Guocera Tile Industries (Meru) Sdn Bhd	1.00	19,600,000[5]	-	-	**19,600,000**
Hong Leong Maruken Sdn Bhd (In members' voluntary liquidation)	1.00	1,750,000[5]	-	-	**1,750,000**
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	6,545,001[5]	-	-	**6,545,001**
Varinet Sdn Bhd (In members' voluntary liquidation)	1.00	10,560,627[5]	-	-	**10,560,627**
RZA Logistics Sdn Bhd (In members' voluntary liquidation)	1.00	7,815,980[5]	-	-	**7,815,980**
Global Roaming Communications Sdn Bhd	1.00	2,610,000[5]	-	-	**2,610,000**
Malaysian Pacific Industries Berhad	0.50	114,000,309[5]	1,152,900	-	**115,153,209**
Carter Realty Sdn Bhd	1.00	7[5]	-	-	**7**
Carsem (M) Sdn Bhd					
- Ordinary shares	1.00	84,000,000[5]	-	-	**84,000,000**
- Redeemable preference shares	100.00	22,400[5]	-	-	**22,400**
Guolene Packaging Industries Berhad (In members' voluntary liquidation)	1.00	69,924,134[5]	-	-	**69,924,134**
Hume Industries (Malaysia) Berhad	1.00	120,144,828[5]	-	-	**120,144,828**
Narra Industries Berhad	1.00	38,304,000[5]	-	-	**38,304,000**
Camerlin Group Berhad	1.00	271,134,817[5]	480,500	-	**271,615,317**
		7,034,322[5]*	147,242*	-	**7,181,564***
GuocoLand (Malaysia) Berhad	0.50	321,047,553	135,773,163[7]	-	**456,820,716**
		6,567,020*	-	880,000*	**-**
				5,687,020[8]*	
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	277,000,000	-	-	**277,000,000**
HLL-Guoco Vietnam Co. Limited	[2]	5,000,592	-	-	**5,000,592**
JB Parade Sdn Bhd					
- Ordinary shares	1.00	18,000,000	-	-	**18,000,000**
- Redeemable preference shares	0.01	68,594,000	-	-	**68,594,000**
BIL International Limited	US$0.20	690,832,043[5]	6,060,000	-	**696,892,043**
Oil Basins Limited					
- Class A Shares	US$0.10	80,000[5]	-	-	**80,000**
- Class B Shares	US$0.10	40,000[5]	-	-	**40,000**
- Class D Shares	US$0.10	1,000[5]	-	-	**1,000**

Directors' Report
(cont'd)

DIRECTORS' INTERESTS (cont'd)

	Shareholdings in which directors have indirect interests Number of ordinary shares or *new shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks				
	Nominal value per share RM	At 1.7.2005	Acquired	Sold	At 30.6.2006
Interests of YBhg Tan Sri Quek Leng Chan in: (cont'd)					
Bondway Properties Limited					
- Ordinary voting shares	GBP1.00	1,134,215[5]	-	-	**1,134,215**
- Ordinary non-voting shares	GBP1.00	10,332[5]	-	-	**10,332**
Denarau Corporation Limited					
- Ordinary A Shares	FJ$1.00	1[5]	-	-	**1**
- Ordinary C Shares	FJ$1.00	30,000[5]	-	-	**30,000**
- Ordinary D Shares	FJ$1.00	5,000[5]	-	-	**5,000**
- Ordinary E Shares	FJ$1.00	14,632[5]	-	-	**14,632**
- Ordinary F Shares	FJ$1.00	5,000[5]	-	-	**5,000**

Legend:

(1) Capital contribution in RMB

(2) Capital contribution in USD

(3) Capital contribution in HK$

(4) Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005

(5) Shareholding as at 28 April 2006 as the corporation became a related corporation

(6) Struck off from Register

(7) Inclusive of acceptances received for 70,760,863 shares in respect of the unconditional mandatory offer made by GLL (Malaysia) Pte Ltd, a related corporation

(8) Warrants expired on 3 October 2005

Directors' Report
(cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporations with the director or with a firm of which the director is a member, or with a corporation in which the director has a substantial financial interest, except for YBhg Tan Sri Quek Leng Chan who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances in the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests; and YBhg Dato' Ong Joo Theam who may be deemed to derive a benefit by virtue of the provision of legal services to the Company and its related corporations.

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

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 36 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

Directors' Report
(cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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

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

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

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

KWEK LENG SENG **IR. LIM SOW WU**

Kuala Lumpur
18 August 2006

Balance Sheets

as at 30 June 2006

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
NON CURRENT ASSETS					
Property, plant and equipment	3	**266,189**	278,837	**171**	120
Investment properties	4	**105,018**	363,821	**-**	-
Land held for development	5	**762**	762	**-**	-
Investments in subsidiaries	6	**-**	-	**510,457**	509,457
Investment in associate	7	**747**	892	**-**	-
Investments in jointly controlled entities	8	**369,968**	378,024	**56,000**	56,000
Investments	9	**48,015**	19,854	**-**	-
Goodwill on consolidation - at cost		**2,464**	2,464	**-**	-
Deferred tax assets	22	**845**	764	**-**	-
		794,008	1,045,418	**566,628**	565,577
CURRENT ASSETS					
Inventories	10	**9,064**	18,921	**-**	-
Due from contract customers	11	**2,750**	252	**-**	-
Development properties	12	**103,322**	87,590	**-**	-
Trade and other receivables	13	**43,094**	46,332	**23,035**	103,398
Tax recoverable		**6,368**	7,197	**2,419**	2,877
Deposits, cash and bank balances	14	**34,802**	29,066	**25,989**	5,991
		199,400	189,358	**51,443**	112,266
CURRENT LIABILITIES					
Trade and other payables	15	**54,422**	60,130	**3,543**	11,802
Due to contract customers	11	**2,395**	1,046	**-**	-
Short term borrowings	16	**53,383**	100,699	**46,205**	72,754
Provision for taxation		**457**	554	**-**	-
		110,657	162,429	**49,748**	84,556
NET CURRENT ASSETS		**88,743**	26,929	**1,695**	27,710
		882,751	1,072,347	**568,323**	593,287

Balance Sheets
as at 30 June 2006 (cont'd)

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
FINANCED BY:					
SHAREHOLDERS' EQUITIES					
Share capital	17	**350,229**	350,229	**350,229**	350,229
Reserves	18	**445,814**	401,768	**161,023**	158,745
Equity funds		**796,043**	751,997	**511,252**	508,974
Shares held by ESOS Trust	19	**(23,000)**	-	**(23,000)**	-
Net equity funds		**773,043**	751,997	**488,252**	508,974
Minority interests		**63,057**	47,599	**-**	-
		836,100	799,596	**488,252**	508,974
DEFERRED AND LONG TERM LIABILITIES					
Due to subsidiaries	20	**-**	-	**70,071**	-
Borrowings	21	**46,500**	271,499	**10,000**	84,313
Deferred tax liabilities	22	**151**	1,252	**-**	-
		46,651	272,751	**80,071**	84,313
		882,751	1,072,347	**568,323**	593,287

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

Income Statements

for the financial year ended 30 June 2006

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Revenue	23	**130,964**	146,280	**19,133**	13,273
Profit from operations	24	**90,971**	21,657	**14,550**	12,043
Interest income	25	**1,168**	965	**5,139**	7,426
Finance costs	26	**(16,144)**	(19,219)	**(8,974)**	(10,083)
Share of (loss)/profit in					
- Associate		**(244)**	(5)	**-**	-
- Jointly controlled entities		**(11,822)**	12,459	**-**	-
Profit before taxation		**63,929**	15,857	**10,715**	9,386
Taxation:					
- Company and subsidiaries		**1,754**	768	**(3,394)**	(2,636)
- Associate		**77**	-	**-**	-
- Jointly controlled entities		**992**	(2,105)	**-**	-
	27	**2,823**	(1,337)	**(3,394)**	(2,636)
Profit after taxation		**66,752**	14,520	**7,321**	6,750
Minority interests		**(15,989)**	(1,922)	**-**	-
Net profit for the year		**50,763**	12,598	**7,321**	6,750
Earnings per share	28	**7.3 sen**	1.8 sen		
Net dividends per share	29	**0.72 sen**	0.72 sen		

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

Statements of Changes in Equity

for the financial year ended 30 June 2006

Group	Note	Non-Distributable: Share capital RM'000	Non-Distributable: Share premium RM'000	Non-Distributable: Exchange reserve RM'000	Non-Distributable: Shares held by ESOS Trust RM'000	Distributable: Retained profits RM'000	Total RM'000
At 1 July 2004		350,229	35,089	8,059	-	351,505	744,882
Net loss not recognised in the income statement - translation of foreign subsidiaries		-	-	(440)	-	-	(440)
Profit for the year		-	-	-	-	12,598	12,598
Dividend paid	29	-	-	-	-	(5,043)	(5,043)
At 30 June 2005		350,229	35,089	7,619	-	359,060	751,997
Net loss not recognised in the income statement - translation of foreign subsidiaries		-	-	(1,674)	-	-	(1,674)
Profit for the year		-	-	-	-	50,763	50,763
Purchase during the year	19	-	-	-	(23,000)	-	(23,000)
Dividend paid	29	-	-	-	-	(5,043)	(5,043)
At 30 June 2006		**350,229**	**35,089**	**5,945**	**(23,000)**	**404,780**	**773,043**

Company	Note	Non-Distributable: Share capital RM'000	Non-Distributable: Share premium RM'000	Non-Distributable: Merger reserve RM'000	Non-Distributable: Shares held by ESOS Trust RM'000	Distributable: Retained profits RM'000	Total RM'000
At 1 July 2004		350,229	35,089	68,219	-	53,730	507,267
Profit for the year		-	-	-	-	6,750	6,750
Dividend paid	29	-	-	-	-	(5,043)	(5,043)
At 30 June 2005		350,229	35,089	68,219	-	55,437	508,974
Profit for the year		-	-	-	-	7,321	7,321
Purchase during the year	19	-	-	-	(23,000)	-	(23,000)
Dividend paid	29	-	-	-	-	(5,043)	(5,043)
At 30 June 2006		**350,229**	**35,089**	**68,219**	**(23,000)**	**57,715**	**488,252**

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

Cash Flow Statements

for the financial year ended 30 June 2006

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation and minority interests		**63,929**	15,857	**10,715**	9,386
Adjustments for:					
Depreciation of property, plant and equipment		**6,393**	6,232	**56**	55
Gain on disposal of property, plant and equipment		**(56)**	-	**-**	-
Gain on disposal of investment property		**(81,282)**	-	**-**	-
Interest expense		**16,144**	19,219	**8,974**	10,083
Provision for/(Write back of) doubtful debts		**682**	(983)	**-**	(754)
Provision for impairment loss in investments		**7,464**	15,177	**-**	-
Property, plant and equipment written off		**69**	-	**-**	-
Reversal of write down in investment properties		**-**	(12,788)	**-**	-
Inventories written down		**464**	-	**-**	-
Share of loss in associate		**244**	5	**-**	-
Share of loss/(profit) in jointly controlled entities		**11,822**	(12,459)	**-**	-
Dividend income		**-**	-	**(18,390)**	(12,390)
Interest income		**(1,168)**	(965)	**(5,139)**	(7,426)
Operating profit/(loss) before working capital changes		**24,705**	29,295	**(3,784)**	(1,046)
Working capital changes:					
Inventories		**9,393**	45,439	**-**	-
Receivables		**(724)**	(2,271)	**(39)**	2,173
Development properties		**(15,277)**	(2,258)	**-**	-
Payables		**(3,134)**	1,977	**(115)**	(75)
Jointly controlled entities balances		**851**	4,901	**-**	(1,398)
Inter company balances		**(324)**	-	**142,329**	(23,422)
Land held for development		**-**	(856)	**-**	-
Cash generated from/(used in) operations		**15,490**	76,227	**138,391**	(23,768)
Interest received		**1,168**	965	**5,139**	7,426
Tax refunded		**1,176**	402	**1,944**	2,260
Net cash generated from/(used in) operating activities		**17,834**	77,594	**145,474**	(14,082)

Cash Flow Statements

for the financial year ended 30 June 2006 (cont'd)

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from:					
- subsidiaries		**-**	-	**13,510**	8,921
- jointly controlled entities		**-**	482	**-**	-
Acquisition of:					
- investment property		**-**	(102,376)	**-**	-
- property, plant and equipment	(a)	**(7,855)**	(3,952)	**(107)**	(114)
Acquisition of additional interest in jointly controlled entities		**(3,101)**	(20)	**-**	-
Acquisition of subsidiaries, net of cash acquired	6	**-**	2,690	**-**	-
Subscription of additional shares in subsidiary		**-**	-	**(1,000)**	-
Proceeds from disposal of:					
- investment property	(c)	**302,682**	-	**-**	-
- property, plant and equipment		**12,758**	-	**-**	-
Proceeds from redemption of investment in preference shares in jointly controlled entities		**-**	9,558	**-**	-
Net cash generated from/(used in) investing activities		**304,484**	(93,618)	**12,403**	8,807
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of shares held by ESOS Trust	19	**(23,000)**	-	**(23,000)**	-
Bank borrowings drawdown		**27,000**	115,000	**-**	37,500
Dividend paid		**(5,043)**	(5,043)	**(5,043)**	(5,043)
Interest paid		**(16,144)**	(19,219)	**(8,974)**	(10,083)
Repayment of bank borrowings		**(297,062)**	(61,896)	**(100,876)**	(11,437)
Net cash (used in)/generated from financing activities		**(314,249)**	28,842	**(137,893)**	10,937
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,069**	12,818	**19,984**	5,662
EFFECTS OF EXCHANGE RATE CHANGES		**(80)**	-	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**25,117**	12,299	**5,987**	325
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	(b)	**33,106**	25,117	**25,971**	5,987

Cash Flow Statements
for the financial year ended 30 June 2006 (cont'd)

(a) Additions of property, plant and equipment during the year were fully paid for by cash.

(b) Cash and cash equivalents comprise the following balance sheet amounts:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with licensed banks (Note 14)	**30,546**	15,998	**25,900**	5,713
Cash and bank balances (Note 14)	**4,256**	13,068	**89**	278
	34,802	29,066	**25,989**	5,991
Bank overdrafts (Note 16)	**(1,696)**	(3,949)	**(18)**	(4)
	33,106	25,117	**25,971**	5,987

(c) Proceeds from disposal of investment properties was settled as follows:

	GROUP
	2006 RM'000
Cash	**302,682**
Quoted shares	**35,625**
	338,307

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

Notes to the Financial Statements
30 June 2006

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are property development, property investment, hotel operations, investment holding, trading in securities and provision of management services. There have been no significant changes in the nature of the principal activities during the financial year.

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 is located at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur.

The principal place of business of the Company is located at Level 8, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur.

The immediate holding company is GLL (Malaysia) Pte Ltd, incorporated in the Republic of Singapore. The ultimate holding company is Hong Leong Company (Malaysia) Berhad ("HLCM"), incorporated in Malaysia.

Related companies in these financial statements refer to member companies in the HLCM Group.

The numbers of employees as at 30 June 2006 in the Group and in the Company were 555 (2005: 566) and 25 (2005: 23) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 August 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated.

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

(b) Basis of Consolidation

(i) Subsidiaries

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

Subsidiaries are consolidated on the acquisition method of accounting except for certain subsidiaries, as disclosed in Note 32 to the financial statements, which are consolidated on the merger method of accounting. As allowed by MASB 21, Business Combination, the recognition criteria of a business combination under the merger method of accounting will be applied prospectively. Subsidiaries previously consolidated on the merger method of accounting will continue to apply.

(i) Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition costs and these fair values is included in the consolidated balance sheet as goodwill or reserve on consolidation as appropriate. Goodwill on consolidation is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e).

Notes to the Financial Statements
30 June 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

(ii) Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The debit difference between the cost of acquisition over the nominal value of the share capital and share premium of the subsidiaries is written off against reserves. Any resulting credit differences, however, are classified as equity and be regarded as a non-distributable reserve.

All inter-company transactions and balances and the resulting unrealised profits are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any exchange differences which were not previously recognised in the consolidated income statement. Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) Associates

An associate is an investee company that is not a subsidiary and in which the Group has a long term equity interest and exercises significant influence over the financial and commercial policies of the investee through Board representation.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates.

The Group's share of results and reserves of the associates acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal under the equity method.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated to the extent of the Group's interests in the associates.

(iii) Jointly Controlled Entities

A jointly controlled entity is an entity in which the Group has joint control over its economic activity established under a contractual arrangement.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities.

The Group's share of results of jointly controlled entities are included in the consolidated financial statements from the date of formation of the jointly controlled entities and up to the date of completion of the projects under the equity method.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the assets transferred.

Notes to the Financial Statements

30 June 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land and long leasehold land are not depreciated. Assets in the course of construction are not depreciated as well. Depreciation on these assets commence when they are ready for their intended use.

Leasehold land and hotel properties are not depreciated as their depreciation and accumulated depreciation are not expected to be material in view of their long economic lives and high residual values.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset over the estimated useful life at the following annual rates:

Buildings other than hotel buildings	2%
Building service plant, equipment and furniture and fittings	5% - 20%
Motor vehicles	10% - 20%

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

(d) Investments

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

Short term investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values.

Long term investments other than in subsidiaries and associates are stated at cost. Provision is made when the decline in value of the investments is considered to be other than temporary.

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

(e) Impairment of Assets

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

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(f) Foreign Currencies

(i) Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency assets and liabilities are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange gains and losses are included in the income statement.

Notes to the Financial Statements
30 June 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Foreign Currencies (cont'd)

(ii) Translation of foreign currency financial statements

The revenues and expenses of foreign operations are translated into Ringgit Malaysia at average exchange rates applicable throughout the year.

Assets, liabilities and income statement items of foreign subsidiaries are reported in Ringgit Malaysia at the exchange rates ruling at the balance sheet date. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

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

Foreign currency	2006 RM	2005 RM
United States Dollar	**3.68**	3.80
Philippine Peso	**0.07**	0.07
British Sterling Pound	**6.74**	6.86
Singapore Dollar	**2.32**	2.25

(g) Investment properties

Investment properties consist of land and buildings held for investment and rental.

Investment properties are treated as long term investments and are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e).

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

(h) Land Held for Property Development and Property Development Costs

(i) Land held for property development

Land held for property development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e).

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

(ii) Property development costs

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

Notes to the Financial Statements

30 June 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) Property development costs (cont'd)

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

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

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

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

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

(i) Construction Contracts

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

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

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

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

(j) Inventories

(i) Property inventories

Property inventories consist of residential and commercial properties. They are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

(ii) Others

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

Notes to the Financial Statements
30 June 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Inventories (cont'd)

(ii) Others (cont'd)

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

(k) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents consist of cash in hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value, against which the bank overdraft balances, if any, are deducted.

(l) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) Income Tax

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

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

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

(n) Employees Benefits

(i) Short term benefits

Wages, salaries, bonuses, annual and sick leave and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

Contributions to define contribution plans are recognised as an expense in the income statement as incurred.

Notes to the Financial Statements

30 June 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Employees Benefits (cont'd)

(iii) Equity compensation benefits

The Company offers an Executive Share Option Scheme ("ESOS" or "Scheme") for the benefit of eligible executives.

Pursuant to the Scheme, a trustee was appointed, who is entitled from time to time to accept financial assistance from the Company and the subsidiaries, upon such terms and conditions as the Company and the trustee may agree, to purchase the Company's shares from the open market for the purpose of the Scheme.

The financial assistance provided to the trustee to purchase the Company's shares for the purpose of the Scheme is recorded as "Shares held by ESOS Trust" in the balance sheet. When it is probable that the share options will be exercised, remuneration expenses, computed using the average purchase price (net of dividends received from the shares held) less the option exercise price, are recognised in the income statement on a straight line basis over the remaining period of the Scheme.

(o) Revenue Recognition

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

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(i).

(ii) Development properties

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

(iii) Property inventories

Revenue from sale of property inventories is recognised when the significant risks and rewards of ownership of the property have been passed to the buyer.

(iv) Dividend income

Dividend income arising from investments in subsidiaries, jointly controlled entities, associate, long term investments and short term investments are recognised when the rights to receive payment are established.

(v) Rental income

Revenue from room rental and rental of properties are recognised on the accrual basis unless collectibility is in doubt, in which case, they are recognised on receipt basis.

(vi) Interest income

Interest income are recognised on the accrual basis unless the collectibility is in doubt, in which case they are recognised on receipt basis.

(p) Financial Instruments

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

Notes to the Financial Statements
30 June 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial Instruments (cont'd)

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

(i) Short Term Investments

Short term investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. An estimation for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(iii) Payables

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

(iv) Interest-Bearing Borrowings

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawndown from that borrowing facility.

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

(v) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Freehold land under development RM'000	Building service plant and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost									
At 1 July 2005	2,272	69,089	77,788	44,758	93,705	72,917	15,926	1,555	378,010
Additions	-	2,278	2	32	627	2,480	1,562	874	7,855
Written off	-	-	-	-	-	(3,348)	(252)	-	(3,600)
Disposals	-	-	-	-	-	(30,574)	(34)	(3)	(30,611)
Exchange adjustments	-	-	-	(1,460)	-	(545)	(94)	(9)	(2,108)
At 30 June 2006	**2,272**	**71,367**	**77,790**	**43,330**	**94,332**	**40,930**	**17,108**	**2,417**	**349,546**
Accumulated Depreciation and Impairment Losses									
At 1 July 2005	-	9,247	-	24,765	-	51,369	12,680	1,112	99,173
Charge for the year	-	-	-	901	-	4,282	851	359	6,393
Written off	-	-	-	-	-	(3,348)	(183)	-	(3,531)
Disposals	-	-	-	-	-	(17,893)	(14)	(2)	(17,909)
Exchange adjustments	-	-	-	(368)	-	(325)	(68)	(8)	(769)
At 30 June 2006	**-**	**9,247**	**-**	**25,298**	**-**	**34,085**	**13,266**	**1,461**	**83,357**
Net Book Value									
At 30 June 2006	**2,272**	**62,120**	**77,790**	**18,032**	**94,332**	**6,845**	**3,842**	**956**	**266,189**
At 30 June 2005	2,272	59,842	77,788	19,993	93,705	21,548	3,246	443	278,837
Depreciation charge for 2005	-	-	-	-	-	5,427	596	209	6,232
Details at 1 July 2004									
Cost	2,272	68,785	77,703	44,758	-	69,606	14,946	1,382	279,452
Accumulated depreciation and impairment losses	-	9,247	-	24,765	-	45,963	12,084	903	92,962

Notes to the Financial Statements
30 June 2006 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
Cost				
At 1 July 2005	102	227	166	495
Addition	96	11	-	107
At 30 June 2006	**198**	**238**	**166**	**602**
Accumulated Depreciation				
At 1 July 2005	20	189	166	375
Charge for the year	40	16	-	56
At 30 June 2006	**60**	**205**	**166**	**431**
Net Book Value				
At 30 June 2006	**138**	**33**	**-**	**171**
At 30 June 2005	82	38	-	120
Depreciation charge for 2005	20	21	14	55
Details at 1 July 2004				
Cost	-	215	166	381
Accumulated depreciation	-	168	152	320

The net book values of property, plant and equipment pledged for borrowings as referred to in Notes 16 and 21 are as follows:

	GROUP	
	2006 RM'000	2005 RM'000
Long leasehold land and buildings	**77,790**	77,788
Building service plant and equipment	**1,771**	15,486
Furniture and fittings	**1,918**	1,618
Motor vehicles	**122**	97
	81,601	94,989

Notes to the Financial Statements

30 June 2006 (cont'd)

4. INVESTMENT PROPERTIES

	GROUP	
	2006 RM'000	2005 RM'000
Freehold land and buildings - at cost	**36,207**	295,010
Leasehold land and buildings - at written down value	**68,811**	68,811
	105,018	363,821
Fair value of investment properties, estimated by Directors	**107,000**	470,605

Freehold land and buildings; and leasehold land and buildings, with carrying amounts of RM36,207,000 (2005: RM258,803,000) and RM68,811,000 (2005: RM68,811,000) respectively are charged to financial institutions as collaterals for credit facilities granted to the Company and the Group as disclosed in Note 21.

5. LAND HELD FOR DEVELOPMENT

	GROUP	
	2006 RM'000	2005 RM'000
Freehold Land - At cost:		
At beginning of financial year	**1,275**	142,838
Transfer to development properties (Note 12)	**-**	(51,172)
Transfer to property, plant and equipment	**-**	(90,391)
At end of financial year	**1,275**	1,275
Development Expenditure:		
At beginning of financial year	**28**	4,362
Additions	**-**	856
Transfer to development properties (Note 12)	**-**	(1,876)
Transfer to property, plant and equipment	**-**	(3,314)
At end of financial year	**28**	28
Accumulated impairment losses at beginning/end of financial year	**541**	541
Carrying amount at end of financial year	**762**	762

6. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2006 RM'000	2005 RM'000
Unquoted shares at cost	**512,157**	514,423
Accumulated impairment losses	**(1,700)**	(4,966)
	510,457	509,457

Notes to the Financial Statements
30 June 2006 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are disclosed in Note 32.

On 11 July 2005, the Company had acquired 2 ordinary fully paid up shares of RM1.00 each representing the entire equity interest in GLM REIT Management Sdn. Bhd. (formerly known as Premiumview Development Sdn. Bhd.) for a cash consideration of RM2.00. Subsequently, GLM REIT Management Sdn. Bhd. had increased its issued and paid up share capital to RM1,000,000.

In the previous financial year, the Group completed the acquisitions of the entire 100% equity interest in Hong Leong Property Management Co Sdn. Bhd. ("HLPM"), Hong Leong Property Services Sdn. Bhd. ("HLPS") and Guoman International Limited ("Guoman"). The fair values of the assets acquired and liabilities assumed from the acquisitions of the subsidiaries were as follows:

	2005 RM'000
Property, plant and equipment	922
Deferred tax asset (Note 22)	788
Trade and other receivables	7,355
Tax recoverable	53
Cash and bank balances	2,690
Trade and other payables	(14,002)
Provision for taxation	(270)
Group's share of net liabilities	(2,464)
Goodwill on acquisitions	2,464
Cost of acquisitions*	-

* The cost of acquisitions of the subsidiaries satisfied by cash were as follows:

	2005 RM
HLPM	1
HLPS	1
Guoman	7
	9

	2005 RM
Cash inflow arising on acquisitions:	
Purchase consideration satisfied by cash	-
Cash and cash equivalents of subsidiaries acquired	(2,690)
Net cash inflow of the Group	2,690

Notes to the Financial Statements

30 June 2006 (cont'd)

7. INVESTMENT IN ASSOCIATE

	GROUP	
	2006 RM'000	2005 RM'000
Unquoted shares at cost	**6**	6
Share of post acquisition reserves	**1,036**	1,203
Share of post acquisition translation reserve	**(295)**	(317)
	747	892
Represented by: Share of net assets of associate	**747**	892

Details of the associate are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activity
		2006 %	2005 %	
Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Investment at cost	**278,479**	275,378	**56,000**	56,000
Share of post acquisition reserves	**91,489**	102,646	**-**	-
	369,968	378,024	**56,000**	56,000

Details of the jointly controlled entities are disclosed in Note 33.

During the financial year, the Group subscribed for additional 3,081,000 cumulative redeemable preference shares and 20,000 ordinary shares in Bedford Damansara Heights Development Sdn. Bhd. and Positive Properties Sdn. Bhd. respectively for an aggregate consideration of RM3,101,000.

Notes to the Financial Statements
30 June 2006 (cont'd)

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (cont'd)

The Group's interest in the assets, liabilities, revenue and expenses of jointly controlled entities are as follows:

	2006 RM'000	2005 RM'000
Long term assets	**326,956**	378,264
Current assets	**233,475**	178,196
Long term liabilities	**(98,129)**	(104,576)
Current liabilities	**(92,334)**	(73,860)
Net assets	**369,968**	378,024
Revenue	**52,685**	78,244
Expenses	**(63,515)**	(67,890)
	(10,830)	10,354

9. INVESTMENTS

	GROUP	
	2006 RM'000	2005 RM'000
Long term investments		
Quoted shares in Malaysia, at cost	**89,355**	53,730
Unquoted shares in Malaysia, at cost	**48**	48
Accumulated impairment losses	**(41,388)**	(33,924)
	48,015	19,854
Market value of quoted shares	**44,418**	11,919

The directors regard the shortfall in value of the quoted investment against market value as at the balance sheet date as temporary in nature as the current market value is not reflective of the underlying net tangible assets of the investee companies.

Notes to the Financial Statements

30 June 2006 (cont'd)

10. INVENTORIES

	GROUP	
	2006 RM'000	2005 RM'000
At cost		
Property inventories	**5,747**	16,965
Saleable merchandise	**674**	770
Operating supplies	**657**	736
	7,078	18,471
At net realisable value		
Property inventories	**1,986**	450
	9,064	18,921

The cost of property inventories of the Group recognised as cost of sales during the financial year amounted to RM9,218,000 (2005: RM47,340,000).

In the previous financial year, property inventories worth RM14,816,000 were pledged to a financial institution for banking facilities granted to a subsidiary as disclosed in Note 21. None of the property inventories were pledged as securities as at balance sheet date.

11. DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP	
	2006 RM'000	2005 RM'000
Contract cost incurred to date	**31,903**	19,995
Attributable profits	**9,907**	4,875
	41,810	24,870
Less: Progress payments received and receivable	**(41,455)**	(25,664)
	355	(794)
Due from contract customers	**2,750**	252
Due to contract customers	**(2,395)**	(1,046)
	355	(794)
Contract revenue recognised in income statement (Note 23)	**(17,890)**	(2,564)
Contract costs recognised in income statement	**13,008**	1,810

Notes to the Financial Statements
30 June 2006 (cont'd)

12. DEVELOPMENT PROPERTIES

	GROUP	
	2006 RM'000	2005 RM'000
Development properties cost:		
At beginning of financial year		
Freehold land	**75,918**	24,746
Long leasehold land	**1,531**	1,531
Development expenditure	**13,704**	6,007
	91,153	32,284
Transfer from land held for development (Note 5)		
Freehold land	**-**	51,172
Development expenditure	**-**	1,876
	-	53,048
Cost incurred during the year:		
Freehold land	**15,993**	-
Development expenditure	**14,185**	5,821
	30,178	5,821
Cost recognised in income statement:		
At beginning of financial year	**(3,563)**	-
Recognised during the year	**(14,446)**	(3,563)
At end of financial year	**(18,009)**	(3,563)
Development properties cost at 30 June	**103,322**	87,590

As at the balance sheet date, the carrying amounts of freehold land and related development expenditure pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 21 are as follows:

	2006 RM'000	2005 RM'000
Freehold land	**17,113**	-

Notes to the Financial Statements

30 June 2006 (cont'd)

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables (Note (a))	**17,078**	21,483	**-**	-
Provision for doubtful debts	**(114)**	(37)	**-**	-
	16,964	21,446	**-**	-
Other receivables	**23,079**	21,563	**1,300**	1,261
Provision for doubtful debts	**(5,104)**	(4,530)	**(746)**	(746)
	17,975	17,033	**554**	515
Accrued billings in respect of development property cost	**1,084**	-	**-**	-
Subsidiaries	**-**	-	**22,480**	102,883
Jointly controlled entities	**6,768**	7,619	**-**	-
Related companies	**303**	-	**1**	-
Related parties (Note (b))	**-**	234	**-**	-
	43,094	46,332	**23,035**	103,398

(a) Included in trade receivables of the Group is a retention sum of RM17,000 (2005: RM17,000).

(b) For the comparative year, related parties in these financial statements refer to related companies of Hong Leong Company (Malaysia) Berhad, the ultimate holding company of a substantial shareholder of the Group. During the financial year, these related parties have become related companies of the Group following the acquisition of a controlling interest in the Group by the said substantial shareholder.

The Group's normal trade credit term ranges from 7 days to 60 days (2005: 7 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

All amounts due from subsidiaries, jointly controlled entities, related companies and related parties are unsecured, non interest bearing and have no fixed term of repayments except for:

(i) amounts totalling RM10,121,000 (2005: RM93,931,000) due from certain subsidiaries which bore interest at rates ranging from 6.0% to 7.5% (2005: 7.5%) per annum during the financial year; and

(ii) amounts totalling RM6,768,000 (2005: RM6,345,000) due from certain jointly controlled entities which bore interest at rates ranging from 4.9% to 7.3% (2005: 7.0%) per annum during the financial year.

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

Notes to the Financial Statements
30 June 2006 (cont'd)

14. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits placed with licensed banks	**30,546**	15,998	**25,900**	5,713
Cash and bank balances	**4,256**	13,068	**89**	278
	34,802	29,066	**25,989**	5,991
Of which amounts placed with a related company:				
- deposits	**-**	14,013	**-**	5,713
- bank balances	**1,041**	8,216	**40**	259

In the previous financial year, included in deposits, cash and bank balances of the Group are amounts totalling RM3,254,000 pledged in favour of certain financial institutions as a security for the repayment of a subsidiary's term loan as disclosed in Note 21.

Cash and bank balances of the Group includes RM198,000 (2005: RM3,415,700) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The weighted average effective interest rates of deposits placed with licensed banks of the Group and of the Company at the balance sheet date were 2.63% (2005: 2.39%) and 2.60% (2005: 2.40%) respectively.

The average maturities of deposits placed with licensed banks of the Group and of the Company as at the end of the financial year were 8 days (2005: 6 days) and 3 days (2005: 4 days) respectively.

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	**15,700**	14,913	**-**	-
Progress billings in respect of property development	**172**	4,926	**-**	-
Associate	**105**	680	**-**	-
Subsidiaries	**-**	-	**933**	9,077
Related companies	**8,229**	-	**-**	-
Related parties	**-**	7,909	**-**	-
Other payables	**30,216**	31,702	**2,610**	2,725
	54,422	60,130	**3,543**	11,802

The normal credit terms granted by the trade payables range from 30 days to 60 days (2005: 30 days to 60 days).

All amounts due to associate, subsidiaries and related companies and related parties are unsecured, interest free and have no fixed terms of repayments except for:

(i) amounts totalling RM3,691,000 due to certain subsidiaries in the previous year which bore interest at rates ranging from 4.25% to 4.33% per annum;

Notes to the Financial Statements

30 June 2006 (cont'd)

15. TRADE AND OTHER PAYABLES (cont'd)

(ii) an amount totalling RM577,000 due to an associate in the previous year which bore interest at 2% per annum; and

(iii) amounts totalling RM991,000 due to certain related parties in the previous year which bore interest at 3.98% per annum.

16. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Secured				
Term loans (Note 21)	**11,687**	31,750	**6,187**	15,250
Bank overdrafts	**1,639**	3,229	**-**	-
	13,326	34,979	**6,187**	15,250
Unsecured				
Bank overdrafts	**57**	720	**18**	4
Term loans (Note 21)	**15,000**	-	**15,000**	-
Revolving credits	**25,000**	65,000	**25,000**	57,500
	40,057	65,720	**40,018**	57,504
	53,383	100,699	**46,205**	72,754

The secured bank overdraft of the Group is secured by a second legal charge over the long term leasehold land and a second fixed and floating charge over the assets of a subsidiary. The bank overdrafts bore effective interest at rates ranging from 7.00% to 7.75% (2005: 6.50% to 8.25%) per annum during the financial year.

The revolving credits bore effective interest at rates ranging from 4.00% to 6.00% (2005: 4.00% to 6.00%) per annum during the financial year.

The details of the term loans are disclosed in Note 21.

17. SHARE CAPITAL

	Ordinary shares of RM0.50 each			
	2006 No. of shares '000	2005 No. of shares '000	2006 Amount RM'000	2005 Amount RM'000
Authorised	**3,000,000**	3,000,000	**1,500,000**	1,500,000
Issued and fully paid	**700,459**	700,458	**350,229**	350,229

The Company issued 70,045,522 detachable warrants on 7 September 1995 in conjunction with its issue of redeemable bank guaranteed bonds which had since expired in October 2000. The warrants were constituted by a Deed Poll and entitle the registered holders to subscribe for one ordinary share of RM0.50 each in the Company at an exercise price of RM3.05 per share for every warrant held. The original exercise period of the warrants which had expired on 1 April 2000, was extended for a further five years and six months. During the year, the Company had issued 100 new ordinary shares of RM0.50 each pursuant to the exercise of 100 warrants. All remaining warrants had expired on 3 October 2005.

Notes to the Financial Statements
30 June 2006 (cont'd)

17. SHARE CAPITAL (cont'd)

The shareholders of the Company had, at its Extraordinary General Meeting held on 25 October 2005, approved

i. the proposed termination of the existing executive share option scheme ("ESOS") of the Company which was established in year 1999 and which was to expire in year 2009; and

ii. the proposed establishment of a new ESOS of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company ("New ESOS" or "Scheme").

On 17 January 2006, the Company announced that Bursa Malaysia Securities Berhad had approved in-principle the listing of new ordinary shares of the Company to be issued pursuant to the exercise of options under the New ESOS at any time during the existence of the New ESOS.

The New ESOS was established on 23 January 2006 and shall be in force for a period of ten (10) years.

The New ESOS will enable the Company to have a fresh duration of ten (10) years to implement the Scheme and provide an opportunity for eligible executives who had contributed to the growth and development of the Group to participate in the equity of the Company.

No option was granted during the financial year.

18. RESERVES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-distributable:				
Share premium	**35,089**	35,089	**35,089**	35,089
Exchange reserve	**5,945**	7,619	**-**	-
Merger reserve	**-**	-	**68,219**	68,219
	41,034	42,708	**103,308**	103,308
Distributable:				
Retained profits	**404,780**	359,060	**57,715**	55,437
	445,814	401,768	**161,023**	158,745

The premium arising on the shares issued in respect of the subsidiaries accounted for under the merger method of accounting is credited to the merger reserve account in accordance with the relief granted by Section 60(4) of the Companies Act, 1965.

The entire exchange reserve arose from the translation of financial statements of foreign subsidiaries.

Based on the estimated tax credits available, the entire retained profits of the Company is available for distribution by way of dividend without incurring additional tax liability.

Notes to the Financial Statements

30 June 2006 (cont'd)

19. SHARES HELD BY ESOS TRUST

During the financial year, the Company established a trust ("ESOS Trust") for its employees pursuant to the establishment of the New ESOS. The ESOS Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purposes of this trust. The shares purchased for the benefit of the ESOS holders are recorded as "Shares held by ESOS Trust" in the Group and the Company's balance sheet as a deduction in arriving at the shareholders' equity.

During the financial year, the ESOS Trust acquired 30,000,000 issued ordinary shares of the Company from the open market at prices ranging from RM0.62 to RM0.78 per share for RM23,000,203. Details of the shares bought back during the financial year are as follows:

Month	Share Price Lowest RM	Share Price Highest RM	Share Price Average RM	Number of Shares '000	Total Consideration RM'000
February 2006	0.62	0.71	0.67	98	62
March 2006	0.62	0.73	0.68	2,397	1,508
May 2006	0.78	0.79	0.79	25,355	19,764
June 2006	0.75	0.78	0.77	2,150	1,666
				30,000	23,000

The ESOS options have not been granted as at end of the financial year.

20. DUE TO SUBSIDIARIES

All amounts due to subsidiaries are unsecured, not expected to be repaid within the next twelve months and interest free except for amounts due to certain subsidiaries of RM15,000,000 which bore interest at 4.00% per annum during the financial year.

21. LONG TERM BORROWINGS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Secured:				
Term loans	**48,187**	303,249	**6,187**	99,563
Less: Amounts repayable within 12 months (Note 16)	**(11,687)**	(31,750)	**(6,187)**	(15,250)
	36,500	271,499	**-**	84,313
Unsecured:				
Term loans	**25,000**	-	**25,000**	-
Less: Amounts repayable within 12 months (Note 16)	**(15,000)**	-	**(15,000)**	-
	10,000	-	**10,000**	-
	46,500	271,499	**10,000**	84,313

Notes to the Financial Statements
30 June 2006 (cont'd)

21. LONG TERM BORROWINGS (cont'd)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
The term loans outstanding are repayable as follows:				
1 year after balance sheet date	**26,687**	31,750	**21,187**	15,250
More than 1 year but not later than 2 years	**15,500**	51,445	**10,000**	45,250
More than 2 years but not later than 5 years	**23,500**	165,054	**-**	39,063
More than 5 years	**7,500**	55,000	**-**	-
	73,187	303,249	**31,187**	99,563

The term loans of the Group and of the Company are secured by legal charges on certain property, plant and equipment, investment properties, property inventories, development properties and deposit, cash and bank balances as disclosed in Notes 3, 4, 10, 12 and 14 as well as fixed and floating charges on assets of certain subsidiaries.

The term loans are repayable over the period from 1997 to 2014 and bore interest at rates ranging from 3.88% to 8.00% (2005: 3.88% to 8.00%) per annum during the financial year.

22. DEFERRED TAXATION

	GROUP	
	2006 RM'000	2005 RM'000
At beginning of financial year	**488**	1,236
Recognised in the income statement (Note 27)	**(1,182)**	30
Acquisition of subsidiary (Note 6)	**-**	(788)
Recognised in exchange reserves	**-**	10
At end of financial year	**(694)**	488
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(845)**	(764)
Deferred tax liabilities	**151**	1,252
	(694)	488

Notes to the Financial Statements

30 June 2006 (cont'd)

22. DEFERRED TAXATION (cont'd)

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

Deferred Tax Liabilities of the Group

	Translation Differences RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 July 2005	334	2,673	3,007
Recognised in the income statement	(334)	(2,508)	(2,842)
At 30 June 2006	**-**	**165**	**165**
At 1 July 2004	324	2,915	3,239
Recognised in the income statement	-	(242)	(242)
Recognised in exchange reserves	10	-	10
At 30 June 2005	334	2,673	3,007

Deferred Tax Assets of the Group

	Unused Tax Losses and Unutilised Capital Allowances RM'000
At 1 July 2005	(2,519)
Recognised in the income statement	1,660
At 30 June 2006	**(859)**
At 1 July 2004	(2,003)
Recognised in the income statement	272
Acquisition of subsidiary (Note 6)	(788)
At 30 June 2005	(2,519)

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

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unused tax losses	**38,361**	35,965	**571**	571
Unabsorbed capital allowances	**81,272**	86,722	**325**	268
Unabsorbed investment tax allowance	**121,788**	121,788	**-**	-
Others	**6,679**	3,132	**776**	769
	248,100	247,607	**1,672**	1,608
Deferred tax at 28%	**69,468**	69,330	**468**	450

Notes to the Financial Statements
30 June 2006 (cont'd)

22. DEFERRED TAXATION (cont'd)

Deferred Tax Assets of the Group (cont'd)

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries 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 subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

23. REVENUE

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Contract revenue (Note 11)	**17,890**	2,564	**-**	-
Sale of properties	**28,927**	70,968	**-**	-
Rental of properties	**29,583**	23,235	**-**	-
Room rental	**51,717**	47,775	**-**	-
Dividends received	**-**	-	**18,390**	12,390
Management fees	**2,847**	1,738	**743**	883
	130,964	146,280	**19,133**	13,273

24. PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	**130,964**	146,280	**19,133**	13,273
Cost of sales	**(87,293)**	(97,985)	**-**	-
Gross profit	**43,671**	48,295	**19,133**	13,273
Other operating income	**82,057**	1,003	**29**	-
Distribution costs and marketing expenditures	**(2,226)**	(2,246)	**-**	-
Administration expenses	**(22,044)**	(22,247)	**(2,200)**	(460)
Other operating expenses	**(10,487)**	(3,148)	**(2,412)**	(770)
	90,971	21,657	**14,550**	12,043

Cost of sales comprises contract costs, property inventories, building expenses and hotel expenses.

Notes to the Financial Statements

30 June 2006 (cont'd)

24. PROFIT FROM OPERATIONS (cont'd)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration				
- statutory audit	**138**	131	**50**	40
- underprovided in previous year	**3**	-	**3**	-
Depreciation of property, plant and equipment	**6,393**	6,232	**56**	55
Directors' emoluments	**1,377**	697	**149**	187
Directors' fees				
- Directors of the Company	**340**	339	**325**	320
- Directors of subsidiaries	**9**	9	**-**	-
Office rental	**950**	647	**150**	182
Rental of premises	**3,783**	-	**-**	-
Provision for impairment loss in investments	**7,464**	15,177	**-**	-
Provision for doubtful debts	**701**	-	**-**	-
Property, plant and equipment written-off	**69**	-	**-**	-
Inventories written down	**464**	-	**-**	-
Staff costs	**14,533**	12,759	**1,536**	600
and crediting:				
Gain on disposal of fixed assets	**56**	-	**-**	-
Gain on disposal of investment property	**81,282**	-	**-**	-
Gross dividends from				
- subsidiaries	**-**	-	**18,390**	12,390
- jointly controlled entity	**-**	670	**-**	-
Provision for doubtful debts written back	**19**	983	**-**	754
Reversal of write down in investment properties	**-**	12,788	**-**	-

Included in directors' emoluments of the Group and of the Company is director's benefits-in-kind amounting to RM56,232 (2005: RM39,400).

Included in staff costs of the Group and of the Company are defined contribution plans amounting to RM1,253,000 (2005: RM1,012,000) and RM130,000 (2005: RM70,000) respectively.

25. INTEREST INCOME

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest income from:				
- jointly controlled entities	**423**	504	**-**	22
- subsidiaries	**-**	-	**4,791**	7,401
- others	**745**	461	**348**	3
	1,168	965	**5,139**	7,426

Notes to the Financial Statements
30 June 2006 (cont'd)

26. FINANCE COSTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest expense				
- loans	**15,241**	18,058	**7,961**	9,099
- subsidiaries	**-**	-	**623**	406
- associate	**-**	10	**-**	-
- jointly controlled entities	**-**	7	**-**	7
- related party	**-**	204	**-**	-
- others	**903**	940	**390**	571
	16,144	19,219	**8,974**	10,083

27. TAXATION

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tax expense for the year:				
Malaysian income tax	**1,055**	13	**3,323**	2,601
Foreign tax	**-**	9	**-**	-
Deferred tax (Note 22)	**(1,182)**	30	**-**	-
	(127)	52	**3,323**	2,601
(Over)/under provision in prior years:				
Malaysian income tax	**(1,618)**	(1,115)	**71**	35
Foreign tax	**(9)**	-	**-**	-
Real property gain tax	**-**	295	**-**	-
	(1,754)	(768)	**3,394**	2,636
Share of taxation of:				
Associate				
Tax expense for the year	**(13)**	-	**-**	-
Over provision in prior years	**(64)**	-	**-**	-
	(77)	-	**-**	-
Jointly controlled entities				
Tax expense for the year	**(1,615)**	2,105	**-**	-
Under provision in prior years	**623**	-	**-**	-
	(992)	2,105	**-**	-
	(2,823)	1,337	**3,394**	2,636

Notes to the Financial Statements

30 June 2006 (cont'd)

27. TAXATION (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2006 RM'000	2005 RM'000
Group		
Profit before taxation	**63,929**	15,857
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	**17,900**	4,440
Effect of different tax rate in other countries	**(612)**	(147)
Effect of reduction in income tax rate to 20% on the first RM500,000 assessable profits	**(40)**	(40)
Effect of income not subject to tax	**(22,767)**	(3,654)
Effect of expenses not deductible for tax purposes	**3,626**	3,678
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(1,526)**	(2,145)
Deferred tax assets not recognised during the year	**1,664**	25
Over provision of tax expense in prior years adjusted in current year, net	**(1,068)**	(1,115)
Real property gains tax	**-**	295
Tax expense for the year	**(2,823)**	1,337
Company		
Profit before taxation	**10,715**	9,386
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	**3,000**	2,628
Effect of income not subject to tax	**(8)**	-
Effect expenses not deductible for tax purposes	**313**	189
Effect of utilisation of previously unrecognised deferred tax assets	**-**	(216)
Deferred tax assets not recognised during the year	**18**	-
Under provision of income tax in prior years adjusted in current year	**71**	35
Tax expense for the year	**3,394**	2,636

28. EARNINGS PER SHARE

The basic and diluted earnings per share of the Group has been calculated by dividing the consolidated profit attributable to ordinary shareholders of RM50,763,000 (2005: RM12,598,000) by the weighted average number of ordinary shares in issue during the year of 697,002,003 (2005: 700,458,418) shares.

No diluted earning per share is presented as there was no granting of option under the New ESOS during the financial year.

Notes to the Financial Statements
30 June 2006 (cont'd)

29. DIVIDEND

	Amount		Net Dividend per Share	
	2006 RM'000	2005 RM'000	2006 Sen	2005 Sen
In respect of financial year ended 30 June 2005				
- Final dividend of 1 sen per share less 28% taxation paid on 18 November 2005	**5,043**	-	**0.72**	-
In respect of financial year ended 30 June 2004				
- Final dividend of 1 sen per share less 28% taxation paid on 10 November 2004	**-**	5,043	**-**	0.72
	5,043	5,043	**0.72**	0.72

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2006, of 2 sen per share less 28% taxation on 700,458,518 ordinary shares of RM0.50 each, amounting to a total dividend payable of RM10,086,603 (1.44 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2007.

30. CONTINGENT LIABILITIES

	GROUP	
	2006 RM'000	2005 RM'000
Unsecured		
Undertaking given to financial institution for credit facilities granted to a jointly controlled entity	**-**	48,124

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management objectives seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, credit, liquidity and foreign exchange risks. The Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

Notes to the Financial Statements

30 June 2006 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Effective interest rates and repricing analysis

The effective interest rates of the interest-earning financial assets and interest-bearing financial liabilities of the Group and the periods in which they will be repriced or mature, are as follows:

	Effective Interest Rate %	Floating interest RM'000	Fixed interest rate maturing within 1 year RM'000	Total RM'000
Group				
Financial assets				
At 30 June 2006:				
Deposits	**2.63**	**-**	**30,546**	**30,546**
Due from jointly controlled entities	**4.93**	**6,768**	**-**	**6,768**
At 30 June 2005:				
Deposits	2.39	-	15,998	15,998
Due from jointly controlled entities	5.70	7,619	-	7,619
Financial liabilities				
At 30 June 2006:				
Borrowings				
- Floating rate	**4.91**	**84,883**	**-**	**84,883**
- Fixed rate	**4.00**	**-**	**15,000**	**15,000**
At 30 June 2005:				
Borrowings				
- Floating rate	4.71	339,698	-	339,698
- Fixed rate	6.88	-	32,500	32,500
Company				
Financial assets				
At 30 June 2006:				
Deposits	**2.60**	**-**	**25,900**	**25,900**
At 30 June 2005:				
Deposits	2.40	-	5,713	5,713
Financial liabilities				
At 30 June 2006:				
Borrowings				
- Floating rate	**4.68**	**56,205**	**-**	**56,205**
At 30 June 2005:				
Borrowings				
- Floating rate	5.59	124,567	-	124,567
- Fixed rate	6.88	-	32,500	32,500

(d) Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At balance sheet date, there was no significant concentration of credit risk. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

Notes to the Financial Statements
30 June 2006 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(e) Liquidity Risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

(f) Foreign Exchange Risk

The Group is not exposed to significant foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia (RM).

(g) Fair Values

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

(i) Cash and cash equivalents, trade and other receivables/payables and short term borrowings

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

(ii) Quoted share investments

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Due from/to jointly controlled entities, related parties and subsidiaries

It is not practical to estimate the fair values of amounts due from/to jointly controlled entities, related parties and subsidiaries due to no fixed repayment terms being entered into between the parties.

Notes to the Financial Statements

30 June 2006 (cont'd)

32. SUBSIDIARIES

The subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2006 %	Effective equity interest 2005 %	Principal activities
Guoman Hotel & Resort Holdings Sdn. Bhd. ("GHRH") and its subsidiaries:	Malaysia	**70**	70	Investment holding
+* PD Resort Sdn. Bhd.	Malaysia	**70**	70	Property investment and development and hotel operations
Kiapeng Development Sdn. Bhd.	Malaysia	**70**	70	Property development and property investment
* Guoman Hotels Limited and its subsidiaries:	Bermuda	**70**	70	Investment holding
* Guoman (Hanoi) Limited and its subsidiary:	Jersey, Channel Islands	**70**	70	Investment holding
* HLL-Guoco Vietnam Co. Limited	Vietnam	**52**	52	Hotel operations
* Guoman Philippines, Inc.	Philippines	**70**	70	Dormant
* Guoman International Limited and its subsidiary:	Jersey, Channel Islands	**70**	70	Investment holding and provision of technical and management services
Guoman International Sdn. Bhd.	Malaysia	**70**	70	Provision of technical and management services
JB Parade Sdn. Bhd. and its subsidiary:	Malaysia	**42**	42	Investment holding and hotel operations
JB Parade Condominium Sdn. Bhd.	Malaysia	**42**	42	Property development
Bedford Development Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Investment holding and property development
Hong Leong Housing Sdn. Bhd.	Malaysia	**100**	100	Provision of construction management services

Notes to the Financial Statements
30 June 2006 (cont'd)

32. SUBSIDIARIES (cont'd)

Name of company	Country of incorporation	Effective equity interest 2006 %	Effective equity interest 2005 %	Principal activities
+ Bedford Industrial Development Sdn. Bhd.	Malaysia	**100**	100	Property development
+* Pembinaan Sri Jati Sdn. Berhad	Malaysia	**100**	100	Investment holding and property development
# Evergreen Direction Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Hong Leong Real Estate Holdings Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Investment holding
* Bedford Land Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Investment holding
BLV Fashions Sdn. Bhd.	Malaysia	**100**	100	Property investment
* Guobena Development Sdn. Bhd.	Malaysia	**100**	100	Property investment
HL Bandar Sdn. Bhd.	Malaysia	**100**	100	Property investment
Prophills Development Sdn. Bhd.	Malaysia	**100**	100	Dormant
Orithree Sdn. Bhd.	Malaysia	**100**	100	Property development
Orifour Sdn. Bhd.	Malaysia	**100**	100	Dormant
Orifive Sdn. Bhd.	Malaysia	**100**	100	Dormant
# Bedford Credit & Leasing Sdn. Berhad	Malaysia	-	100	Dissolved by members' voluntary liquidation
# Resource Properties Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
# Bedford Excel Venture Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
# Bedford Leisure Ventures Sdn. Bhd. and its subsidiary:	Malaysia	**100**	100	In members' voluntary liquidation
# BLV Entertainment Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
HLP Equities Sdn. Bhd.	Malaysia	**100**	100	Investment holding
* HLL Overseas Limited	Jersey, Channel Islands	**100**	100	Investment holding and trading in securities

Notes to the Financial Statements

30 June 2006 (cont'd)

32. SUBSIDIARIES (cont'd)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2006 %	2005 %	
* Hong Leong Real Estate Management Sdn. Bhd.	Malaysia	100	100	Dormant
* Hong Leong Property Services Sdn. Bhd.	Malaysia	100	100	Provision of property management services
* Hong Leong Property Management Co. Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Provision of property management services
# Online Ventures Sdn. Bhd.	Malaysia	100	100	In members' voluntary liquidation
* GLM REIT Management Sdn. Bhd. (formerly known as Premiumview Development Sdn. Bhd.)	Malaysia	100	-	Provision of management services

* Not audited by member firms of Ernst & Young Global

\+ Subsidiaries consolidated under merger method of accounting. Merger method of accounting on PD Resort Sdn. Bhd. has been applied at GHRH level.

\# The financial statements of these companies were not audited as they are in members' voluntary liquidation.

Notes to the Financial Statements
30 June 2006 (cont'd)

33. JOINTLY CONTROLLED ENTITIES

The details of jointly controlled entities are as follows:

Name of jointly controlled entity	Country of incorporation	Effective equity interest		Principal activities
		2006 %	2005 %	
Putrajaya Properties Sdn. Bhd. and its subsidiaries:	Malaysia	**50**	50	Investment holding
Sabna Development Sdn. Bhd.	Malaysia	**50**	50	Property development
HLP Bina Sdn. Bhd.	Malaysia	**50**	50	Property construction
Vintage Heights Sdn. Bhd.	Malaysia	**40**	40	Property development and operation of an oil palm estate
Positive Properties Sdn. Bhd.	Malaysia	**50**	50	Property investment
Continental Estates Sdn. Bhd.	Malaysia	**50**	50	Property development and operation of an oil palm estate
Bedford Damansara Heights Development Sdn. Bhd. and its subsidiaries:	Malaysia	**50**	50	Investment holding
Promakmur Development Sdn. Bhd.	Malaysia	**50**	50	Property development
* Kota Selatan Indah Sdn. Bhd.	Malaysia	**50**	50	Property development

* Not audited by member firms of Ernst & Young Global

34. SEGMENT INFORMATION

The Group is organised into three major business segments:

(i) Property investment and development - the development of residential properties for sale and commercial properties for sale and rental;

(ii) Hotels - management and operations of hotels; and

(iii) Plantation - operation of oil palm estates and sale of fresh fruit bunches.

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

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent parties.

34. SEGMENT INFORMATION (cont'd)

	Property Investment and Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue												
External sales	**76,400**	96,767	**51,717**	47,775	**-**	-	**2,847**	1,738	**-**	-	**130,964**	146,280
Inter-segment sales	**-**	-	**-**	-	**-**	-	**2,775**	1,564	**(2,775)**	(1,564)	**-**	-
Total revenue	**76,400**	96,767	**51,717**	47,775	**-**	-	**5,622**	3,302	**(2,775)**	(1,564)	**130,964**	146,280
Results												
Segment results	**89,488**	28,548	**9,940**	10,048	**-**	-	**(5,898)**	(17,071)	**-**	-	**93,530**	21,525
Unallocated corporate (expenses) / income											**(2,559)**	132
Profit from operations											**90,971**	21,657
Interest income											**1,168**	965
Finance cost											**(16,144)**	(19,219)
Share of result of associate	**-**	-	**-**	-	**-**	-	**(244)**	(5)	**-**	-	**(244)**	(5)
Share of results of jointly controlled entities	**(12,789)**	7,678	**-**	-	**967**	4,781	**-**	-	**-**	-	**(11,822)**	12,459
Taxation											**2,823**	(1,337)
Profit after taxation											**66,752**	14,520
Minority interests											**(15,989)**	(1,922)
Net profit for the year											**50,763**	12,598

34. SEGMENT INFORMATION (cont'd)

	Property Investment and Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Assets												
Segment assets	**342,093**	610,471	**176,132**	172,776	**-**	-	**7,072**	7,440	**(422)**	(356)	**524,875**	790,331
Investment in equity method of associate	**-**	-	**747**	892	**-**	-	**-**	-	**-**	-	**747**	892
Long term investments	**-**	-	**-**	-	**-**	-	**48,015**	19,854	**-**	-	**48,015**	19,854
Investments in equity method of jointly controlled entities	**196,189**	212,770	**-**	-	**173,779**	165,254	**-**	-	**-**	-	**369,968**	378,024
Unallocated corporate assets											**49,803**	45,675
Consolidated total assets											**993,408**	1,234,776
Liabilities												
Segment liabilities	**34,890**	41,672	**11,069**	7,540	**-**	-	**680**	1,005	**(422)**	(356)	**46,217**	49,861
Unallocated corporate liabilities											**111,091**	385,319
Consolidated total liabilities											**157,308**	435,180
Other Information												
Capital expenditure	**972**	2,269	**6,015**	1,553	**-**	-	**868**	130	**-**	-	**7,855**	3,952
Depreciation	**2,918**	3,437	**2,198**	1,722	**-**	-	**1,277**	1,073	**-**	-	**6,393**	6,232
Impairment losses	**-**	-	**-**	-	**-**	-	**7,464**	15,177	**-**	-	**7,464**	15,177
Non-cash expenses other than depreciation amortisation and impairment losses	**921**	-	**225**	(81)	**-**	-	**69**	(902)	**-**	-	**1,215**	(983)

Segmental reporting by geographical location has not been presented as the Group's operations are substantially carried out in Malaysia.

Notes to the Financial Statements

30 June 2006 (cont'd)

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The related parties and their relationships with the Group are as follows:

Related parties	Relationships
* Hong Leong Financial Group Berhad (formerly known as Hong Leong Credit Berhad) and subsidiaries as disclosed in its financial statements	Subsidiaries of Hong Leong Company (Malaysia) Berhad ("HLCM")
* HLCM Capital Sdn. Bhd. and subsidiaries as disclosed in its financial statements	Subsidiaries of HLCM
* Hume Industries (Malaysia) Berhad and subsidiaries as disclosed in its financial statements	Subsidiaries of HLCM
* Hong Leong Industries Berhad and subsidiaries as disclosed in its financial statements	Subsidiaries of HLCM
* MPI Holdings Sdn. Bhd. and subsidiaries as disclosed in its financial statements	Subsidiaries of HLCM
Tower Real Estate Investment Trust	An investment trust in which certain Directors have interests
Putrajaya Properties Sdn. Bhd. and subsidiaries as disclosed in its financial statements	Jointly controlled entities in which certain Directors have interests
Vintage Heights Sdn. Bhd.	Jointly controlled entity in which certain Directors have interests
Continental Estates Sdn. Bhd.	Jointly controlled entity in which certain Directors have interests
Bedford Damansara Heights Development Sdn. Bhd. and subsidiaries as disclosed in its financial statements	Jointly controlled entities in which certain Directors have interests
Positive Properties Sdn. Bhd.	Jointly controlled entity in which certain Directors have interests

* During the financial year, the above related parties became related companies to the Group by virtue of GLL (Malaysia) Pte Ltd, a subsidiary of HLCM, being the immediate holding company of the Company as disclosed in Note 36.

Notes to the Financial Statements
30 June 2006 (cont'd)

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	GROUP	
	2006 RM'000	2005 RM'000
(a) Related Party Transactions		
Rental income received	**5,003**	6,103
Management services paid	**49**	1,089
Hotel room rental received	**120**	326
Insurance premium paid	**561**	602
Hotel management services fees paid	**-**	473
Management services received	**2,786**	1,966
Security services paid	**726**	598
Office rental paid	**791**	647
Financial and treasury services paid	**868**	211
Share, warrants and ESOS administration services paid	**168**	113
(b) Related Company Transactions		
Rental income received	**1,023**	-
Management services paid	**30**	-
Insurance premium paid	**60**	-
Security services paid	**147**	-
Office rental paid	**159**	-
Financial and treasury services paid	**115**	-
Share, warrants and ESOS administration services paid	**38**	-

The directors are of the opinion that the related party transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent parties.

36. SIGNIFICANT EVENTS DURING THE YEAR

(a) On 23 February 2006,

(i) Prophills Development Sdn. Bhd. ("PDSB"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with AmTrustee Berhad, the trustee of Tower Real Estate Investment Trust ("Tower REIT"), for the disposal by PDSB to AmTrustee Berhad, of a commercial building comprising a 9-storey annexe and a 21-storey tower with a 3-level connecting podium and a 4-level basement car park known as 'HP Towers' situated at Damansara Heights together with all fixtures and fittings for a total consideration of RM130,000,000 to be satisfied by the issuance of 35,625,000 units in Tower REIT ("Units") at an issue price of RM1.00 per Unit and the balance in cash amounting to RM94,375,000 ("Disposal of HP Towers"); and

Notes to the Financial Statements

30 June 2006 (cont'd)

36. SIGNIFICANT EVENTS DURING THE YEAR (cont'd)

(ii) Kiapeng Development Sdn. Bhd. ("KDSB"), an indirect 70%-owned subsidiary of the Company, entered into a sale and purchase agreement with AmTrustee Berhad for the disposal by KDSB to AmTrustee Berhad, of a 32-storey high-rise office building and a 4-level basement car park known as 'Menara HLA' situated at Jalan Kia Peng, Kuala Lumpur together with all fixtures and fittings, for a total cash consideration of RM221,000,000 ("Disposal of Menara HLA").

The Disposal of HP Towers and the Disposal of Menara HLA were completed on 17 April 2006 and resulted in a gain of approximately RM67 million to the Group.

(b) The Company had, on 27 April 2006, received a notice of conditional mandatory offer served on the Board of Directors of the Company by AmMerchant Bank Berhad, on behalf of GLL (Malaysia) Pte Ltd ("Offeror"), a corporation incorporated in the Republic of Singapore, in respect of a conditional mandatory offer to acquire all the remaining 373,051,061 ordinary shares of RM0.50 each in the Company ("GLM Shares"), representing 53.26% of the issued and paid-up share capital of the Company which are not held directly by the Offeror, at RM0.78 per GLM Share (collectively referred to as the "Offer") pursuant to the provisions of the Malaysian Code on Take-Overs and Mergers 1998 arising from the increase in the aggregate percentage shareholding of the Offeror in the Company by more than 2% in a period of six (6) months.

On 28 April 2006, the Offeror had acquired an additional 17,029,300 GLM Shares via market transactions. As a result of the said acquisition, the Offeror and the parties acting in concert with the Offeror collectively held 358,923,364 GLM Shares, representing approximately 51.24% of the issued and paid-up share capital of the Company and in view thereof, the Offer had become unconditional as to acceptances.

As at 7 June 2006, being the closing date of the Offer, the total number of GLM Shares held by the Offeror stood at 448,516,220 shares, representing 64.03% of the issued and paid-up share capital of the Company. Accordingly, the Company became a subsidiary of GLL (Malaysia) Pte Ltd.

37. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been restated to conform with current year's presentation as follows:

	GROUP		COMPANY	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
Tax recoverable	7,197	9,856	2,877	5,478
Provision for taxation	554	3,213	-	2,601

The restatement relates to the offsetting of tax payable against tax recoverable from the same tax authority.

Statement by Directors

pursuant to section 169(15) of the Companies Act, 1965

We, KWEK LENG SENG and IR. LIM SOW WU, being two of the directors of GuocoLand (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 34 to 79 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

KWEK LENG SENG **IR. LIM SOW WU**

Kuala Lumpur
18 August 2006

Statutory Declaration

pursuant to section 169(16) of the Companies Act, 1965

I, PHAN GAIK CHER, being the Officer primarily responsible for the financial management of GuocoLand (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 79 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed PHAN GAIK CHER
at Kuala Lumpur in the Federal
Territory on 18 August 2006 **PHAN GAIK CHER**

Before me,

TEONG KIAN MENG
Pesuruhjaya Sumpah
Commissioner for Oaths

Report of the Auditors

to the members of GuocoLand (Malaysia) Berhad (incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 34 to 79. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

    (i) the financial position of the Group and of the Company at 30 June 2006 and of the results and cash flows of the Group and of the Company for the year then ended; and

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

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

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 32 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

ERNST & YOUNG
AF: 0039
Chartered Accountants

See Huey Beng
No.1495/03/07(J)
Partner

Kuala Lumpur
18 August 2006

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2006

Tenure	Location	Approximate Net Lettable/ Land* Area (sq. ft.)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Bangunan Hong Leong** Land with a 16-storey office building at No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur Fair Value: RM37,605,000	92,561	31	36,350	7/12/92
Leasehold Expiry Date: 24/3/2101	**Menara Pandan C & D** Two 10-storey office tower blocks at Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur Fair Value: RM70,000,000	356,160	9	69,994	**19/1/98
Freehold	Vacant land in the vicinity of the Damansara Town Centre Kuala Lumpur	8.4 acres*	-	147,736	9/11/94
Freehold	Vacant land at Lot 29, Section 90, Town of Kuala Lumpur	1.4 acres*	-	23,038	24/11/93
Leasehold Expiry Date: 10/10/2087	**Hyatt Regency Johor Bahru** Land with a 406 room hotel at Lots 17869 & 17870 Jalan Sg. Gelam Off Jalan Sg. Chat District of Johor Bahru Johor Darul Takzim	6.4 acres*	12	81,460	**23/8/94
Freehold	**Guoman Port Dickson** Land with a 256 room hotel resort & 9-hole golf course at Lots 7251, 7252, 7253, 7256 & 7257 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	64.0 acres*	11	64,613	**7/8/96
Leasehold Expiry Date: 19/7/2023	**Guoman Hanoi** Land with a 151 room hotel at 83A, Ly Thuong Kiet St. Hanoi, Vietnam	0.7 acres*	10	18,032	**18/9/97

Other Information
(cont'd)

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2006 (cont'd)

Tenure	Location	Approximate Net Lettable/ Land* Area (sq. ft.)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress in Mukim of Sg. Buloh Selangor Darul Ehsan	32.5 acres*	-	6,130	2/3/93
Freehold	**Notting Hill** Land with development in progress at Mukim of Sg. Buloh Selangor Darul Ehsan	9.0 acres*	-	16,985	21/1/97
Freehold	Vacant land at Lot 322 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	11.7 acres*	-	12,490	12/7/90
Freehold	Vacant land at Lots 7252 & 7257 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	6.7 acres*	-	2,272	26/3/84
Freehold	**Pantai Sepang Putra** Land with development in progress at Mukim of Sepang and Districts of Sepang & Kuala Langat Selangor Darul Ehsan	5,253 acres*	-	221,955	27/3/92
Freehold	Vacant land at Mukim of Jasin Melaka Darul Amin	5,526 acres*	-	330,000	22/5/96
Freehold	Vacant land at Lot 3059 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	7.5 acres*	-	6,700	15/6/90
Leasehold Expiry Date: 16/7/2088	Vacant lant at Bedford Business Park Mukim of Petaling Wilayah Persekutuan Kuala Lumpur	1.74 acres*	-	5,579	17/7/89
Freehold	**Emerald 1** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	107.3 acres*	-	31,704	11/10/99

Other Information
(cont'd)

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2006 (cont'd)

Tenure	Location	Approximate Net Lettable/ Land* Area (sq. ft.)	Approximate Age (Years)	Net Book Value (RM'000)	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Emerald 2** Balance land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor Selangor Darul Ehsan	744.0 acres*	-	186,944	31/5/00
Freehold	**Emerald 1B** Land with development in progress at Geran 30372 Lot No 1349, Mukim of Rawang Daerah Ulu Selangor Selangor Darul Ehsan	46.92 acres*	-	17,113	7/4/05

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2006

Authorised Share Capital : RM1,500,000,000
Issued & Paid-up Capital : RM350,229,259
Class of Shares : Ordinary Shares of RM0.50 each
Voting Rights
- On show of hands : 1 vote
- On a poll : 1 vote for each share held

Distribution Schedule Of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	325	1.87	12,296	0.00
100 - 1,000	4,941	28.48	4,569,160	0.65
1,001 - 10,000	9,854	56.80	41,746,696	5.96
10,001 - 100,000	2,053	11.83	57,546,242	8.22
100,001 - less than 5% of issued shares	173	1.00	100,534,387	14.35
5% and above of issued shares	3	0.02	496,049,737	70.82
	17,349	100.00	700,458,518	100.00

Other Information
(cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2006 (cont'd)

Thirty Largest Shareholders

	Name of Shareholders	No. of Shares	%
1.	GLL (Malaysia) Pte Ltd	350,758,920	50.08
2.	HLG Nominee (Asing) Sdn Bhd - GLL (Malaysia) Pte Ltd	101,274,800	14.46
3.	Employees Provident Fund Board	44,016,017	6.28
4.	Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for GuocoLand (Malaysia) Berhad (ESOS)	30,000,000	4.28
5.	Citigroup Nominees (Asing) Sdn Bhd - Third Avenue Real Estate Opportunities Fund LP	5,833,500	0.83
6.	Citigroup Nominees (Asing) Sdn Bhd - Third Avenue Global Value Fund LP	4,879,000	0.70
7.	Cimsec Nominees (Asing) Sdn Bhd - Exempt AN for CIMB-GK Securities Pte Ltd (Retail Clients)	4,598,420	0.66
8.	Assets Nominees (Tempatan) Sdn Bhd - Hume Plastics (Malaysia) Sdn Bhd	3,005,273	0.43
9.	EB Nominees (Tempatan) Sendirian Berhad - Quek Leng Chan	2,761,920	0.39
10.	Hong Leong Industries Berhad	2,188,500	0.31
11.	Citigroup Nominees (Asing) Sdn Bhd - Citigroup Global Markets Limited	1,659,960	0.24
12.	UOBM Nominees (Asing) Sdn Bhd - Tay Yun Chwan Henry	1,554,000	0.22
13.	Citigroup Nominees (Tempatan) Sdn Bhd - Kadar Shah Bin Sulaiman	1,540,000	0.22
14.	Chua Holdings Sdn Bhd	1,428,465	0.20
15.	Hong Bee Hardware Company, Sdn. Berhad	1,357,020	0.19
16.	HLG Nominee (Asing) Sdn Bhd - Gan Cheong Or @ Ngan Chong Hoo	1,210,000	0.17

Other Information
(cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2006 (cont'd)

Thirty Largest Shareholders (cont'd)

Name of Shareholders	No. of Shares	%
17. DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt AN for Deutsche Bank (Suisse) S.A.	1,173,600	0.17
18. Low Keng Boon @ Lau Boon Sen	1,042,040	0.15
19. HDM Nominees (Asing) Sdn Bhd - Low Kang Hai Richard	948,900	0.14
20. Scotia Nominees (Asing) Sdn Bhd - TMT Global Limited	945,000	0.13
21. Sow Thiam Poh	922,800	0.13
22. Huang Phang Lye	840,000	0.12
23. Kenanga Nominees (Asing) Sdn Bhd - Extra Wealth Ltd	735,000	0.11
24. Menteri Kewangan Malaysia - Section 29 (SICDA)	723,908	0.10
25. Yoong Kin Pin	610,000	0.09
26. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Kas Bank Effectenbewaarbedrijf N.V.	600,000	0.09
27. Mayban Securities Nominees (Asing) Sdn Bhd - Ang Hon Nam @ Ng Nam Teck	570,000	0.08
28. Kheng Lim Holdings Sdn Bhd	550,000	0.08
29. Scotia Nominees (Asing) Sdn Bhd - Lotus Securities Ltd	505,000	0.07
30. Tan Yew Boo	505,000	0.07
	568,737,043	81.19

Other Information
(cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2006 (cont'd)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2006 are as follows:

	Names of Shareholders	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Hong Leong Company (Malaysia) Berhad	-	-	457,287,216	65.28*A
2.	Tan Sri Quek Leng Chan	3,266,280	0.47	457,287,216	65.28*B
3.	HL Holdings Sdn Bhd	-	-	457,287,216	65.28*B
4.	Kwek Leng Beng	-	-	457,287,216	65.28*B
5.	Kwek Holdings Pte Ltd	-	-	457,287,216	65.28*B
6.	Hong Realty (Private) Limited	-	-	457,287,216	65.28*B
7.	Hong Leong Investment Holdings Pte Ltd	-	-	457,287,216	65.28*B
8.	Kwek Leng Kee	-	-	457,287,216	65.28*B
9.	Davos Investment Holdings Private Limited	-	-	457,287,216	65.28*B
10.	Quek Leng Chye	-	-	457,287,216	65.28*B
11.	GLL (Malaysia) Pte Ltd	452,030,720	64.53	-	-
12.	GuocoLand Limited	-	-	452,030,720	64.53*C
13.	Guoco Investment Pte Ltd	-	-	452,030,720	64.53*C
14.	Guoco Group Limited	-	-	452,030,720	64.53*C
15.	GuoLine Overseas Limited	-	-	452,030,720	64.53*C
16.	GuoLine Capital Assets Limited	-	-	452,030,720	64.53*C
17.	Employees Provident Fund Board	44,016,017	6.28	-	-

*A Deemed interest through subsidiaries

*B Deemed interest through Hong Leong Company (Malaysia) Berhad

*C Deemed interest through GLL (Malaysia) Pte Ltd

Other Information
(cont'd)

3. DIRECTORS' INTERESTS AS AT 30 AUGUST 2006

Subsequent to the financial year end, there is no change as at 30 August 2006 to the Directors' interests in the ordinary shares/warrants/options/convertible unsecured loan stocks of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on pages 28 to 31 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except for the changes set out below:

	No. of ordinary shares or *new shares to be issued arising from the exercise of warrants/options/ convertible unsecured loan stocks	
	Indirect No. of shares	%
Interests of YBhg Tan Sri Quek Leng Chan in:		
Hong Leong Bank Berhad	953,525,600	63.13#
GuocoLand (Malaysia) Berhad	457,287,216	65.28
Hong Leong Industries Berhad ("HLI")	134,924,600	61.99@
	46,622,445*	14.74^
Malaysian Pacific Industries Berhad	116,807,709	58.72
BIL International Limited	697,242,043	50.97
Camerlin Group Berhad	271,780,317	69.16
Nanjing Mahui Property Development Co., Ltd	271,499,800	94.93

Notes:

\# Change of percentage arising from share buy back

@ Change of percentage arising from the conversion of convertible unsecured loan stocks 2002/2007 ("ICULS")

^ Based on the enlarged share capital of HLI assuming full exercise of warrants, options and ICULS as at 30 August 2006

4. MATERIAL CONTRACTS

Save for the following, there are no other material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 20, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia Securities Berhad:

(i) Sale and Purchase Agreement dated 23 February 2006 entered into between Prophills Development Sdn Bhd, a wholly-owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"), and AmTrustee Berhad, the trustee of Tower Real Estate Investment Trust ("Tower REIT") ("Trustee") (on behalf of Tower REIT) whereby the Trustee agreed to purchase 2 blocks of office buildings identified as Block A (9 storey) and Block B (21 storey) with a 3 level connecting podium and a 4 level basement car park situated at No. 12, Jalan Gelanggang, Bukit Damansara, 50490 Kuala Lumpur (known as HP Towers) for a total purchase consideration of RM130.0 million, to be satisfied through the issuance of 35,625,000 units in Tower REIT at RM1.00 each and cash payment amounting to RM94,375,000; and

(ii) Sale and Purchase Agreement dated 23 February 2006 entered into between Kiapeng Development Sdn Bhd, a 70%-owned subsidiary of GLM, and the Trustee (on behalf of Tower REIT) whereby the Trustee agreed to purchase a 32 storey high-rise office building with a 4 level basement car park situated at No. 3, Jalan Kia Peng, 50450 Kuala Lumpur (known as Menara HLA) for a total cash consideration of RM221.0 million.

The abovementioned transactions were completed on 17 April 2006.

GLM REIT Management Sdn Bhd, a wholly-owned subsidiary of GLM, is the manager of Tower REIT. Mr Kwek Leng Seng is a Director of GLM and GLM REIT Management Sdn Bhd and a shareholder of GLM. YBhg Tan Sri Quek Leng Chan is a Director, shareholder and deemed major shareholder of GLM. YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Seng and Mr Quek Leng Chye, a deemed major shareholder of GLM, are brothers.

GuocoLand (Malaysia) Berhad (300-K)
A Member of the Hong Leong Group Malaysia
(Incorporated in Malaysia)

Form of Proxy

I/We _____

of _____

being a member of **GuocoLand (Malaysia) Berhad** (the "Company"), hereby appoint _____

_____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighty-second Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 18 October 2006 at 2.30 p.m. and at any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X" :

No.	Resolution	For	Against
1.	To declare a final dividend of 4% less tax		
2.	To approve the payment of Directors' fees		
3.	To re-elect Ir. Lim Sow Wu as a Director		
4.	To re-elect Mr Tan Keok Yin as a Director		
5.	To re-elect YBhg Dato' Ong Joo Theam as a Director		
6.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
7.	As a special business, to approve the ordinary motion on authority to Directors to issue shares		

Dated this _____ day of _____ 2006.

_____ _____

Number of shares held Signature of Member

NOTES:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.