IREKA CORPORATION BERHAD Co. No.: 25882-A
No. 32 Medan Setia Dua, Bukit Damansara, 50490 Kuala Lumpur.
Tel 603 2094 0133 Fax 603 2095 2096
Email enquiry@ireka.com.my Website www.ireka.com.my

IREKA CORPORATION BERHAD ANNUAL REPORT 2006

IREKA CORPORATION BERHAD
Co. No.: 25882 - A

An Award-Winning Year

ANNUAL REPORT **2006**

Contents

From left: Living Room, The Westin Kuala Lumpur; Skypool, Tiffani by i-Zen

International recognition such as the FIABCI Prix d' Excellence Award is extremely satisfying. It demonstrates that we're doing our job. But those who ultimately benefit are our customers, because they are assured of world-class standards in the products and services they use and enjoy. And that's rewarding for us.

Awards. *Rewards*

Large picture: Ceiling texture, Living Room, The Westin Kuala Lumpur.
Inset: (left) FIABCI Malaysian Property Awards 2005, Hotel Development Category; (right) FIABCI Prix d'Excellence 2006, Hotel/Leisure Development Categories Award.

Large picture: Lobby, The Westin Kuala Lumpur.

Chairman's Statement

It is my pleasure on behalf of the Board of Directors to present to Shareholders the Annual Report and the Financial Statements of the Group and the Company for the financial year ended 31 March 2006.

For the financial year ended 31 March 2006, the Group turnover was lower at RM399.8 million compared to RM434.2 million recorded in the previous financial year, which reflects a slowdown on the construction activity of the Group. This is however offset by lower expenses and improved contributions from the Group's property development; hospitality and leisure and IT services totaling RM207.0 million compared to RM184.5 million in the previous financial year. As a result, operating profit at Group level improved to RM23.2 million compared to RM18.5 million recorded in the previous financial year. However, after accounting for finance cost of RM21.9 million and taxation of RM5.3 million, the Group recorded a lower net loss of RM4.5 million compared to a loss of RM12.4 million in the previous financial year.

The Board has decided not to declare the payment of any dividend for the financial year under review. The Board will review the situation when the financial position improves.

During the year, the construction sector's growth was generally sluggish. The recent announcement on the 9th Malaysia Plan is expected to revitalise the ailing construction industry and provide a renewed hope to construction companies. The Group will continue to look for opportunities to participate in the various stages of the implementation of the Plan. The industry is however facing a bigger challenge ahead with increases in oil price, cost of building materials and the perennial problems associated with the shortage of round steel bars and skilled labour.

During the year, the Group completed several property development projects, which includes the i-Zen@Kiara II Serviced Residence and i-Zen@Villa Aseana, all in the Mont' Kiara area and the housing project at Luyang Perdana, Phase I in Kota Kinabalu. The ongoing projects include i-Zen@Kiara I Serviced Residence and Sandakan Harbour Square which are proceeding well. During the year, the Group launched its luxury apartment project, Tiffani by i-Zen in Mont' Kiara, and plan is in hand to launch its commercial centre in the later part of 2006.

The Westin Kuala Lumpur continued to perform well and generating increased revenue to RM75.3 million compared to RM61.7 million in previous financial year and recording operating profit of RM13.7 million before interest and depreciation. The hotel is well patronised and has won several national and international awards including The International Real Estate Federation's (FIABCI) Malaysian Property Award 2005 for the country's best hotel and FIABCI Prix d'Excellence for world's best hotel in 2006.

The Group's IT services division under i-Tech Network Solutions Sdn Bhd continue to produce satisfactory results with steady growth in revenue. As a service provider in the IT business, it is taking advantage of the increasing opportunities available in the outsourcing business, developing invaluable partnerships with Small, Medium and Large companies alike.

Combining property development with construction has been the correct strategy taken by Management. Going forward, the Group's activity will see future income becoming less dependent on construction. Notwithstanding this, the Group will also continue to leverage on its experience in construction to bid for work available in the 9th Malaysian Plan. Concurrent with this, the Management is seriously looking at various options available to improve its financial position. Against this background, the Board considers that the Group's result for 2006 is expected to be satisfactory. The Group will continue to pursue opportunity in property development in high-end areas and bid for external construction jobs in order to remain competitive.

In closing, I take this opportunity, on behalf of the Board of Directors, to express our appreciation to the Management and staff at all levels for their contributions during the year. I also wish to extend my thanks to my fellow directors for their advice and guidance and to Shareholders, Government Authorities, Bankers and Business Associates for their continued support.

Haji Abdullah Bin Yusof
Chairman
15 August 2006

Penyata Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan laporan tahunan dan penyata kewangan Kumpulan dan Syarikat bagi tempoh tahun kewangan berakhir 31 Mac 2006.

Jumlah hasil perolehan bagi tempoh tahun kewangan berakhir 31 Mac 2006 adalah rendah pada RM399.8 juta berbanding RM434.2 juta yang dicatatkan pada tahun kewangan sebelumnya, di mana ini membayangkan aktiviti pembinaan Kumpulan yang lembap. Walau bagaimanapun, keadaan memperbaik demi perbelanjaan yang rendah dan sumbangan yang meningkat diperoleh dari pembangunan hartanah; hospitaliti dan istirehat serta perkhidmatan teknologi maklumat (IT) berjumlah RM207.0 juta berbanding RM184.5 juta tahun kewangan sebelumnya. Ini membawa kepada keuntungan operasi pada tahap Kumpulan yang bertambah baik kepada RM23.2 juta berbanding RM18.5 juta yang dicatatkan pada tahun kewangan sebelumnya. Meskipun demikian, setelah mengambil kira kos pembiayaan kewangan sebanyak RM21.9 juta dan pencukaian sebanyak RM5.3 juta, Kumpulan telah mencatatkan kerugian bersih yang rendah pada RM4.5 juta berbanding kerugian sebanyak RM12.4 juta tahun kewangan sebelumnya.

Pihak Lembaga Pengarah telah memutuskan supaya tidak mengumumkan sebarang pembayaran dividen dalam tahun kewangan tempoh kajian. Walau bagaimanapun, pihak Lembaga Pengarah akan mengkaji semula keadaan ini apabila kedudukan kewangan beransur pulih.

Pada tahun ini, perkembangan di dalam sektor pembinaan pada keseluruhannya agak lembap. Pengumuman Rancangan Malaysia ke-9 kebelakangan ini dijangka akan mencergaskan industri pembinaan dan memberi harapan baru kepada syarikat-syarikat pembinaan. Kumpulan akan terus mencari peluang untuk mengambil bahagian di dalam pelbagai peringkat berkaitan dengan perlaksaan rancangan ini. Walau bagaimanapun, industri ini akan menghadapi masa depan yang mencabar dengan kenaikan harga minyak, kos bahan-bahan binaan dan masalah berkenaan dengan kekurangan besi keluli dan pekerja mahir yang berterusan.

Pada tahun ini, Kumpulan telah menyiapkan beberapa projek pembinaan hartanah, termasuk kediaman berservis i-Zen@Kiara II dan i-Zen@Villa Aseana di mana kedua-duanya terletak di Mont' Kiara dan projek perumahan Fasa I Luyang Perdana di Kota Kinabalu. Projek-projek yang sedang dijalankan termasuk kediaman berservis i-Zen@Kiara I dan Sandakan Harbour Square di mana kini berjalan dengan lancar. Kumpulan juga telah melancarkan projek kondominium mewah yang tersendiri dinamakan i-Zen@Tiffani, dan merancang untuk melancarkan pusat komersial pada hujung tahun 2006.

The Westin Kuala Lumpur terus mempamerkan prestasi yang memuaskan dengan peningkatan pendapatan kepada RM75.3 juta berbanding RM61.7 juta tahun kewangan sebelumnya, dan mencatat sebanyak RM13.7 juta keuntungan operasi sebelum bunga dan kos penyusutan nilai. The Westin Kuala Lumpur mempunyai kadar penginapan yang menggalakkan dan telah memenangi beberapa anugerah di peringkat nasional dan antarabangsa, sebagai hotel terkemuka dan terbaik sempena "The International Real Estate Federation's (FIABCI) Malaysia Property Award 2005" dan "FIABCI Prix d' Excellence" dalam tahun 2006.

Perniagaan di dalam bidang teknologi maklumat (IT) di bawah i-Tech Network Solutions Sdn Bhd terus mencapai prestasi yang memuaskan dengan pertumbuhan pendapatan yang stabil. Sebagai pembekal dalam bidang perkhidmatan teknologi maklumat, ia mengambil kesempatan dalam manyalurkan peluang perniagaan yang sedia ada dengan mengambil peluang menjalin hubungan perkongsian dengan syarikat-syarikat kecil, sederhana dan besar.

Gabungan pembangunan hartanah dengan pembinaan adalah strategi yang wajar diambil oleh pihak pengurusan. Pendapatan dari aktiviti Kumpulan pada masa depan dijangka tiada bergantung kepada pembinaan. Walaupun demikian, Kumpulan akan terus mengambil kesempatan mengguna pengalaman dalam bidang pembinaan dan mangambil bahagian dalam projek pembinaan yang sedia ada menurut Rancangan Malaysia ke-9. Selaras dengan tindakan ini, pihak pengurusan akan meneliti semua peluang yang sedia ada untuk memperbaiki kedudukan kewangannya. Memandang kedudukan yang sedemikian, pihak Lembaga Pengarah meramalkan pencapaian Kumpulan pada tahun 2006 dijangka memuaskan. Kumpulan akan terus mencari peluang di bidang pembangunan hartanah dalam kawasan bernilai tinggi dan mengambil bahagian dalam tender kerja-kerja pembinaan luar syarikat supaya berada dalam keadaan yang lebih berdaya saing.

Sebagai penutup, saya bagi pihak Lembaga Pengarah, mengambil kesempatan ini untuk merakamkan penghargaan kami kepada pihak pengurusan dan seluruh warga kerja atas segala usaha dan sumbangan yang diberikan. Saya juga ingin memberi ucapan penghargaan ini kepada ahli-ahli lembaga pengarah atas nasihat dan pimpinan yang diberikan. Seterusnya, kepada para pemegang saham, pihak berkuasa kerajaan, institusi perbankan dan rakan-rakan perniagaan atas sokongan mereka yang berterusan.

Haji Abdullah Bin Yusof
Pengerusi
15 Ogos 2006

Operations Review

The Ireka Group rounded off the financial year ended 31st March 2006 with a small improvement over last year's performance. Operating Profit improved from RM18.5 million to RM23.2 million which has helped to turn a pre-tax loss of RM4.3 million last year to a pre-tax profit of RM1.12 million.

This rather lacklustre overall performance last year was mainly due to a very challenging trading environment in the construction sector, the main core-business of the Group. During the year under review, there were very few new major government construction projects launched while construction materials prices especially oil and steel bars, have continued to soar causing a number of ongoing projects committed by the group the previous year to suffer big losses. I am however, pleased to inform that the worst should be over for our construction division as new projects recently secured have much better margin and material prices. Furthermore, there is also better prospect for more new public sector works coming on-stream in view of the recently announced 9th Malaysian Plan.

Overall, we are fortunate that the Group's poor performance in the construction sector is once again bolstered by another impressive year of growth in our Property Division. Revenue continues to grow by 5.2% from RM116.6 million in 2005 to RM122.7 million in 2006. With the recent successful launch of the sales of our fourth i-Zen brand condominium project, Tiffani by i-Zen, I believe that our property subsidiary, Ireka Land Sdn. Bhd. (ILSB), will continue to grow its revenue and profitability for a number of years to come.

The same is also reflected in our hotel core-business. Our flagship hotel, The Westin Kuala Lumpur, has registered another impressive year of growth with revenue improving by 22% from RM61.7 million to RM75.3 million in 2005. Indeed, it has out performed expectation by turning in an operating profit of RM13.7 million in only its third year of operation.

The Group's budding IT business top the growth performance in the Group by chalking up a 30% growth in sales over 2005. Albeit still a relative small part of the Group, with revenue of only RM8.9 million and profit of RM0.875 million for the year under review, it remains the future star of the Group.

Work on the corporate front is still ongoing to strengthen the Group's balance sheet and cash flow through unlocking the potential asset value of the Group. I am confident that the corporate exercise which we started more that a year ago will soon bear fruit. If all goes according to plan, I hope to bring more good news to our shareholders before the year end.

CONSTRUCTION BUSINESS

With the construction industry registering two consecutive years of negative growth -1.9% in 2004 and -1.6% in 2005, there is hardly much excitement in this sector during the year under review. Ireka Engineering & Construction Sdn. Bhd.'s (IECSB) main focus in the operation front over the year has been to ensure prudent management of cash flow, adequate and timely supply of construction materials and good cost management in light of escalating material prices in the local and global markets. The tight operating margins and unpredictable cost of materials, have put tremendous pressure on our division's profitability over 2005 and 2006. With a very quiet public sector, there were no significant new external projects awarded to IECSB during the year under review. The major new private sector project secured during the year was a contract awarded by its property subsidiary, ILSB, for the RM174 million Tiffani by i-Zen project.

A total of four projects were completed in 2006. The major one being the RM335 million Design and Build projects for the Ministry of Natural Resources and Ministry of Youth and Sports in Putrajaya. I am indeed proud to see the completion of this yet another major landmark built by IECSB in the Design and Build (D&B) manner. I would like to take this opportunity to congratulate the project team for a job well done and will look forward to more successes on this front in view of the number of the projects to be undertaken in the D&B manner in the recently announced 9th Malaysian Plan.

After experiencing much difficulty with labour issues and the substantial increase in material prices during project implementation, we are pleased to complete the first of its kind, Cineleisure Complex in Mutiara Damansara in April 2006. This project is followed by the successful completion of the impressive new Corporate Head Office for the Digi Group in June 2006.

The fourth building project completed during the year is Ireka Group's own luxurious serviced residence development project worth RM82 million called i-Zen@Kiara II in Mont' Kiara. Adjacent to this project and currently under construction is the RM83 million i-Zen@ Kiara I which is progressing well. It is expected to be completed before the end of next year.

Every Ireka interior, from hotel suite to restaurant to living room, provides more than just a stimulating and attractive living or working environment. Our commitment to excellence in design is exemplified by our award-winning i-Zen design subsidiary, which strives to endow all our creations with their own distinctive character, its own uniqueness – just like our buyers.

Personality. *Individuality*

Large picture: Ceiling texture, EEST.
Inset: Westin Executive Club Room.

Large picture: Conceirge, Tiffani by i-Zen i-Zen@Villa Aseana, a high-end courtyard homes in Mont' Kiara is nearing completion and due to be handed over to the buyers in August this year. Meanwhile, the construction of another high-end residential project, the RM200 million Kiaraville condominium project for Binaderas Sdn. Bhd., is progressing well.

IECSB was also not able to secure any new overseas projects during the year under review. Although a Memorandum of Understanding was signed last year for an infrastructure project in Bandung, Indonesia, it has not materialised yet due to the client's decision to delay the implementation of the project.

PROPERTY DEVELOPMENT BUSINESS

The star performer of the Group the last three years, Ireka Land Sdn. Bhd. (ILSB) continues to break new ground in the high-end residential development sector in Malaysia.

In our first joint-venture project with CapitaLand Group Singapore and latest i-Zen project, Tiffani by i-Zen has created quite a refreshing change in the sales & marketing promotions in the industry by recruiting two of its most high profile purchasers, Fann Wong from Singapore and Bernard Chandran from Malaysia to promote the project. Apart from Fann Wong, one of Singapore's most famous actresses and Bernard Chandran, Malaysia's Prince of Fashion, our other purchasers in the list include Royalties, famous business personalities and even Dato' Professor Jimmy Choo, the world famous shoe designer.

Tiffani by i-Zen has already sold more than 55% just a month after its official launch. I believe this is a commendable performance in view of the current short-term uncertainty in the global economy in general.

Looking at the sustained interest shown by purchasers visiting the project's show suites, we should be able to hit more than 60% sales before end of 2006.

The much awaited RM450 million commercial development by i-Zen is now targeted to be launched by end of the year. This excitingly new retail and office development will bring in a whole new shopping and eating experience for the residents of Mont' Kiara and its exclusive neighbourhoods. It will have a number of innovative designs to match the fast changing working life-styles.

Meanwhile, over at East Malaysia, our operation has continued to perform well. In Kota Kinabalu, our property development subsidiary, Regalmont (Sabah) Sdn. Bhd. has successfully handed over Phase One of our exclusive Luyang Perdana project to our residents, the first gated and guarded residential development in Sabah three months ahead of schedule. With almost 95% sold, the remaining phases will be handed over to purchasers by early next year.

Our Group's 60% owned subsidiary, ICSD Ventures Sdn. Bhd. (ICSD) has handed over the first modern fish market to the Municipal Council of Sandakan (MPS) and Phase One of the shop offices to its purchasers, ahead of planned schedule during the year under review. Over the last one year, Sandakan waterfront and Central Business District have been drastically transformed with the completion of Phase One of Sandakan Harbour Square, the majestic rotunda-shaped sea-food restaurant at the waterfront and part of the esplanade walk. Works are now on-going on the main central market and Phase Two of the project. If all goes well on the sales and marketing front as anticipated, ICSD will commence construction of the first modern shopping centre and the first international class hotel and convention centre before end of the year.

From top: 4G3 & 4G4, Putrajaya; Cineleisure Complex, Mutiara Damansara; i-Zen@Villa Aseana

In the coming year, the Group property division business will continue to expand at a rapid rate. With over RM1 billion gross development value yet to be realised, our property subsidiaries should have a busy year ahead.

With the successes at home, the Group is now exploring exporting its property development expertise to Vietnam and India. I hope to bring more concrete news to the shareholders in the very near future.

HOSPITALITY AND LEISURE BUSINESS

I am also very proud to inform our shareholders that The Westin Kuala Lumpur has won a number of major accolades in both the hospitality and real-estate development sectors during the year under review. It has won the Best New Hotel and Best Night Spot (Qba) 2005/2006 from Hospitality Asia, 2005 Best Hotel category for the Malaysian Property Award from International Federation of Real Estate (FIABCI) Malaysia Chapter and then went on to win the most coveted award in the industry, the 2006 Prix d' Excellence's Best Hotel and Leisure development in the world from FIABCI International.

The Westin Kuala Lumpur has also performed very well business-wise as it continues to register the second highest average room rate and revenue per available room (REVPAR) rate for 5-Stars hotels in Kuala Lumpur for the second year running from 2005 to 2006. This is despite two new 5-Stars hotels namely, Hilton Kuala Lumpur and Le Meridien commencing operation during the year.

In view of the impressive growth in in-bound business and tourist visits this year and the targeted 20 million visitors for Malaysia's 50th year of Independence celebration next year, I am confident that The Westin Kuala Lumpur will have another record breaking year in the next financial year.

E-COMMERCE AND IT BUSINESS

Financial Year 2006 has been the most successful in i-Tech Network Solutions Sdn Bhd's short history. We grew our sales by some 30% over the previous year and this is a testament of strength in depth in i-Tech's highly motivated and driven Management, ably supported by dynamic sales, technical, and administrative staff. We are constantly trying to improve and excel in our field of expertise in networking and systems integration. Our young, but nonetheless, competent and qualified team have managed to enhance and deliver on the i-Tech brand and service to small, medium and large clients. Our growth owes much to our clients' belief and confidence in i-Tech's technical capabilities and services, coupled with competent execution of works.

i-Tech Network Solutions Sdn Bhd received two coveted awards from IBM in 2006 - Top Global Financing Award & Top Performance Award 2005 Value Program Category - which affords us tremendous recognition in the IT industry.

FUTURE OUTLOOK

The recently announced 9th Malaysian Plan by the government has given much hope for a long awaited turnaround in the construction industry after three years of little or no significant growth. To augment the RM200 billion worth of development projects to be undertaken, the government has also announced new initiative to promote greater private sector participation in nation building through Private Funded Initiative (PFI). This is generally good news for our construction subsidiary as it heralds more opportunities for experienced construction companies like ours to initiate financially viable infrastructure projects to the government.

Based on our good track record with government agencies in completing projects on time and on budget, I believe we can secure some of the public projects to be announced for bidding or negotiations.

The property development business will remain strong for the foreseeable future as the success of our previous launches has ensured a steady flow of income for the next few years. Going forward, we have already lined up a major launch of the Group's first i-Zen commercial office and retail development in Mont' Kiara. Just as our innovative i-Zen residential projects have captured the imagination of our buyers, i-Zen commercial development should also bring innovative and new working environment and experiences for our owners.

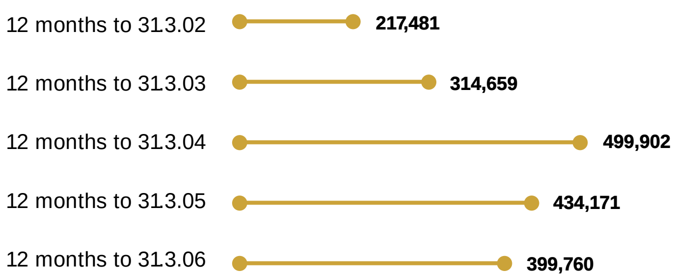
On the hotel and leisure front, I am confident that The Westin Kuala Lumpur will continue to out perform last year's results in view of increasingly strong business and tourist arrivals. Our hotel is now often quoted in well-known international publications as the “must- see” and “must-stay” hotel in Kuala Lumpur.

Before I end my review, I would like to thank my colleagues in the Board and all our dedicated staff of the Group for making Financial Year 2005/2006 another successful year despite some serious setbacks in the construction business.

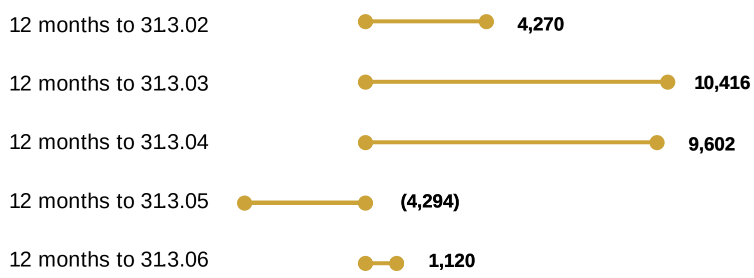
Lai Siew Wah
Group Managing Director
15 August 2006

Five-year Financial Hightlights

Turnover RM'000



Profit / (Loss) Before Taxation RM'000



Group In RM	12 months to 31.03.06	12 months to 31.03.05	12 months to 31.03.04	12 months to 31.03.03	12 months to 31.03.02
Turnover	**399,760**	434,171	499,902	314,659	217,481
Profit / (Loss) before taxation	**1,120**	(4,294)	9,602	10,416	4,270
Profit / (Loss) after taxation and minority interest	**(4,505)**	(12,374)	3,680	7,168	1,811
Issued share capital	**113,914.7**	113,914.7	112,307.0	103,248.0	68,661.0
Shareholders' funds	**139,390**	146,420	156,919	147,808	111,542
Total assets	**910,180**	895,172	849,570	694,569	496,447
In sen					
Gross dividend per share	**–**	3.0	–	6.5	10
Net earnings per share - Basic	**(3.95)**	(10.9)	3.6	9.1	2.6
Net tangible assets per share	**111.3**	117.3	126.0	126.8	136.5
Return on shareholders' fund (%)	**1.2**	1.3	1.4	1.4	1.6

Corporate Structure

IREKA CORPORATION BERHAD

IREKA CORPORATION (HK) LIMITED)	**100%**

IREKA iCAPITAL SDN BHD	**100%**
asiaegolf Tours Sdn Bhd	100%
i-Tech Network Solutions Sdn Bhd	100%
Ireka Venture Capital Ltd	100%
e-Auction Sdn Bhd	96%

IREKA SDN BHD	**100%**
Ireka Engineering & Construction Sdn Bhd	100%
Ireka Land Sdn Bhd *(formerly known as Regalmont Sdn Bhd)*	100%
Regalmont (Sabah) Sdn Bhd	100%
i-Residence Sdn Bhd	100%
Iswaja Enterprise Sdn Bhd	100%
Ireka Hotels Sdn Bhd	100%
i-Zen Hospitality Sdn Bhd	100%
Regal Variety Sdn Bhd	100%
Unique Legacy Sdn Bhd	90%

Awarni Sdn Bhd (held by Iswaja Enterprise Sdn Bhd)	67%
Awarni Sdn Bhd (held by Ireka Hotels Sdn Bhd)	33%

ICSD VENTURES SDN BHD *(formerly known as Ireka-Charng Sheng Development Sdn Bhd)*	**60%**
Sandakan Harbour Square Sdn Bhd	100%

Ireka prides itself on its dedicated team of professionals – architects, designers, engineers and all our other product and service providers. We've even complemented our creative talent pool to include renowned luminaries such as Bernard Chandran and Fann Wong as design consultants and ambassadors.

Innovation. *Inspiration*

Large picture: Corridor wall texture, The Westin Kuala Lumpur.
Inset: Tiffani by i-Zen.

Large picture: Tiffani by i-Zen

Board of Directors

1


2


3


4


5


6


1 Haji Abdullah Bin Yusof

2 Lai Siew Wah

3 Datuk Lai Jaat Kong @ Lai Foot Kong

4 Chan Soo Har @ Chan Kay Chong

5 Lai Man Moi

6 Kwok Yoke How

7

8

9

10

7 Datuk Haji Burhanuddin Bin Ahmad Tajudin

8 Lai Voon Hon

9 Lai Voon Huey, Monica

10 Haji Mohd. Sharif Bin Haji Yusof

HAJI ABDULLAH BIN YUSOF

Aged 69, a Malaysian, is the Non-Executive Chairman of Ireka and was appointed to the Board of Directors in 1992. He is the Chairman of the Risk Management Committee. He graduated from the Camborne School of Metalliferous Mining, United Kingdom in 1961 and is a registered professional engineer (mining) with the Board of Engineers, Malaysia. He has extensive experience in tin mining industry, and is currently the Executive Chairman of Osborne & Chappel International Sdn Bhd, a local mine management and engineering group which is involved in the field of mining operations and related construction works, mine management and consultancy, both locally and internationally. He is also an Independent Non-Executive Director of Gopeng Berhad, Time Engineering Berhad and Cement Industries of Malaysia Berhad. He is a council member of the Malaysian Chamber of Mines and the Tin Industry (Research and Development) Board.

He is a major shareholder of Ireka, through his interest in Magnipact Resources Sdn Bhd.

LAI SIEW WAH

Aged 66, a Malaysian, is the founder and Managing Director of Ireka. He was appointed a Director of Ireka in 1975 and was made the Managing Director of Ireka in 1993. He is a member of the Remuneration Committee and is also a Director of several subsidiaries within the Ireka Group. He has been active in the construction industry since 1967 during which time he has accumulated vast knowledge and experience in the implementation and management of construction projects.

He is a major shareholder of Ireka, through his interest in Ideal Land Holdings Sdn Bhd.

DATUK LAI JAAT KONG @ LAI FOOT KONG

PJN, JSM

Aged 63, a Malaysian, is the Deputy Managing Director of Ireka. He was appointed a Director of Ireka in 1977 and was made the Deputy Managing Director in 1993. He is a member of the Risk Management Committee and is also a Director of several subsidiaries within the Ireka Group. He has over 25 years experience in the construction industry and has good contacts and knowledge in the industry both locally and overseas. He was the past President of the Master Builders Association Malaysia and Board Member of Construction Industry Development Board Malaysia.

He is the brother of Mr. Lai Siew Wah.

CHAN SOO HAR @ CHAN KAY CHONG

Aged 60, a Malaysian, is the Administration Director of Ireka. He joined Ireka in 1975 and was appointed to the Board of Directors in 1990. He is also a Director of several subsidiaries within the Ireka Group. He has more than 35 years experience in the construction industry with sound knowledge in building materials and heavy plants and machineries.

LAI MAN MOI

Aged 58, a Malaysian, is the Finance Director of Ireka. She joined Ireka in 1975 and was appointed to the Board of Directors in 1990. She is also a Director of several subsidiaries within the Ireka Group. She has more than 30 years experience in finance and accounting and is a member of several institutes including the Association of Accounting Technicians, United Kingdom; The International Association of Book-Keepers (UK); and The Institute of Commercial Management.

She is the sister of Mr. Lai Siew Wah and the spouse of Mr. Chan Soo Har @ Chan Kay Chong.

KWOK YOKE HOW

Aged 66, a Malaysian, is an Independent Non-Executive Director of Ireka. He was appointed to the Board of Directors in 1992. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and also a Director of several subsidiaries within the Ireka Group. A lawyer by profession, he is currently a consultant of a reputable legal firm in Malaysia.

DATUK HAJI BURHANUDDIN BIN AHMAD TAJUDIN

PJN

Aged 74, a Malaysian, is the Senior Independent Non-Executive Director of Ireka. He was appointed to the Board of Directors in 1994. He is the Chairman of both the Audit Committee and Nomination Committee and a member of the Remuneration Committee. A lawyer by profession, he had practiced law for 28 years. He is also a Director of Permodalan Nasional Berhad, Amanah Saham Nasional Berhad, Universal Trustees (M) Berhad, BIMB Holdings Berhad and Bank Islam Malaysia Berhad.

LAI VOON HON

Aged 42, a Malaysian, is the Executive Director of Ireka. He joined Ireka in 1994 and was appointed to the Board of Directors in 1996. He is also a Director of several subsidiaries within the Ireka Group. He graduated from University College London, London University and Ashridge Management College with Bachelor of Science (Hons) Degree in Architecture in 1987 and Post-graduate Diploma in Architecture (Dip-Arch) in 1989 and a Master in Business Administration ("MBA") (Distinction) degree in 1993 respectively. An architect by profession, he has practiced in London, Hong Kong and Malaysia prior to joining Ireka. He is a registered Professional Architect with the Board of Architects, Malaysia.

He is a major shareholder of Ireka, through his interest in Ideal Land Holdings Sdn Bhd. He is the son of Mr. Lai Siew Wah.

LAI VOON HUEY, MONICA

Aged 40, a Malaysian, is an Executive Director of Ireka. She joined Ireka as the Group Financial Controller in 1993 and was appointed to the Board of Directors in 1999. She is a member of the Audit Committee, Risk Management Committee and also a Director of several subsidiaries within the Ireka Group. She graduated from City University, London, United Kingdom with a Bachelor of Science (Hons) Degree in Accountancy and Economics. She has worked for two international accounting firms in England and Hong Kong prior to joining Ireka. She is a fellow member of several institutes that include the Institute of Chartered Accountants, England and Wales; the Malaysian Institute of Accountants; and the Malaysian Institute of Taxation.

She is the daughter of Mr. Lai Siew Wah.

HAJI MOHD. SHARIF BIN HAJI YUSOF

Aged 67, a Malaysian, is an Independent Non-Executive Director of Ireka. He was appointed to the Board of Directors in 2002. He is also a member of the Audit Committee. He is a fellow member of Institute of Chartered Accountants, England & Wales, Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. He is also an Independent Non-Executive Director of Commerce Life Assurance Berhad, APM Automotive Holdings Berhad, Malayawata Steel Berhad and Kemayan Corporation Berhad.

From a dazzling seafront commercial complex in Sabah, to one of the most exclusive luxury condominium properties in KL, Ireka projects provide value for both clients and end-users. Moreover, Ireka never forgets to incorporate into all its efforts the caring values of our nation, and the bold vision of its future.

Value. *Vision*

Large picture: Wall texture, Lobby, The Westin Kuala Lumpur.
Inset: Sandakan Harbour Square, Sabah.

Large picture: KiaraVille, Mont' Kiara

Profile of Company Secretary & Senior Management

COMPANY SECRETARY

Wong Yim Cheng

Aged 42, a Malaysian, joined Ireka in 2000 and is currently the Group Company Secretary / Head, Corporate Affiars. She has over 10 years of experience in corporate secretarial and is an associate member of the Malaysian Association of Institute Chartered Secretaries and Administrators.

SENIOR MANAGEMENT

Leonard Yee Yuke Dien

Aged 42, a Malaysian, joined Ireka in May 2000 and is currently the Group General Manager and Chief Executive Officer of Ireka iCapital Sdn Bhd. A graduate from University of Kingston, Kingston-Upon-Thames, England with a Bachelor of Arts (Hons) Degree in Industrial Social Sciences. He worked as a Surety and Financial Lines Underwriter with American International Group, Inc in London and New York before returning to Malaysia. He was an Executive Director of a local construction company from 1996 to 1999 and a Managing Director of an equities research firm before joining Ireka.

Tan Thiam Chai

Aged 46, a Malaysian, joined Ireka as an Engineer in 1989. In August 2000, he was appointed to the Board of Ireka Engineering & Construction Sdn Bhd ("IECSB") and is currently the Chief Executive Officer of the construction arm, IECSB. He graduated from University of Bristol, United Kingdom in 1983 with a Bachelor of Science (Hons) Degree in Civil Engineering.

Ng Yau Siong

Aged 43, a Malaysian, joined Ireka as an Engineer in 1991 and is currently a Director (Operations). In August 2000, he was appointed to the Board of Ireka Engineering & Construction Sdn Bhd. He graduated from University of Canterbury, New Zealand in 1986 with a Bachelor of Engineering (Hons) Degree.

Ir. Lim Tau Soon

Aged 49, a Malaysian, joined Ireka as the Head of Technical & Engineering Services Division in 1993 and is currently a Director (Operations). In August 2000, he was appointed to the Board of Ireka Engineering & Construction Sdn Bhd. He graduated from Liverpool Polytechnic, United Kingdom in 1980 with a Bachelor of Science (Hons) Degree in Civil Engineering and obtained his Professional Engineer Certification in 1985.

Lee Sui San

Aged 52, a Malaysian, joined Ireka in 1995 and is currently a Project Director. He graduated from Liverpool Polytechnic, United Kingdom in 1980 with a Diploma in Buildings. He is a Chartered Builder by profession and a member of the Chartered Institute of Building (UK), Chartered Management Institute (UK), Technological Association of Malaysia and Malaysia Institute of Management.






Kok Tong Yong, Tony

Aged 50, a Malaysian, joined Ireka in 1996 and is currently the M & E Director, Head of the M & E Division. He graduated from University of Teesside, United Kingdom in 1981 with a Bachelor of Science Degree in Mechanical Engineering. He is a member of the Institute of Engineers, Australia and registered as a Chartered Professional Engineer. He has over 24 years of working experience in the construction industry, particularly in high rise buildings.

Lee Chay Line

Aged 44, a Malaysian, joined Ireka in 1985 and is currently a Director of Quantity Surveying. He graduated from Institute Teknologi Union in 1985 with the Technician Diploma and was awarded a Bachelor of Applied Science (Construction Management and Economics) Degree by Curtin University, Australia in 1999.

Tham Fong Ang

Aged 53, a Malaysian, joined Ireka in 2000 and is currently the Director of Human Resources. She holds a Master in Business Administration from the University of Dubuque, USA and has over 26 years of experience in human resource management in a wide spectrum of industries.

Ir. Chen Min Sang

Aged 49, a Malaysian, joined Ireka in 2002 and is currently the Director of Business Development. He graduated from the University of Salford, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Civil Engineering. He has been registered as a Professional Engineer with the Board of Engineers since 1986.

Tan Ai Ling, Irene

Aged 41, a Malaysian, joined Ireka in 2000 and is currently the Chief Operating Officer of Ireka Land Sdn Bhd. She graduated from Royal Melbourne Institute of Technology, Australia with a Bachelor of Business, Property Management in 1988. She worked as a Property Manager in Australia and a Project Manager in Kuala Lumpur prior to joining Ireka.

Ir. Chan Huan Khim

Aged 46, a Malaysian, joined Ireka as a Senior Engineer in 1999 and is currently a Project Director. He graduated from the University of Liverpool, United Kingdom in 1984 with a Bachelor of Engineering (Hons) Degree and was registered as a Professional Engineer with the Board of Engineers in 1990.






Lou Chee Khiam, John

Aged 43, a Malaysian, joined Ireka in 2003 and is currently Head of Operations for Ireka Land Sdn Bhd (property Division). Graduated from the University of New South Wales, Australia in 1990 with a degree in Bachelor of Architecture. Registered as an Architect with the Board of Architects, in 1994.

Har Soon Thim, Lawrence

Aged 46, a Malaysian, joined Ireka in 2001 and is currently the Senior Vice President, Property Development. He graduated from Central State University of Oklahama, USA with Honours Degree in Business Administration (major in Finance and General Business). He has nearly 25 years of experience in the property development and construction industry, in particular, project planning/administration/management.

Teh Chuan Khoon, Patrick

Aged 41, a Malaysian, joined Ireka in 2003 and is currently the Chief Operating Officer of i-Tech Network Solutions Sdn. Bhd., a subsidiary of Ireka icapital Sdn. Bhd. He has managed and operated i-Tech since its inception and have brought success to the company over the years. Under his guidance, i-Tech has gained recognition and awards from product principals consecutively for the past few years. In addition to that i-Tech has gained business recognition in a wide spectrum of industries.

Corporate Information

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman
Haji Abdullah Bin Yusof

Managing Director
Lai Siew Wah

Deputy Managing Director
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*

Executive Directors
Chan Soo Har @ Chan Kay Chong
Lai Man Moi
Lai Voon Hon
Lai Voon Huey, Monica

Independent Non-Executive Director
Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*
Kwok Yoke How
Haji Mohd. Sharif Bin Haji Yusof

AUDIT COMMITTEE

Chairman
Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*

Members
Kwok Yoke How
Haji Mohd. Sharif Bin Haji Yusof
Lai Voon Huey, Monica

COMPANY SECRETARY
Wong Yim Cheng
MAICSA 7008092

COUNTRY OF DOMICILE & INCORPORATION
Malaysia

LEGAL STATUS
Public listed company limited by shares

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS
No. 32 Medan Setia Dua
Bukit Damansara
50490 Kuala Lumpur
Tel 603-20940133
Fax 603-20952096
e-mail enquiry@ireka.com.my
Website www.ireka.com.my

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel 603-27212222
Fax 603-27212530

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad, Main Board

STOCK CODE
Ordinary shares 8834

AUDITORS
Raja Salleh, Lim & Co.
(Audit Firm No. 0071)
29A, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKERS
Affin Bank Berhad
Am Bank Berhad
Bank Muamalat Malaysia Berhad
Bumiputra-Commerce Bank Berhad
Hong Leong Bank Berhad
Maybank Berhad
RHB Bank Berhad
United Overseas Bank (M) Berhad

Corporate Calendar

31 May 2005
Ireka announced its quarterly report on consolidated unaudited results for the financial year ended 31 March 2005.

7 June 2005
ICSD Ventures Sdn Bhd incorporated a wholly-owned subsidiary company named as Sandakan Harbour Square Sdn Bhd.

16 August 2005
Mr. David Weily, the Mayor of Burwood Council in New South Wales, Australia visited the Sandakan Harbour Square site.

19 August 2005
ICB signed a Memorandum of Understanding with Geo Fusion Sdn Bhd in Bandung, Indonesia to set forth their understanding and co-operation in relation to infrastructure opportunities in West Java, Indonesia.

29 August 2005
Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 30 June 2005.

2 – 5 September 2005
Ireka's Sports & Recreational Club organized a 3 days 2 nights trip to Pulau Lang Tengah, Trengganu.

27 September 2005
The Westin Kuala Lumpur won the prestigious International Real Estate Federation (FIABCI) Malaysia Property Awards 2005, Hotel Development category.

29 September 2005
Ireka's 29th Annual General Meeting was held at East VIP Lounge, Kuala Lumpur Golf & Country Club.

10 November 2005
Ireka announced the entitlement dates of final dividend of 3% less 28% income tax in respect of the financial year ended 31 March 2005.

29 November 2005
Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 30 September 2005.

17 January 2006
The Management Review Board (MRB) has selected project "Putrajaya Lots 4G3 & 4G4" as the winner of "2005 – The ISO Project of The Year".

23 January 2006
ICSD Ventures Sdn Bhd handed over the Sandakan's new Fish Market and Jetty to the Sandakan Municipal Countil. A festival of food and fun was held at Sandakan Harbour Square Esplanade.

24 January 2006
i-Tech Network Solutions Sdn Bhd was honoured with two awards, namely "IBM Top Performance Award 2005" for the Value Partner Program Category and "IBM Top Global Financing Partner Award 2005" at the IBM Kickoff 2006 event at the Sime Darby Convention Centre.

6 February 2006
Ireka bid farewell to the year of Rooster and usher the year of Dog with lion dance performance at its Head Office and Property Showcase in Mont' Kiara.

28 February 2006
Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 31 December 2005.

28 March 2006
Handover of i-Zen@Kiara II commenced with the issuance of the first Architect's Certificate.

30 March 2006
The 10th Annual General Meeting of the Ireka's Sports & Recreational Club was held Galeri Hartanah Ireka, Mont' Kiara.

Statement of Corporate Governance

The Board of Directors confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 March 2006. Set out below is a statement of how the Group has applied the principles of the Code.

A THE BOARD OF DIRECTORS

i The Board

An effective Board leads and controls the Group. The Board meets at least four times a year, with additional meetings being held as necessary. During the year ended 31 March 2006, the Board met for a total of five times. Every Director attended all the Board meetings held during the financial year except Datuk Burhanuddin bin Ahmad Tajudin, Kwok Yoke How and Lai Voon Hon who absent twice each due to unforeseen circumstances.

The Board has delegated specific responsibilities to four subcommittees i.e. Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, which have authority to examine issues and report to the Board.

ii Board Balance

The Board currently has ten members comprising a Non-Executive Chairman, six Executive Directors and three Independent Non-Executive Directors. Together, the Directors bring a wide range of business, legal, finance and accounting experience and expertise required to successfully direct and supervise the business activities of the Group. The profiles of these Directors are provided on pages 18 to19 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority.

There is also balance in the Board because of the presence and participation of Independent Non-Executive Directors to bring independent judgment in Board decisions. The roles of these Independent Non-Executive Directors are important in ensuring that the strategies proposed by the Executive Management are fully deliberated and take into account the interest of the Group.

iii Supply of Information

All Board members are provided with a Board report containing relevant documents and information prior to board meeting to enable the Directors to discharge their duties effectively.

The Board, whether as a full Board or in their individual capacity, has a right to take independent professional advice, if necessary, at the Group's expense.

In addition, all Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board meeting procedures, applicable rules and regulations are adhered to.

iv Appointments to the Board

The Code endorses as good practice, a formal procedure for appointments to the Board, with a Nomination Committee making recommendations to the full Board. The Nomination Committee consists of Datuk Haji Burhanuddin Bin Ahmad Tajudin (Independent Non-Executive Chairman), Kwok Yoke How (Independent Non-Executive Director) and Haji Abdullah Bin Yusof (Non-Executive Director).

These Directors are responsible for identifying, recruiting and recommending candidates for Directorships and also to fill the seats of Board Committees. In addition, the Nomination Committee assesses the effectiveness of the Board as a whole and the Board Committees, and also the contribution of each Director. The Board, through the Nomination Committee, reviews periodically its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

The Directors from time to time attend training programmes, seminars and talks to keep abreast with recent developments of the state of economy, technology, management strategies, laws and regulations to enhance their knowledge and skills in order to discharge their duties effectively.

v Re-election of Directors

Article 91 of the Company's Articles of Association provides that all Directors shall retire from office at least once in every three years, but shall be eligible for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Datuk Haji Burhanuddin Bin Ahmad Tajudin who is over the age of seventy years will be retiring at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment to be passed by a majority of not less than three-fourths of such members of the Company at the meeting.

B DIRECTORS' REMUNERATION

i The level and make-up of remuneration

The Board has adopted the objective as recommended by the Malaysian Code of Corporate Governance to determine the remuneration for a Director so as to ensure it is sufficient to attract and retain the Directors needed to manage the Group successfully. In the case of Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

ii Procedure

The Code endorses that, as a good practice, a Remuneration Committee be comprised wholly or mainly of Non-Executive Directors. The Remuneration Committee comprises Kwok Yoke How (Independent Non-Executive Chairman), Datuk Haji Burhanuddin Bin Ahmad Tajudin (Independent Non-Executive Director) and Lai Siew Wah (Executive Director).

The Committee is responsible for recommending the remuneration packages to Executive Directors for consideration and approval by the Board. The Executive Directors play no part in decision on their own remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors. Non-Executive Directors do not participate in decision on their own remuneration packages.

The Directors' fees are recommended by the Board and approved by the shareholders at the Annual General Meeting.

iii Disclosure

The details of the remuneration of Directors during the financial year ended 31 March 2006 are as follows:

1 Aggregate remuneration of Directors categorized into appropriate components:

In RM'000	Salaries	Fees	Bonus & Incentives	Benefits-in-Kind	Total
Executive Directors	2,081	180	0	0	2,261
Non-Executive Directors	0	80	0	0	80

2 Number of Directors whose remuneration falls into the following bands:

Range of Remuneration	Number of Directors Executive	Non-Executive
Below RM50,000	-	4
RM300,001 - RM350,000	4	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	2	-

C SHAREHOLDERS

i Dialogue Between The Company and Investors

The Group values dialogue with shareholders and investors. The Chairman and Executive Directors hold discussions with shareholders and journalists immediately after general meetings. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments.

In addition, the Group has a website, www.ireka.com.my that shareholders and investors can access for information.

ii Annual General Meetings

Notice of the Annual General Meeting and related papers are sent out to the shareholders at least 21 days before the date of the meeting.

The Annual General Meeting is the principal forum for dialogue with shareholders. All shareholders are encouraged to participate in the question and answer session. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and affairs of the Company and the Group.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the purpose and effect of a proposed resolution. The Chairman declares the number of proxy votes received both for and against each resolution.

D ACCOUNTABILITY AND AUDIT

i Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's position and prospect in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the annual report through the Chairman's Statement, Operations Review and the Statement of Directors.

The quarterly results announcements also reflect the Board's commitment to give regular updated assessment on the Group's performances.

ii Statement of Directors' Responsibility For Preparing The Financial Statements

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

In preparing the financial statements, the Directors have:

- applied suitable and approved accounting policies consistently
- made reasonable, prudent judgment and estimates
- ensured strict adherence of all applicable accounting standards
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

iii Internal Control

The Group's Internal Control Statement is set out on page 30.

iv Relationship With The Auditors

The role of the Audit Committee in relation to the External Auditors is stated on page 31 to 32.

v Audit Committee

In compliance with the good practice of the Code, the current Audit Committee comprises the Chairman who is the Senior Independent Non-Executive Director, two Independent Non-Executive Directors and an Executive Director who is a member of the Malaysian Institute of Accountants. The composition and report of the Audit Committee for the year ended 31 March 2006 is set out on pages 31 to 32 of this Annual Report.

In accordance with a resolution of the Board of Directors dated 15 August 2006

Haji Abdullah Bin Yusof
Chairman

Lai Siew Wah
Group Managing Director

Internal Control Statement

RESPONSIBILITY

The Board of Directors acknowledges their overall responsibility and is committed to maintain sound internal controls which cover financial controls and operational and compliance controls as well as risk management in the Group. However, it should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives; and that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group has in place a formal approach towards identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. This is an ongoing process and is regularly reviewed by the Board. The Board's Internal Control Statement, as prepared in accordance with the Bursa Malaysia Securities Listing Requirements, has been reviewed by the External Auditors and report the results thereof to the Board.

i Internal Control

The Group has adopted the concept of Enterprise-Wide Risk Management Framework which identifies and manages inherent and controllable risks affecting the Group in order to achieve corporate objectives. The Enterprise-Wide Risk Management process contains a number of key elements being:

- identification of key corporate risks associated with the organizational mission, vision, strategies and objectives;
- measurement of these risks in terms of the possibility of occurrence and the impact on the organisation;
- evaluation of existing controls to manage the risks;
- confirming accountability and time lines for managing and monitoring the controls;
- identification of residue risks;
- deciding on risk treatment;
- development of action plans to manage residual risks; and
- continuous monitoring to ensure compliance and update risk assessment.

The Enterprise-Wide Risk Management approach via the Corporate Risk Scorecard (“CRS”) system enables risk management to be conducted in an effective manner and proactive controls to be established.

ii Internal Audit Function

Messrs. Audex Governance Sdn Bhd as the outsourced Internal Auditors has reported to the Audit Committee and assisted the Board of Directors in monitoring and managing internal controls. The three-year Internal Audit Plan covering financial years ending 2005 to 2007 is subject to review annually to take account of changes that may arise in the business, regulatory and operating environment and from the findings arising from the audits. The scope of the Internal Audit may cover the audits of all operations and subsidiary companies.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are described as follows:

- clearly defined delegation of responsibilities to committees of the Board and to Management of operating units, including authorization levels for all respects of the business which are set out in the authority matrix;
- clearly documented internal procedures in respect of operational and financial processes as set out in the MS ISO Quality System Documents and the Financial Processes Manual;
- regular and comprehensive information provided to Management, covering financial performance and key business indicators;
- a detailed budgeting process where operating units prepare budgets for coming year and the consolidated budget approved by the Board;
- monthly monitoring of results against budget, with major variances being followed up and Management actions taken, where necessary;
- regular visits to operating units by Senior Management and Board Members;
- regular review of business to assess effectiveness of internal controls;
- review and approval of annual internal audit plan by the Audit Committee on behalf of the Board; and
- periodic meetings between Audit Committee and outsourced Internal Auditors on internal control issues identified in reports prepared by the outsourced Internal Auditors.

A number of internal control weaknesses were identified during the period which are being rectified. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Audit Committee Report

COMPOSITION OF AUDIT COMMITTEE

As at 31 March 2006, the Audit Committee comprises three Independent Non-executive Directors with Datuk Haji Burhanuddin bin Ahmad Tajudin as Chairman. The composition of the Committee is found on page 25 of this Annual Report.

FREQUENCY OF MEETINGS

The Committee had five meetings during the financial year which were attended by all the members except for Mr. Kwok Yoke How who absent twice due to his overseas commitment.

SUMMARY OF ACTIVITIES

During the period, the Audit Committee carried out its duties as set out in the terms of reference.

Other main issues discussed by the Audit Committee are as follows:

- Review of the Group's quarterly reports prepared in compliance with Malaysian Accounting Standards Board (MASB) Standard 26 "Interim Financial Reporting" and Chapter 9 of Bursa Malaysia Securities Listing Requirements prior to submission to the Board for consideration and approval;

- Application of new accounting standards to the consolidated financial statements for the financial year ended 31 March 2006;

- Review of audited financial statements for financial year 31 March 2006 with the external auditors prior to recommending the same to the Board.

- Review of the proposed general mandate for recurrent related party transactions of a Revenue / Trading Nature.

- Review of internal audit reports and the internal auditors' recommendations for effective internal control system.

- Review of the risk management report.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1 Membership

- The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Non-executive Directors.

- At least one member of the Committee must be a member of the Malaysian Institute of Accountants or similar qualification as prescribed in Part 1 or Part II of the First Schedule of the Accountants Act, 1967 with at least 3 years' working experience.

- No alternate Director may be appointed as a member of the Committee.

- The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-executive Director.

- In the event of any vacancy in the Committee resulting in the number of Directors falling below three (3) members, the Board of Directors must fill the vacancy within three (3) months to make up the minimum number of three (3) members.

2 Authority

- The Committee is authorised by the Board to investigate any matter within its terms of reference.

- The Committee is authorised to any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

- The Committee shall have unrestricted access to any information pertaining to the Group, from both the internal and external auditors, and have the power to carry out internal audit function or activity and is able to convene meetings with the external auditors excluding the attendance of the executive members of the Committee whenever deemed necessary.

- The Committee is authorised to obtain external legal of other independent professional advice as necessary.

3 Duties and Responsibilities

The duties of Committee shall be among others:

i To review the following and report the same to the Board of Directors:

a with the external auditors, the audit plan;

b with the external auditors, their evaluation of the system of internal controls;

c with the external auditors, the audit report;

d the assistance given by the employees of the Company to the external auditors;

e the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

f the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

g the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:

i compliance with accounting standards and other legal requirements; and

ii significant and unusual events;

h any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

i any letter of resignation from the external auditors of the Company;

j whether there is a reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment; and

k Risk Management Report that encompass the risk exposure of the Group.

ii To promptly report to the Bursa Securities, of matters reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved, resulting in a breach of the Bursa Malaysia Listing Requirement.

iii To recommend the nomination of a person or persons as external auditors.

4 Meetings

- Meetings shall be held not less than four (4) times a year.
- A quorum shall be three (3) members, majority of whom must be Independent Non-executive Directors.
- Other Directors & employees may attend any particular Audit Committee Meeting only at the Committee's invitation, specific to the relevant meeting.
- The Company Secretary shall be the Secretary to the Committee.

5 Reporting procedure

The Secretary shall circulate the minutes of the Committee's meetings to all members of the Board. The Chairman of the Committee shall report on each meeting to the Board.

REVIEW OF THE AUDIT COMMITTEE

The Board of Directors must review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

Financial Statements

i-Zen@Kiara II

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services, civil, structural and building construction, earthworks and renting of construction plant and machinery.

The principal activities of the subsidiaries and companies within the Group are stated in Note 7 to the financial statements.

There have been no significant changes in these principal activities during the financial year under review.

FINANCIAL RESULTS

In RM	Group	Company
Profit before taxation	1,120,471	3,005,591
Taxation	(5,315,259)	(1,400,000)
(Loss)/Profit after taxation	(4,194,788)	1,605,591
Minority interests	(309,887)	–
(Loss)/Profit for the year	(4,504,675)	1,605,591

DIVIDENDS

Since the end of the previous financial year, a final dividend of 3.0% per share, less 28% income tax amounting to RM2,460,558 in respect of the financial year ended 31 March 2005 was paid out during the financial year under review.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 March 2006.

DIRECTORS OF THE COMPANY

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

Haji Abdullah Bin Yusof
Mr. Lai Siew Wah
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*
Mr. Chan Soo Har @ Chan Kay Chong
Mdm. Lai Man Moi
Mr. Kwok Yoke How
Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*
Mr. Lai Voon Hon
Ms. Lai Voon Huey
Haji Mohd Sharif Bin Haji Yusof

DIRECTORS' BENEFITS

During and at the end of the previous financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate except for the share options granted pursuant to the Employees' Share Option Scheme.

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

EMPLOYEES' SHARE OPTION SCHEME

Pursuant to the ESOS which became operative on 1 November 2001, options of 13,228,835 ordinary shares of RM1 each in the Company were granted to eligible employees.

Details of the ESOS are set out in Note 21(b) to the financial statements.

The list of key management personnel whom has been granted share options of RM1.00 each during the financial year are as follows:

	As at 1.4.2005	Granted	Exercised	As at 31.3.2006
Lai Siew Wah	336,090	–	–	**336,090**
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	268,872	–	–	**268,872**
Chan Soo Har @ Chan Kay Chong	336,090	–	–	**336,090**
Lai Man Moi	336,090	–	–	**336,090**
Lai Voon Hon	336,090	–	–	**336,090**
Lai Voon Huey	336,090	–	–	**336,090**
Tan Thiam Chai	201,654	–	–	**201,654**
Lim Tau Soon	201,654	–	–	**201,654**
Ng Yau Siong	188,211	–	–	**188,211**
Leonard Yee Yuke Dien	201,654	–	–	**201,654**

The share options were granted pursuant to the ESOS which entitle the above employees to subscribe at exercise price of RM1.18 for each new ordinary share.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in the ordinary shares and warrants of the Company were as follows:

Interest in ordinary shares of the Company:

Number of ordinary shares of RM1 each

	At 1.4.2005	Addition	Disposal	At 31.3.2006
Direct-				
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	3,670,500	1,156,600	–	**4,827,100**
Chan Soo Har @ Chan Kay Chong	2,184,750	–	–	**2,184,750**
Lai Man Moi	2,040,750	–	–	**2,040,750**
Haji Abdullah Bin Yusof	1,500,000	–	–	**1,500,000**
Kwok Yoke How	1,742,603	–	–	**1,742,603**
Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*	280,000	–	(44,300)	**235,700**
Lai Voon Hon	12,000	–	–	**12,000**
Lai Voon Huey	6,000	–	–	**6,000**
Indirect-				
Lai Siew Wah	49,001,998	–	–	**49,001,998**
Lai Voon Hon	49,001,998	–	–	**49,001,998**
Lai Voon Huey	49,001,998	–	–	**49,001,998**
Haji Abdullah Bin Yusof	15,398,248	–	–	**15,398,248**

Interest in warrants 1996/2006:

Number of warrants

	At 1.4.2005	Addition	(Expired)	At 31.3.2006
Direct-				
Chan Soo Har @ Chan Kay Chong	382,022	–	(382,022)	–
Lai Man Moi	382,022	–	(382,022)	–
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	764,044	369,250	(1,133,294)	–
Haji Abdullah bin Yusof	306,962	–	(306,962)	–
Kwok Yoke How	476,159	–	(476,159)	–
Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*	40,330	–	(40,330)	–
Indirect-				
Lai Siew Wah	10,254,904	–	(10,254,904)	–
Lai Voon Hon	10,254,904	–	(10,254,904)	–
Lai Voon Huey	10,254,904	–	(10,254,904)	–
Haji Abdullah Bin Yusof	3,759,566	–	(3,759,566)	–

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There has been no change in the issued and paid-up capital of the Company during the financial year.

The Group and the Company have not issued any debentures during the financial year.

BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off of bad debts or the amount of the provision for doubtful debts in the financial statement of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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.

CONTINGENT AND OTHER LIABILITIES

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

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

b any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than those disclosed in Note 34 to the financial statements.

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, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt within this report or the financial statements of the Group and of the Company which would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year ended 31 March 2006 were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

SHARE BUY-BACK

The Company did not purchase any own shares during the financial year ended 31 March 2006.

AMERICAN DEPOSITORY RECEIPT ("ADR")/GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 March 2006.

SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 March 2006.

VARIANCES IN RESULTS

The variance between the financial results ended 31 March 2006 and the unaudited results previously announced is less than 10%.

PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year ended 31 March 2006.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiary companies which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The retiring auditors, Raja Salleh, Lim & Co., have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

SIGNED ON BEHALF OF THE BOARD IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

Lai Siew Wah
Director
Kuala Lumpur-27 July 2006

Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*
Director

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Lai Siew Wah** and **Datuk Lai Jaat Kong @ Lai Foot Kong** *PJN, JSM*, being two of the Directors of **IREKA CORPORATION BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements as set out on pages 42 to 91 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2006 and of the results of their operations, changes in equity and of the cash flows of the Group and of the Company for the year ended on that date.

SIGNED ON BEHALF OF THE BOARD IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

Lai Siew Wah
Director

Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*
Director

Kuala Lumpur-27 July 2006

Statutory Declaration

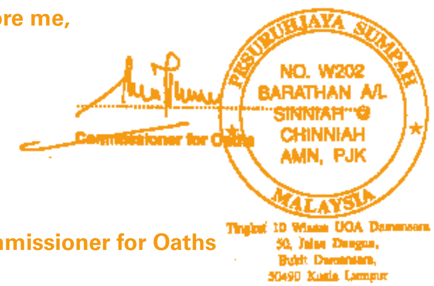
Pursuant to Section 169 (16) of the Companies Act, 1965

I, **Lai Voon Huey**, being the Director primarily responsible for the accounting records and financial management of **IREKA CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements as set out on pages 42 to 91 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Lai Voon Huey
NRIC No. 660508-10-6572
at KUALA LUMPUR
in the state of WILAYAH PERSEKUTUAN
on 27 July 2006

Lai Voon Huey

Before me,



Commissioner for Oaths

Auditors' Report to the Members of Ireka Corporation Berhad

We have audited the financial statements as set out on pages 42 to 91 of **IREKA CORPORATION BERHAD.**

The financial statements are the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall financial statements presentation.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

a the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

  i the state of affairs of the Group and of the Company as at 31 March 2006 and of the results and cash flows of the Company for the year ended on that date; and

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

and

b the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

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

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

Raja Salleh, LIM & CO. AF-0071
Chartered Accountants
Petaling Jaya-27 July 2006

Lim Kim Cheong 116/3/07 (J/PH)
Partner

Balance Sheets

as at 31 March 2006

In RM	Note	Group 2006	Group 2005	Company 2006	Company 2005
NON-CURRENT ASSETS					
Property, plant and equipment	6	**442,481,171**	452,277,018	**12,305,738**	12,542,983
Investment in subsidiary companies	7	**–**	–	**50,086,981**	50,086,981
Investment in jointly controlled entities	8	**220,254**	353,231	**70,000**	70,000
Other investments	9	**5,829,338**	5,868,885	**4,601,900**	4,601,900
Land and development expenditure	10	**129,213,041**	116,529,880	**–**	–
Goodwill on consolidation	11	**12,579,358**	13,512,569	**–**	–
		590,323,162	588,541,583	**67,064,619**	67,301,864
CURRENT ASSETS					
Development properties	12	**84,497,330**	80,602,763	**–**	–
Inventories	13	**8,215,259**	8,816,558	**–**	–
Trade and other receivables	14	**135,169,209**	132,416,848	**18,896,678**	19,111,571
Amounts due from customers on contracts	15	**74,827,147**	64,868,386	**18,954,530**	19,954,530
Amounts due from jointly controlled entities	16	**11,631,411**	11,607,374	**11,324,476**	11,324,476
Amounts due from subsidiary companies	17	**–**	–	**108,415,230**	275,036,556
Deposits, cash and bank balances	18	**5,516,838**	8,318,688	**18,865**	57,541
		319,857,194	306,630,617	**157,609,779**	325,484,674
Less:					
CURRENT LIABILITIES					
Trade and other payables	19	**173,054,834**	187,180,634	**6,097,932**	17,058,360
Amounts due to subsidiary companies	17	**–**	–	**18,149,254**	166,815,340
Borrowings	20	**180,343,825**	174,211,242	**6,359,552**	13,817,221
Bank overdrafts	18	**20,867,188**	22,031,348	**4,016,212**	3,785,877
Taxation		**14,424,626**	14,625,088	**–**	–
		388,690,473	398,048,312	**34,622,950**	201,476,798
NET CURRENT (LIABILITIES)/ASSETS		**(68,833,279)**	(91,417,695)	**122,986,829**	124,007,876
		521,489,883	497,123,888	**190,051,448**	191,309,740
FINANCED BY:					
Share capital	21	**113,914,700**	113,914,700	**113,914,700**	113,914,700
Reserves	22	**25,475,173**	32,505,503	**33,392,687**	34,255,294
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**139,389,873**	146,420,203	**147,307,387**	148,169,994
MINORITY INTERESTS		**1,043,895**	733,998	**–**	–
		140,433,768	147,154,201	**147,307,387**	148,169,994
LONG TERM AND DEFERRED LIABILITIES					
Borrowings	20	**361,921,245**	346,676,298	**42,134,061**	42,529,746
Deferred taxation	23	**3,285,070**	3,293,389	**610,000**	610,000
Other payables	24	**15,849,800**	–	**–**	–
		381,056,115	349,969,687	**42,744,061**	43,139,746
		521,489,883	497,123,888	**190,051,448**	191,309,740

The accompanying notes form an integral part of these financial statements

Income Statements

for the year ended 31 March 2006

In RM	Note	Group 2006	Group 2005	Company 2006	Company 2005
Revenue	25	**399,760,246**	434,171,327	**12,225,117**	15,602,885
Cost of sales	26	**(319,397,140)**	(353,944,056)	**(903,253)**	(102,711)
Gross profit		**80,363,106**	80,227,271	**11,321,864**	15,500,174
Other income		**2,459,634**	1,993,433	**169,996**	265,211
Administration expenses		**(24,334,846)**	(23,025,793)	**(5,758,980)**	(6,100,987)
Other expenses		**(35,316,070)**	(40,735,983)	**(1,689,826)**	(3,950,758)
		23,171,824	18,458,928	**4,043,054**	5,713,640
Finance cost		**(21,918,375)**	(22,693,378)	**(1,037,103)**	(628,714)
Loss from jointly controlled entities	8	**(132,978)**	(59,381)	**–**	–
Profit/(Loss) before taxation	27	**1,120,471**	(4,293,831)	**3,005,951**	5,084,926
Taxation	28	**(5,315,259)**	(7,712,142)	**(1,400,000)**	(2,466,258)
(Loss)/Profit after taxation		**(4,194,788)**	(12,005,973)	**1,605,951**	2,618,668
Minority interests		**(309,887)**	(368,188)	**–**	–
(Loss)/Profit for the year		**(4,504,675)**	(12,374,161)	**1,605,951**	2,618,668
Dividends per share (sen)					
- Gross	29	**–**	3.00		
Loss per share (sen)	30				
- Basic		**(3.95)**	(10.87)		

The accompanying notes form an integral part of these financial statements

Consolidated Statements of Changes in Equity

for the year ended 31 March 2006

In RM	Share capital	Share premium	Exchange reserve	Retained profits	Total
Balance as at 1 April 2004	112,307,000	21,678,334	–	22,933,758	156,919,092
Loss for the year	–	–	–	(12,374,161)	(12,374,161)
Expenses for rights issue and ESOS	–	(88,935)	–	–	(88,935)
Issue of shares arising from					
- Private placement	1,520,000	349,600	–	–	1,869,600
- Exercise of options under ESOS	87,700	6,907	–	–	94,607
Balance as at 31 March 2005	113,914,700	21,945,906	–	10,559,597	146,420,203
Loss for the year	–	–	–	(4,504,675)	(4,504,675)
Expenses for rights issue and ESOS	–	(8,000)	–	–	(8,000)
Currency translation differences	–	–	(57,097)	–	(57,097)
Dividends	–	–	–	(2,460,558)	(2,460,558)
Balance as at 31 March 2006	**113,914,700**	**21,937,906**	**(57,097)**	**3,594,364**	**139,389,873**

The accompanying notes form an integral part of these financial statements

Company Statements of Changes in Equity

for the year ended 31 March 2006

In RM	Share capital	Share premium	Retained profits	Total
Balance as at 1 April 2004	112,307,000	21,678,334	9,690,720	143,676,054
Profit for the year	–	–	2,618,668	2,618,668
Expenses for private placement and ESOS	–	(88,935)	–	(88,935)
Issue of shares arising from				
- Private placement	1,520,000	349,600	–	1,869,600
- Exercise of options under ESOS	87,700	6,907	–	94,607
Balance as at 31 March 2005	113,914,700	21,945,906	12,309,388	148,169,994
Profit for the year	–	–	1,605,951	1,605,951
Expenses for private placement and ESOS	–	(8,000)	–	(8,000)
Dividends	–	–	(2,460,558)	(2,460,558)
Balance as at 31 March 2006	**113,914,700**	**21,937,906**	**11,454,781**	**147,307,387**

The accompanying notes form an integral part of these financial statements

Consolidated Cash Flow Statements

for the year ended 31 March 2006

In RM		Note	2006	2005
Cash flow from operating activities				
Profit/(Loss) before taxation			**1,120,471**	(4,293,831)
Adjustments for:				
Unrealised gain in foreign exchange			**(361,106)**	–
Amortisation of goodwill			**933,211**	933,211
Interest expenses			**21,905,675**	22,693,378
Interest income			**(231,188)**	(72,762)
Allowance for doubtful debts			**67,331**	120,712
Bad debts written off			**–**	10,714
Share of losses of jointly controlled entities			**132,978**	59,381
Property, plant and equipment	- Depreciation		**13,156,912**	17,826,339
	- Gain on disposals		**(320,967)**	(122,781)
	- Loss on disposals		**6,925**	1,426,120
	- Written off		**–**	1,249,959
			36,410,242	39,830,440
Development properties			**(18,491,722)**	5,191,569
Inventories			**601,299**	(2,047,801)
Receivables			**15,698,669**	(29,225,805)
Amounts due from customers on contracts			**(9,958,762)**	(20,074,883)
Amounts due from jointly controlled entities			**(11,708)**	(225,421)
Amounts due from associated companies			**17,550**	–
Payables			**4,952,363**	(17,992,790)
Net cash flow from operating activities			**29,217,931**	(24,544,691)
Income tax paid			**(5,527,219)**	(3,821,796)
Net cash flow generated from/(used in) operating activities			**23,690,712**	(28,366,487)
Cash flow from investing activities				
Interest income			**231,188**	72,762
Property, plant and equipment	- Additions		**(3,505,038)**	(2,535,617)
	- Disposals		**1,442,016**	3,289,300
Land and development expenditure			**(7,720,333)**	(5,131,546)
Other investment			**(17,550)**	–
Net cash flow used in investing activities			**(9,569,717)**	(4,305,101)

The accompanying notes form an integral part of these financial statements

Consolidated Cash Flow Statements

for the year ended 31 March 2006 (cont'd)

In RM	Note	2006	2005
Cash flow from financing activities			
Borrowing costs capitalised		**(11,659,226)**	(12,174,344)
Dividends paid to shareholders		**(2,460,558)**	–
Expenses for proposed private placement and ESOS		**(8,000)**	(88,935)
Hire purchase principal repayments		**(1,870,165)**	(2,261,627)
Interest paid		**(22,024,442)**	(22,693,378)
Proceeds from bank borrowings		**179,385,485**	595,385,815
Proceeds from exercise of options under ESOS		**–**	94,607
Proceeds from private placement		**–**	1,869,600
Proceeds from shares issued to minority shareholders of a subsidiary company		**10**	–
Repayments of bank borrowings		**(157,121,789)**	(525,934,713)
Net cash flow (used in)/generated from financing activities		**(15,758,685)**	34,197,025
Net (decrease)/increase in cash and cash equivalents		**(1,637,690)**	1,525,437
Cash and cash equivalents			
- at start of year		**(13,712,660)**	(15,238,097)
- at end of year	18	**(15,350,350)**	(13,712,660)

The accompanying notes form an integral part of these financial statements

Company Cash Flow Statements

for the year ended 31 March 2006

In RM	Note	2006	2005
Cash flow from operating activities			
Profit before taxation		**3,005,951**	5,084,926
Adjustments for:			
Dividends received from a subsidiary company		**(5,000,000)**	(8,316,825)
Interest expenses		**1,037,103**	628,714
Interest income		**(2,400)**	–
Property, plant and equipment - Depreciation		**250,060**	299,767
- Loss on disposals		**–**	1,426,120
- Written off		**–**	225,439
		(709,286)	(651,859)
Receivables		**214,893**	1,207,415
Amounts due from customers on contracts		**1,000,000**	–
Amounts due from jointly controlled entities		**–**	(35,278)
Amounts due from/(to) subsidiary companies		**17,955,239**	191,655,899
Payables		**(10,960,427)**	(4,176,291)
Net cash flow generated from operating activities		**7,500,419**	187,999,886
Cash flow from investing activities			
Interest received		**2,400**	–
Dividend received from a subsidiary company		**3,600,000**	6,000,567
Property, plant and equipment - Additions		**(12,815)**	(183,481)
- Disposals		**–**	3,050,000
Net cash flow generated from investing activities		**3,589,585**	8,867,086
Cash flow from financing activities			
Dividends paid to shareholders		**(2,460,558)**	–
Expenses for proposed private placement and ESOS		**(8,000)**	(88,935)
Hire purchase principal repayments		**(129,548)**	(117,592)
Interest paid		**(1,037,103)**	(628,714)
Proceeds from bank borrowings		**1,700,000**	–
Proceeds from exercise of options under ESOS		**–**	94,607
Proceeds from private placement		**–**	1,869,600
Repayments of bank borrowings		**(9,423,806)**	(198,652,452)
Net cash flow used in financing activities		**(11,359,015)**	(197,523,486)
Net decrease in cash and cash equivalents		**(269,011)**	(656,514)
Cash and cash equivalents			
- at start of year		**(3,728,336)**	(3,071,822)
- at end of year	18	**(3,997,347)**	(3,728,336)

The accompanying notes form an integral part of these financial statements

1 PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year under review are investment holding, provision of management services, civil, structural and building construction, earthworks and renting of construction plant and machinery.

The principal activities of the subsidiaries are described in Note 7 to the financial statements.

2 DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of the Directors on 27 July 2006.

3 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The main areas of financial risks faced by the Group are foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risks. The Group's overall financial risk management objective is to ensure that the Group enhances shareholders' value. The Group establishes and operates within financial risk management policies approved by the Board of Directors to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing these risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

a Foreign currency risk

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by subsidiaries arisen from their normal trading activities in currencies other than the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure on foreign currency by matching foreign currency receivables against foreign currency payables.

b Interest rate risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

c Credit risk

Credit risk is controlled by ensuring that sales of services and products are made to customers with an appropriate credit history and the application of credit limits and monitoring procedures. The Group also seeks to invest cash assets prudently and profitably.

d Market risk

The Group faces exposure to the risk from changes in debt and equity prices. However, the management regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risks. For key product purchases, the Group establishes floating and fixed price levels that the Group considers appropriate.

3 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (cont'd)

e Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of fund so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

4 SEGMENTAL REPORTING

The Group is organised into five main business segments:

- Construction
- Property development
- Trading and services
- Hospitality and leisure
- Investment holding

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segments assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

5 SIGNIFICANT ACCOUNTING POLICIES

a Basis of preparation

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

b Group accounting

i Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to 31 March 2006 and have been prepared in accordance with the Group's accounting policies. Subsidiary companies are those companies in which the Group has the power to exercise control over the financial and operating policies so as to attain benefit from their activities.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b Group accounting (cont'd)

i Subsidiaries (cont'd)

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed off during the year are included in the consolidated financial statements from the date of acquisition up to the date of their disposal. The difference between the acquisition cost and the fair value of the Group's share of the subsidiary companies' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

All inter-company transactions, balances and unrealised gains on transactions between the group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary companies to ensure consistency of accounting policies with those of the Group.

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

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

ii Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. The interests in joint venture entities are accounted for in the Group's consolidated financial statements by the equity method of accounting.

The share of results of the joint ventures is included in the financial statements from the date of formation of the joint ventures to the date of completion of the projects. Joint venture earnings on the contract-in-progress are recognised on the percentage of completion method determined through the matching of progress billings receivable (including retentions) certified based on work performed to the costs incurred where the outcome of the contract can be reliably estimated. Costs include material, labour and overheads.

The share of the jointly controlled assets are included in the financial statements, classified according to nature of the assets; any liabilities which they have incurred; their share of any liabilities incurred jointly with the other venturers in relation to the joint venture; any income from sale or use of their share of the output of the joint venture together with their share of any expenses incurred by the joint venture; any expenses which they have incurred in respect of their interest in the joint venture.

Any estimated losses on the contract are recognised in advance of completion to the extent determinable.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c Property, plant and equipment

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

Freehold land is not depreciated as it has infinite life. Other property, plant and equipment are depreciated on a reducing balance basis to write off the cost of each asset over its estimated useful life except one subsidiary which has adopted a straight line method. The principal annual rates of depreciation used are as follows:

	%
Buildings	2
Plant and machinery	10–20
Motor vehicles	20
Office equipment	10–25
Furniture and fittings	10
Computers	25

Additions of property, plant and equipment during the year are depreciated proportionately to the months in use.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Interest costs on borrowings to finance the construction of a property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operation.

The Group has not adopted a policy of revaluation on its landed properties as at the end of the financial year 31 March 2006.

d Investments

Investments in subsidiary companies and jointly controlled entities are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investment in other non-current investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amounts is charged/credited to the income statement.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e Land and development expenditure

Land and development expenditure are stated at the lower of cost and net realisable value and comprise cost of land, interest capitalised, direct and incidental expenditure relating to development and construction of residential and commercial development projects.

The land held for property development is classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. It is carried at cost less accumulated impairment losses.

The land is reclassified as current asset 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.

f Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiary companies and jointly controlled entities over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill is amortised using the straight line method over its estimated useful life of 20 years.

The carrying amount of goodwill is reviewed annually and written down for impairment where it is considered necessary.

g Development properties

Development properties comprise all costs associated with the acquisition of land and those that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Unsold units of development properties not recognised as an expense are stated at the lower of cost and net realisable value.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

h Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis except one subsidiary which has adopted a first in first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Inventories comprise construction material, computer equipment, food and beverage.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of outstanding amounts at the year end. Bad debts are written off when identified.

j Cash and cash equivalents

Cash and cash equivalent comprise cash in hand and at bank, deposits held at call with banks, bank overdraft and short term investments which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

k Impairment of assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement for items of property, plant and equipment and intangible assets carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

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

l Hire purchase

Where assets are financed by hire purchase agreements that give rights approximating to the ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the periods of hire purchase and the corresponding hire purchase commitments are included under liabilities. The excess of the hire purchase and the corresponding hire purchase commitments are included under liabilities. The excess of the hire purchase payments over the recorded hire purchase obligation is treated as finance charges, which allocated over each hire purchase terms to give a constant rate of interest on the outstanding balance at the end of each period.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks incidental to the ownership of the asset but not the legal ownership, are classified as finance leases.

Finance leases are capitalised at the date of inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on finance balance outstanding. The corresponding rental obligations, net of finance charges are included in non-trade payables. The interest element of the finance charge is charged to the income statement over the lease period. Property, plant and equipment acquired under finance lease contracts are capitalised and depreciated over the estimated useful life of the assets in accordance with Note 5(c).

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

n Taxation

i Current taxation

The taxation charge in the income statement is calculated at the current tax rate based on the estimated taxable income for the year.

ii Deferred taxation

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. 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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are not recognised on temporary differences arising 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it become probable that sufficient future taxable profit will be available.

Deferred tax are recognised in the income statement, except when it arises from a transaction which is recognised directly in equity. In this case the deferred tax is charged or credited directly in equity. When the deferred tax arises from a business combination that is an acquisition, it is in included in the resulting goodwill or negative goodwill.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

p Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits in the year in which they are declared.

q Revenue recognition

i Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period of the contract; the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent contract costs incurred that is probably recoverable; contract costs are recognised as expenses when incurred.

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

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts.

ii Property development

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the 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 to be recoverable; property development costs on the development units sold are recognised when incurred.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q Revenue recognition (cont'd)

ii Property development (cont'd)

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

iii Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Sales of services are recognised upon rendering of services to customers.

Commission on sales of goods is recognised upon delivery of products and customer acceptance on sale on the internet.

Assessment income is recognised upon delivery of assessment report.

iv Hospitality and leisure

Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis.

v Other income

Rental income is recognised on accrual basis.

Interest income is recognised on accrual basis unless collectibility is in doubt in which case the recognition of such is suspended.

Dividend income from investment in subsidiary companies is accounted for in the Company's income statement as and when declared.

r Employee benefits

i Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

r Employee benefits (cont'd)

ii Pension obligations

The Company operates a defined contribution pension plan. The assets of the pension plan are held in a separate government administered fund. The defined contribution pension plan is funded by contributions from employees and by the company.

The company's contributions to the defined contribution pension plan are expensed as incurred.

iii Equity compensation benefits

Details of the Group's Employee Share Option Scheme are set out in Note 21 to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

s Borrowing costs

Borrowing costs incurred that are directly attributable to the construction of property, plant and equipment and property development are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for their intended use.

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

t Foreign currency transaction and balances

Income statements of foreign entities are translated into Ringgit Malaysia at an average exchange rate for the year and the balance sheets are translated at exchange rates ruling at the balance sheet date. The assets and liabilities of the foreign entity, including goodwill and fair value adjustments arising on the acquisitions, are translated to Ringgit Malaysia at the exchange rates at the transaction dates. Exchange differences arising from the retranslation of the investment in foreign entities are taken to the foreign exchange translation reserve. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from translation of foreign currency assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts and the financial statement of foreign entity are as follows:

5 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

t Foreign currency transaction and balances (cont'd)

Foreign currencies

In RM	31.3.2006	31.3.2005
1 US Dollar	**3.69**	3.80
1 Australian Dollar	**2.64**	2.96

u Financial instruments

Financial instruments recognised on the balance sheet include cash and bank balances, investments, receivables, payable and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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

v Fair value estimation for disclosure purposes

The fair values of the financial assets and liabilities maturing within 12 months are assumed to approximate their carrying values as at the balance sheet date.

The fair value of quoted investments is based on quoted market prices at the balance sheet date. For investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. Therefore, such investments are valued at cost subject to review for impairment.

6 PROPERTY, PLANT AND EQUIPMENT

In RM Group	Freehold land	Buildings	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Computers	Total
Net book value as at 1.4.2005	32,627,689	338,678,500	60,080,736	2,860,651	1,690,022	14,684,806	1,654,614	452,277,018
Additions	–	2,118,501	1,911,261	–	80,903	278,845	99,529	4,489,039
Disposals	–	–	(1,047,272)	(79,526)	(1,176)	–	–	(1,127,974)
Depreciation charge	–	(6,919,303)	(3,341,156)	(588,400)	(248,390)	(1,645,940)	(413,723)	(13,156,912)
Net book value as at 31.3.2006	**32,627,689**	**333,877,698**	**57,603,569**	**2,192,725**	**1,521,359**	**13,317,711**	**1,340,420**	**442,481,171**
As at 31.3.2006								
Cost	**32,627,689**	**348,695,824**	**82,045,727**	**9,304,624**	**3,905,350**	**17,481,548**	**2,649,319**	**496,710,081**
Accumulated depreciation	**–**	**(14,818,126)**	**(24,442,158)**	**(7,111,899)**	**(2,383,991)**	**(4,163,837)**	**(1,308,899)**	**(54,228,910)**
Net book value	**32,627,689**	**333,877,698**	**57,603,569**	**2,192,725**	**1,521,359**	**13,317,711**	**1,340,420**	**442,481,171**
As at 31.3.2005								
Cost	32,627,689	346,577,323	82,084,161	9,714,821	3,827,535	17,202,703	2,549,790	494,584,022
Accumulated depreciation	–	(7,898,823)	(22,003,425)	(6,854,170)	(2,137,513)	(2,517,897)	(895,176)	(42,307,004)
Net book value	32,627,689	338,678,500	60,080,736	2,860,651	1,690,022	14,684,806	1,654,614	452,277,018

Freehold land and building costing RM364,872,856 (31.3.2005-RM369,667,331) inclusive of borrowing costs capitalised has been charged to financial institutions for facilities granted to the Group up to RM242 million (31.3.2005-RM248.3 million). No borrowing costs capitalised during the financial year and the accumulated borrowing costs capitalised as at 31 March 2006 is RM12,059,302 (31.3.2005-RM12,059,302).

6 PROPERTY, PLANT AND EQUIPMENT (cont'd)

In RM **Company**	**Freehold land**	**Buildings**	**Motor vehicles**	**Office equipment**	**Furniture and fittings**	**Total**
Net book value as at 1.4.2005	9,552,128	1,701,732	760,487	373,564	155,072	12,542,983
Additions	–	–	–	12,815	–	12,815
Depreciation charge	–	(24,879)	(152,097)	(57,577)	(15,507)	(250,060)
Net book value as at 31.3.2006	**9,552,128**	**1,676,853**	**608,390**	**328,802**	**139,565**	**12,305,738**
As at 31.3.2006						
Cost	**9,552,128**	**1,856,134**	**3,912,551**	**1,338,524**	**547,395**	**17,206,732**
Accumulated depreciation	**–**	**(179,281)**	**(3,304,161)**	**(1,009,722)**	**(407,830)**	**(4,900,994)**
Net book value	**9,552,128**	**1,676,853**	**608,390**	**328,802**	**139,565**	**12,305,738**
As at 31.3.2005						
Cost	9,552,128	1,856,134	3,912,551	1,325,709	547,395	17,193,917
Accumulated depreciation	–	(154,402)	(3,152,064)	(952,145)	(392,323)	(4,650,934)
Net book value	9,552,128	1,701,732	760,487	373,564	155,072	12,542,983

Freehold land and building costing RM9,596,450 (31.3.2005-RM9,615,002) inclusive of borrowing costs capitalised has been charged to financial institutions for facility granted to the Company up to RM2 million (31.3.2005-RM8.3 million). No borrowing costs were capitalised during the financial year and the accumulated borrowing costs capitalised as at 31 March 2006 is RM2,188,244 (31.3.2005-RM2,188,244).

6 PROPERTY, PLANT AND EQUIPMENT (cont'd)

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Details of assets under:				
Hire purchase -				
Plant and machinery -				
Additions during the year, at cost	**424,000**	244,800	**–**	–
Net book value at year end	**1,595,826**	2,518,560	**–**	–
Motor vehicles -				
Additions during the year, at cost	**–**	38,394	**–**	–
Net book value at year end	**1,029,977**	1,574,825	**245,432**	306,790
Office equipment and computers -				
Net book value at year end	**10,365**	14,239	**–**	–
Finance lease -				
Plant and machinery -				
Additions during the year, at cost	**560,000**	–	**–**	–
Net book value at year end	**757,048**	298,667	**–**	–
Motor vehicles -				
Net book value at year end	**13,227**	16,533	**–**	–

7 INVESTMENT IN SUBSIDIARY COMPANIES

In RM	Company 31.3.2006	Company 31.3.2005
Unquoted shares at cost	**50,086,981**	50,086,981

7 INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The particulars of the subsidiaries and companies within the Group are as follows:

	Country of incorporation	Principal activities	Holding in equity 2006 (%)	Holding in equity 2005 (%)
Subsidiary companies -				
Ireka Sdn Bhd	Malaysia	Investment holding	**100**	100
Ireka iCapital Sdn Bhd (i)	Malaysia	Investment holding	**100**	100
Ireka Corporation (HK) Ltd (i)	Hong Kong	Structural and building construction	**100**	100
ICSD Ventures Sdn Bhd (Formerly known as Ireka-Charng Sheng Development Sdn Bhd) (i)	Malaysia	Property development	**60**	60
Subsidiary companies of Ireka Sdn Bhd -				
Ireka Engineering & Construction Sdn Bhd	Malaysia	Civil, structural and building construction, earthworks and renting of construction plant and machinery	**100**	100
Ireka Land Sdn Bhd (Formerly known as Regalmont Sdn Bhd)	Malaysia	Property development	**100**	100
Regalmont (Sabah) Sdn Bhd	Malaysia	Property development	**100**	100
i-Residence Sdn Bhd	Malaysia	Dormant	**100**	100
Regal Variety Sdn Bhd	Malaysia	Dormant	**100**	100
Ireka Hotels Sdn Bhd (i)	Malaysia	Hotel business	**100**	100
Iswaja Enterprise Sdn Bhd	Malaysia	Dormant	**100**	100
i-Zen Hospitality Sdn Bhd	Malaysia	Property management	**100**	100
Unique Legacy Sdn Bhd (i)	Malaysia	Dormant	**90**	–
Awarni Sdn Bhd (i)	Malaysia	Dormant		
- Subsidiary company of Ireka Hotels Sdn Bhd			**67**	67
- Associated company of Iswaja Enterprise Sdn Bhd			**33**	33

7 INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

	Country of incorporation	Principal activities	Holding in equity 2006 (%)	Holding in equity 2005 (%)
Subsidiary companies of Ireka iCapital Sdn Bhd				
e-Auction Sdn Bhd (i)	Malaysia	Online international auction trade and trading of industrial and construction equipment	**96**	96
Ireka Venture Capital Ltd (i)	British Virgin Islands	Investment holding and provision of e-commerce venture capital fund to internet, and related technology based companies	**100**	100
asiaegolf Tours Sdn Bhd (i)	Malaysia	Providing golf related services that includes golf booking and registration, transportation, meal and rental of golf equipment	**100**	100
i-Tech Network Solutions Sdn Bhd (i)	Malaysia	IT solutions provider	**100**	100
Subsidiary companies of ICSD Ventures Sdn Bhd (Formerly known as Ireka-Charng Sheng Development Sdn Bhd)				
Sandakan Harbour Square Sdn Bhd (i)	Malaysia	Dormant	**100**	–

(i) The financial statements of these companies are not audited by Raja Salleh, Lim & Co.

8 INVESTMENT IN JOINTLY CONTROLLED ENTITIES

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Capital contribution	**140,000**	140,000	**70,000**	70,000
Share of reserves	**80,254**	213,231	**–**	–
	220,254	353,231	**70,000**	70,000

8 INVESTMENT IN JOINTLY CONTROLLED ENTITIES (cont'd)

The Group's share of assets, liabilities, revenue and expenses of the jointly controlled entities:

In RM	Group 31.3.2006	Group 31.3.2005
Property, plant and equipment	**23,080**	30,500
Current assets	**8,032,399**	8,032,476
Current liabilities	**(7,835,225)**	(7,709,745)
Net assets	**220,254**	353,231
Revenue	**–**	–
Share of loss for the year	**(132,979)**	(59,381)

The particulars of the jointly controlled entities are as follows:

Ratio %			Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Jointly controlled entities		**Principal activities**				
a	Ireka-Uspa Joint Venture (i) (ii)	Construction of passage including pipe-jacking, bridge and culvert in Gombak	**70**	70	**70**	70
b	Ireka-Sara Timur Joint Venture (iii) (iv)	Construction of a sewerage treatment plant at Kincimount Lagoon, Luyang, Kota Kinabalu	**70**	70	**–**	–

(i) There are no contingencies and commitments relating to the Groupís interest in the jointly controlled entities.

(ii) The financial year end is 31 December 2005.

(iii) The financial statements of these jointly controlled entities are not audited by Raja Salleh, Lim & Co.

(iv) The financial year end is 31 March 2006.

9 OTHER INVESTMENTS

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
At cost -				
Transferable corporate memberships in recreational clubs	**601,900**	601,900	**601,900**	601,900
Shares in an unquoted corporations	**1,227,438**	1,266,985	**–**	–
Subordinated bond 2002/2007	**4,000,000**	4,000,000	**4,000,000**	4,000,000
	5,829,338	5,868,885	**4,601,900**	4,601,900

10 LAND AND DEVELOPMENT EXPENDITURE

Consists of the following:

In RM	**At 1.4.2005**	**Additions**	**Reclassification**	**At 31.3.2006**
Freehold land -				
At cost	47,621,117	–	1,619,347	**49,240,464**
Borrowing cost capitalised	6,579,656	122,147	587,844	**7,289,647**
Other direct and incidental costs	1,389,426	114,202	129,333	**1,632,961**
	55,590,199	236,349	2,336,524	**58,163,072**
Development and construction -				
Borrowing cost capitalised	17,411,441	4,581,789	1,767,055	**23,760,285**
Other direct and incidental costs	43,528,240	7,606,131	(3,844,687)	**47,289,684**
	60,939,681	12,187,920	(2,077,632)	**71,049,969**
	116,529,880	12,424,269	258,892	**129,213,041**

Landed properties costing RM129,213,041 (31.3.2005-RM116,529,880) have been charged to financial institutions for facilities granted to the Group up to RM56 million (31.3.2005-RM196 million).

The borrowing costs capitalised during the financial year is RM4,703,936 (31.3.2005-RM5,412,703).

11 GOODWILL ON CONSOLIDATION

In RM	Group 31.3.2006	Group 31.3.2005
At beginning of year	**13,512,569**	14,445,780
Amortisation charge for the year	**(933,211)**	(933,211)
At end of year	**12,579,358**	13,512,569
As at 31 March		
Cost	**18,242,767**	18,242,767
Accumulated amortisation	**(5,663,409)**	(4,730,198)
Net book value	**12,579,358**	13,512,569

12 DEVELOPMENT PROPERTIES

In RM	Group 31.3.2006	Group 31.3.2005
Freehold land-at cost	**30,669,767**	34,093,104
Development and construction -		
Borrowing costs capitalised	**26,136,206**	21,535,815
Direct and incidental costs	**267,059,474**	168,469,786
	293,195,680	190,005,601
	323,865,447	224,098,705
Less: Cost recognised as an expense in Income Statement		
-previous year	**(143,495,942)**	(47,529,946)
-current year	**(95,872,175)**	(95,965,996)
	84,497,330	80,602,763

Development properties costing RM323,865,447 (31.3.2005-RM224,098,705) have been charged to financial institutions for facilities granted to the Group as disclosed in Note 10 to the financial statements.

13 INVENTORIES

In RM	Group 31.3.2006	Group 31.3.2005
At cost -		
Construction material	**5,184,085**	7,274,501
Finished goods (i)	**3,031,174**	1,542,057
	8,215,259	8,816,558

(i) The cost of inventories recognised as an expense during the financial year amounted to RM9,078,249 (31.3.2005-RM6,859,448).

14 TRADE AND OTHER RECEIVABLES

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Trade receivables (i)	**93,428,959**	103,763,160	**15,772,827**	15,759,878
Accrued billings in respect of property development	**22,648,663**	3,934,568	**–**	–
Other receivables (ii)	**1,089,762**	1,908,990	**71,769**	97,399
Deposits	**1,802,665**	1,986,194	**87,958**	87,958
Prepayments (iii)	**16,199,160**	20,823,936	**2,964,124**	3,166,336
	135,169,209	132,416,848	**18,896,678**	19,111,571

(i) The Group and the Company's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

(ii) Inclusive of loan to a related corporation amounted to RM552,900 (31.3.2005-RM570,450) by a subsidiary company which is unsecured, has no fixed term of repayment and bear interest at 8% per annum.

(iii) Inclusive of tax paid in advance by the Company amounted to RM2,598,378 (31.3.2005-RM2,598,378) and arrangement fee, bank guarantee commissions, participation fees, agency fees, put option fees and interest paid for the syndicated multi-facilities loan amounted to RM11,759,577 (31.3.2005-RM16,246,275) as disclosed in Note 20(b)(iv) to the financial statements.

15 AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Costs incurred on contracts to date	**782,217,777**	693,667,024	**139,601,740**	138,601,740
Attributable profits, less recognised losses	**93,525,632**	91,125,004	**14,807,179**	16,807,179
	875,743,409	784,792,028	**154,408,919**	155,408,919
Progress billings on contracts	**(800,916,262)**	(719,923,642)	**(135,454,389)**	(135,454,389)
Amounts due from customers on contracts	**74,827,147**	64,868,386	**18,954,530**	19,954,530
Retention sum on contracts included in trade receivables	**19,780,822**	19,507,767	**–**	–

16 AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Amounts due from jointly controlled entities	**13,481,276**	13,457,239	**13,174,341**	13,174,341
Less: Allowance for doubtful debts	**(1,849,865)**	(1,849,865)	**(1,849,865)**	(1,849,865)
	11,631,411	11,607,374	**11,324,476**	11,324,476

The amounts due from jointly controlled entities are unsecured, have no fixed terms of repayment and non-interest bearing.

17 AMOUNTS DUE FROM OR TO SUBSIDIARY COMPANIES

The amounts due from or to subsidiary companies are unsecured, have no fixed terms of repayment and interest-free. In the previous financial year, interest at rates ranging from 7.10% to 7.15% per annum was charged in respect of a bank loan.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Deposits with licensed banks	**754,271**	3,428,683	**–**	–
Cash and bank balances (i) (ii)	**4,762,567**	4,890,005	**18,865**	57,541
	5,516,838	8,318,688	**18,865**	57,541
Bank overdrafts	**(20,867,188)**	(22,031,348)	**(4,016,212)**	(3,785,877)
	(15,350,350)	(13,712,660)	**(3,997,347)**	(3,728,336)

The bank overdrafts are unsecured and bear interest at rates ranging from 7.75% to 9.00% (31.3.2005-7.25% to 8.50%) per annum.

(i) Included in cash and bank balances of the Group are amounts of RM366,487 (31.3.2005-RM2,639,544) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act, 1966) and therefore restricted from use in other operations.

(ii) Included in cash and bank balances are RM2,000 (31.3.2005-RM2,000) and RM2,338 (31.3.2005-RM1,982) being Sinking Fund Account and Put Option Account respectively, held pursuant to the requirement of the syndicated multi-facilities loan agreement as disclosed in Note 20(b) to the financial statements.

19 TRADE AND OTHER PAYABLES

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Current -				
Trade payables (i)	**127,014,729**	133,823,943	**2,162,065**	3,909,854
Progress billings in respect of property development	**1,256,675**	3,428,718	**–**	–
Other payables	**37,720,301**	32,635,956	**3,901,344**	2,390,761
Accruals (ii) (iii)	**6,980,579**	17,268,017	**34,523**	10,757,745
Trade deposit	**82,550**	24,000	**–**	–
	173,054,834	187,180,634	**6,097,932**	17,058,360

(i) The normal trade credit terms granted to the Group and the Company range from 30 to 90 days.

(ii) Inclusive of RM Nil (31.3.2005-RM10,993,636) accrued for construction work.

(iii) Inclusive in accruals is interest payable in respect of the syndicated multi-facilities loan amounting to RM2,499,863 (31.3.2005-RM2,618,630).

20 BORROWINGS

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Current				
Secured -				
Bridging loans	**10,067,802**	32,085,621	**–**	–
Finance lease and hire purchase	**1,090,241**	1,713,941	**112,525**	141,504
Revolving credits	**34,740,470**	–	**–**	–
Term loans	**65,932,325**	76,104,295	**2,212,005**	4,642,683
	111,830,838	109,903,857	**2,324,530**	4,784,187
Unsecured -				
Revolving credits	**42,313,225**	43,189,632	**4,035,022**	9,033,034
Trade finance	**26,199,762**	21,117,753	**–**	–
	68,512,987	64,307,385	**4,035,022**	9,033,034
	180,343,825	174,211,242	**6,359,552**	13,817,221
Non-current				
Secured -				
Finance lease and hire purchase	**735,746**	998,209	**3,762**	104,331
Term loans	**361,185,499**	345,678,089	**42,130,299**	42,425,415
	361,921,245	346,676,298	**42,134,061**	42,529,746
	542,265,070	520,887,540	**48,493,613**	56,346,967

a Repayment terms:

i Bank borrowings

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Not later than 1 year	**136,694,651**	172,497,301	**6,247,027**	13,675,717
Between 1 to 2 years	**126,668,722**	57,654,092	**40,760,595**	1,845,995
Between 2 to 5 years	**277,075,711**	288,023,997	**1,369,704**	40,579,420
	540,439,084	518,175,390	**48,377,326**	56,101,132

20 BORROWINGS (cont'd)

a Repayment terms: (cont'd)

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
ii Finance lease and hire purchase				
Minimum lease payments -				
Not later than 1 year	**1,298,633**	1,912,023	**135,338**	167,511
Between 1 to 2 years	**614,321**	826,039	**3,762**	104,331
Between 2 to 5 years	**203,993**	356,685	**–**	–
	2,116,947	3,094,747	**139,100**	271,842
Finance charges	**(290,961)**	(382,597)	**(22,813)**	(26,007)
	1,825,986	2,712,150	**116,287**	245,835
Present value -				
Not later than 1 year	**1,090,241**	1,713,941	**112,525**	141,504
Between 1 to 2 years	**589,715**	730,593	**3,762**	104,331
Between 2 to 5 years	**146,030**	267,616	**–**	–
	1,825,986	2,712,150	**116,287**	245,835

Interest rate on the finance lease and hire purchase for the year is 3.75% to 10.00% (31.3.2005-3.9% to 10.80%).

b Securities:

i The bridging loans are secured by assignment of contract proceeds and corporate guarantees of the Company.

ii The term loans are secured by charges over certain land and buildings of the Group as disclosed in Note 6 and Note 10 to the financial statements and corporate guarantees of the Company.

iii Hire purchase and finance lease liabilities are effectively secured as rights to the financed/leased assets revert to the lessors in the event of default.

iv The syndicated multi-facilities loan ("SMFL") bears interest ranging between at 4.50% to 5.75% (31.3.2005-4.50% to 5.75%) per annum, is repayable in full within five (5) years from the date of drawdown on 10 January 2005 and repayment can be extended by another two (2) years subject to terms and conditions of the loan agreement.

The SMFL is secured as follows:

a A first fixed legal charge over freehold land in the name of Ireka Hotels Sdn Bhd ("IHSB") as the chargor;

b A debenture over all present and future assets of the IHSB;

c An assignment of all receivables belonging to the IHSB in the account maintained by the IHSB designated as the Operating Account; and

d A memorandum of deposit over a sinking fund account, designated as Sinking Fund Account Memorandum of Deposit.

21 SHARE CAPITAL

	No. of ordinary shares of RM1.00 each		Amount	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Authorised share capital				
As at 31 March	**500,000,000**	500,000,000	**500,000,000**	500,000,000
Issued and fully paid-up				
As at 1 April 2005/2004	**113,914,700**	112,307,000	**113,914,700**	112,307,000
Issued during the year:				
- Private placement	–	1,520,000	–	1,520,000
- ESOS	–	87,700	–	87,700
As at 31 March	**113,914,700**	113,914,700	**113,914,700**	113,914,700

a Purchase of own shares

The Company did not purchase or re-sell any of its own shares during the financial year ended 31 March 2006.

b Employees' Share Option Scheme ("ESOS"/"Scheme")

The main features of the Employeesí Share Option Scheme ("ESOS"/"THE Scheme") are:

i Eligible persons are confirmed employees (including Executive Directors) who have served for at least one year for Executive Directors, Management, Technical and Supervisory categories of employees and for at least two years for skilled staff categories;

ii ESOS is in force for a period of five years commencing 1 November 2001. Hence, the Scheme shall expire on 31 October 2006;

iii The option price for Eligible Employees shall be at a discount of not more than 10% from the weighted average market price of the ordinary shares of the Company for the five (5) market days preceding the offer date pursuant to Bye-Law 7 of the ESOS hereof are at the par value of the ordinary shares of the Company at the time the ESOS option is offered, whichever is higher; and

iv The total number of ordinary shares to be issued under the ESOS shall not at any one point of time exceed ten per cent (10%) of the total issued and paid up share capital of the Company during the existence of the ESOS.

Pursuant to the Scheme, options to subscribe for 13,228,835 ordinary shares of RM1.00 each in the Company had been granted as of 31 March 2006, of which 6,905,135 share options remain outstanding as at 31 March 2006.

21 SHARE CAPITAL (cont'd)

c Issue of shares during the year upon exercise of options

During the year, no shares under ESOS were issued.

Information with respect to the number of options granted under the Scheme is as follows:

	No. of share options	
	31.3.2006	**31.3.2005**
As at 1 April 2005/2004	**7,506,135**	7,293,835
Granted	**154,000**	701,000
Exercised	**–**	(87,700)
Lapsed	**(755,000)**	(401,000)
As at 31 March	**6,905,135**	7,506,135

d Details of share options granted during the financial year

Expiry date-31.10.2006

In RM	**31.3.2006**	**31.3.2005**
Exercise price per share	**1.00**	1.00–1.25
Market value per share	**0.62–0.74**	0.89–1.35
Aggregate proceeds if shares are issued	**134,000**	670,000

e Details of share options exercised during the financial year

Expiry date-31.10.2006		
Exercise price per share	**1.00–1.18**	1.00–1.18
Market value per share	**0.55–0.88**	1.29–1.50
Aggregate proceeds from shares issued	**–**	94,607

f Details of share options held by the Company's Directors and the Group's key management personnel during the financial year

Details of share options held by the company's Directors and the Group's Key Management Personnel during the financial year are as follows:

	No. of share options	
	31.3.2006	**31.3.2005**
As at 31 March	**2,742,495**	2,742,495

21 SHARE CAPITAL (cont'd)

g Terms of options outstanding as at 31 March 2006

Grant Date	Exercise price RM	No. of share options outstanding 31.3.2006	31.3.2005
07.12.2001	1.18	**5,487,684**	5,733,684
01.04.2002	1.20	**199,414**	199,414
01.07.2002	1.30	**13,737**	49,737
02.12.2002	1.00	**150,500**	185,500
01.04.2003	1.00	**115,000**	115,000
01.07.2003	1.00	**144,500**	239,500
01.10.2003	1.03	**60,000**	76,000
02.01.2004	1.01	**147,300**	253,300
01.04.2004	1.25	**64,000**	64,000
01.07.2004	1.00	**358,000**	474,000
01.10.2004	1.00	**13,000**	88,000
03.01.2005	1.00	**18,000**	28,000
01.10.2005	1.00	**134,000**	–
		6,905,135	7,506,135

The above outstanding share options expire on 31 October 2006.

22 RESERVES

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Retained profits -				
As at 1 April 2005/2004	**10,559,597**	22,933,758	**12,309,388**	9,690,720
(Loss)/Profit for the year	**(4,504,675)**	(12,374,161)	**1,605,951**	2,618,668
Profit attributable to shareholders	**6,054,922**	10,559,597	**13,915,339**	12,309,388
Less: Dividends	**(2,460,558)**	–	**(2,460,558)**	–
As at 31 March	**3,594,364**	10,559,597	**11,454,781**	12,309,388

22 RESERVES (cont'd)

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Share premium -				
As at 1 April 2005/2004	**21,945,906**	21,678,334	**21,945,906**	21,678,334
Issue of shares	**–**	356,507	**–**	356,507
Expenses for share issues	**(8,000)**	(88,935)	**(8,000)**	(88,935)
As at 31 March	**21,937,906**	21,945,906	**21,937,906**	21,945,906
Exchange reserves -				
As at 1 April 2005/2004	**–**	–	**–**	–
Currency translation differences	**(57,097)**	–	**–**	–
As at 31 March	**(57,097)**	–	**–**	–
	25,475,173	32,505,503	**33,392,687**	34,255,294

23 DEFERRED TAXATION

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
As at beginning of the year	**3,293,389**	2,798,856	**610,000**	460,000
Amount recognised in the income statement	**(8,319)**	494,533	**–**	150,000
As at end of the year	**3,285,070**	3,293,389	**610,000**	610,000

Presented after appropriate offsetting as follows:

	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Deferred tax assets	**(24,364,651)**	(15,802,513)	**–**	–
Deferred tax liabilities	**27,649,721**	19,095,902	**610,000**	610,000
	3,285,070	3,293,389	**610,000**	610,000

23 DEFERRED TAXATION (cont'd)

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

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Deferred tax liabilities				
Property, plant and equipment -				
As at 1 April 2005/2004	**19,095,902**	19,638,152	**610,000**	460,000
Amount recognised in the income statement	**8,553,819**	(542,250)	**–**	150,000
As at 31 March	**27,649,721**	19,095,902	**610,000**	610,000

Deferred tax assets of the Group:

In RM	Tax losses and unabsorbed capital allowance	Provisions	Others	Total
As at 1 April 2005	(15,799,824)	(2,689)	–	(15,802,513)
Recognised in the income statement	(8,548,246)	(1,726)	(12,166)	(8,562,138)
As at 31 March 2006	**(24,348,070)**	**(4,415)**	**(12,166)**	**(24,364,651)**

At balance sheet date, deferred tax assets have not been recognised in respect of the following items:

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Deferred tax assets				
Unutilised tax losses carried forward	**6,156,398**	1,413,499	**–**	–
Unabsorbed industrial building allowance and capital allowance	**10,996,723**	19,455,487	**197,358**	106,031
	17,153,121	20,868,986	**197,358**	106,031

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.

24 OTHER PAYABLES

The amount owing represents an advance from the minority shareholder of a subsidiary company to the Group, interest-free and repayable by 18 October 2009.

The amount is secured by a corporate guarantee of the company, a fixed and floating charge over all the assets, undertaking and properties of the subsidiary company and shares of the subsidiary company.

25 REVENUE

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Construction	**192,750,087**	249,689,213	**–**	60,943
Property development	**122,739,777**	116,632,339	**–**	–
Hospitality and leisure	**75,343,569**	61,744,605	**–**	–
Trading and services	**8,926,813**	6,105,170	**7,225,117**	7,225,117
Investment holdings	**–**	–	**5,000,000**	8,316,825
	399,760,246	434,171,327	**12,225,117**	15,602,885

26 COST OF SALES

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Contract costs	**176,924,421**	226,838,447	**903,253**	102,711
Other	**142,472,719**	127,105,609	**–**	–
	319,397,140	353,944,056	**903,253**	102,711

27 PROFIT/(LOSS) BEFORE TAXATION

The following items have been charged/(credited) in arriving at profit/(loss) before taxation:

	Group		Company	
In RM	**31.3.2006**	**31.3.2005**	**31.3.2006**	**31.3.2005**
Allowance for doubtful debts	**67,331**	120,712	**–**	–
Amortisation of goodwill	**933,211**	933,211	**–**	–
Auditors' remuneration	**368,170**	340,816	**94,500**	94,500
Bad debts written off	**–**	10,714	**–**	–
Directors' remuneration				
- Fees	**260,000**	260,000	**260,000**	260,000
- Emoluments	**3,045,389**	3,290,652	**2,187,610**	2,266,740
Dividends				
- Unquoted investment in subsidiary	**–**	–	**(5,000,000)**	(8,316,825)
Interest expenses	**21,918,375**	22,693,378	**1,037,103**	628,714
Interest income	**(231,188)**	(72,762)	**(2,400)**	–
Lease rental	**–**	22,140	**–**	22,140
(Gain)/Loss on foreign exchange				
- Realised	**23,108**	665	**3,568**	665
- Unrealised	**(361,106)**	–	**–**	–
Management fees				
- Expenses	**2,068,891**	1,458,843	**–**	–
- Income	**–**	–	**(7,225,117)**	(7,225,117)
Preliminary expenses	**3,181**	–	**–**	–
Property, plant and equipment				
- Depreciation	**13,156,912**	17,826,339	**250,060**	299,767
- Gain on disposals	**(320,967)**	(122,781)	**–**	–
- Loss on disposals	**6,925**	1,426,120	**–**	1,426,120
- Written off	**–**	1,249,959	**–**	225,439
Rental of				
- Land and buildings	**784,677**	909,967	**187,272**	191,272
- Office equipment	**72,800**	–	**72,800**	–
- Plant and machinery	**5,172,447**	5,970,652	**–**	–

28 TAXATION

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Current tax based on profit for the financial year:				
Malaysian income taxation	**4,641,454**	5,347,951	**1,400,000**	2,316,258
Underprovision in prior years	**682,124**	1,869,658	**–**	–
	5,323,578	7,217,609	**1,400,000**	2,316,258
Deferred tax-Note 23	**(8,319)**	494,533	**–**	150,000
	5,315,259	7,712,142	**1,400,000**	2,466,258

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Profit/(Loss) before taxation	**1,120,471**	(4,293,831)	**3,005,951**	5,084,926
Taxation at Malaysian statutory tax rate of 28%	**313,732**	(1,202,273)	**841,666**	1,423,779
Income exempted from tax	**(138,081)**	–	**–**	–
Underprovision in prior years	**682,124**	1,869,658	**–**	–
Expenses not deductible for tax purposes	**1,740,850**	941,131	**558,334**	1,042,479
Losses in subsidiaries not available for taxation	**2,716,634**	6,854,133	**–**	–
Other items	**–**	(750,507)	**–**	–
Tax expense for the year	**5,315,259**	7,712,142	**1,400,000**	2,466,258

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 to frank the payment of dividends out of its retained profits as at 31 March 2006.

29 DIVIDENDS

In RM	Group and Company 31.3.2006	Group and Company 31.3.2005
Final dividends of 3.0% less 28% tax for Year 2005	**–**	2,460,558

30 LOSS PER SHARE

The basic loss per share has been calculated by dividing the Group's loss after taxation and minority interests of RM4,504,675 (31.3.2005-RM12,374,161) by the weighted average number of ordinary shares in issue during the financial year of 113,914,700 (31.3.2005-113,883,499).

In RM	Group 31.3.2006	31.3.2005
Loss for the year	**(4,504,675)**	(12,374,161)
Weighted average number of ordinary share in issue-Basic	**113,914,700**	113,883,499
Loss per share (sen)-Basic	**(3.95)**	(10.87)
Issued ordinary shares at beginning of the year	**113,914,700**	112,307,000
Effect of shares issued during the year	**–**	1,576,499
Weighted average number of ordinary shares-Basic	**113,914,700**	113,883,499

Conversion of ESOS and warrants are considered dilutive when they would result in the issue of ordinary shares for less than the market value of the shares. As the current exercise price of the warrant is higher than the market value of the ordinary share, there is no dilution in the earnings per share. Fully diluted per share based on assumed complete exercise of ESOS in 2006 is not material.

31 SEGMENTAL REPORTING

Primary Reporting-Business segments

In RM 31.3.2006	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding	Elimination	Consolidated
Revenue							
External sales	192,750,087	122,739,777	8,926,813	75,343,569	–	–	399,760,246
Inter-segment sales	–	–	–	–	17,225,117	(17,225,117)	–
Total revenue	192,750,087	122,739,777	8,926,813	75,343,569	17,225,117	(17,225,117)	399,760,246
Result							
Segment result	5,197,378	15,968,616	874,760	2,782,198	9,050,895	(10,000,000)	23,873,847
Unallocated corporate expenses							(933,211)
Operating profit							22,940,636
Interest expenses							(21,918,375)
Interest income							231,188
Share of net loss of jointly controlled entities	(132,978)						(132,978)
Income taxation							(5,315,259)
Minority interest							(309,887)
Loss for the year							(4,504,675)

31 SEGMENTAL REPORTING (cont'd)

Primary Reporting-Business segments

In RM 31.3.2006	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding	Consolidated
Other information						
Segment assets	**131,539,478**	**250,915,470**	**2,312,047**	**444,063,309**	**68,550,440**	**897,380,744**
Investment in jointly controlled entities						**220,254**
Unallocated corporate assets						**12,579,358**
Consolidated total assets						**910,180,356**
Segment liabilities	**259,237,796**	**161,901,504**	**2,458,813**	**253,888,936**	**74,549,843**	**752,036,892**
Consolidated total liabilities						**752,036,892**
Capital expenditure	**538,229**	**38,505,943**	**37,954**	**3,785,942**	**12,815**	**42,880,883**
Depreciation	**1,816,033**	**188,624**	**24,156**	**10,839,341**	**288,758**	**13,156,912**
Non-cash expenses other than depreciation						**1,133,520**

No information by geographical location has been presented as the Group operates predominantly in Malaysia.

Primary Reporting-Business segments

In RM 31.3.2005	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding	Elimination	Consolidated
Revenue							
External sales	249,689,213	116,632,339	6,105,170	61,744,605	–	–	434,171,327
Inter-segment sales	–	–	–	–	21,571,942	(21,571,942)	–
Total revenue	249,689,213	116,632,339	6,105,170	61,744,605	21,571,942	(21,571,942)	434,171,327
Result							
Segment result	10,972,596	16,159,115	71,961	(5,043,327)	11,505,857	(14,346,825)	19,319,377
Unallocated corporate expenses							(933,211)
Operating profit							18,386,166
Interest expenses							(22,693,378)
Interest income							72,762
Share of net loss of jointly controlled entities	(59,381)						(59,381)
Income taxation							(7,712,142)
Minority interest							(368,188)
Loss for the year							(12,374,161)

31 SEGMENTAL REPORTING (cont'd)

Primary Reporting-Business segments

In RM 31.3.2005	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding	Consolidated
Other information						
Segment assets	140,484,672	217,694,137	1,064,421	452,422,605	69,640,565	881,306,400
Investment in jointly controlled entities						353,231
Unallocated corporate assets						13,512,569
Consolidated total assets						895,172,200
Segment liabilities	246,026,146	154,384,164	1,299,923	251,103,634	77,285,655	730,099,522
Consolidated total liabilities						730,099,522
Capital expenditure	393,048	25,521,011	29,272	2,137,082	183,481	28,263,894
Depreciation	2,398,114	188,052	25,090	14,865,585	349,498	17,826,339
Non-cash expenses other than depreciation						2,385,492

No information by geographical location has been presented as the Group operates predominantly in Malaysia.

32 COMMITMENTS

As at year end, the Group and the Company have the following capital expenditures in respect of:

	Group	
In RM	**31.3.2006**	**31.3.2005**
Authorised and contracted	**1,673,600**	–
Authorised but not contracted	**38,745,000**	–
	40,418,600	–
Analysed as follows:		
- Property, plant and equipment	**40,418,600**	–

32 COMMITMENTS (cont'd)

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

In RM	Group 31.3.2006	Group 31.3.2005
Obligation on rental of equipment		
Not later than 1 year	**148,698**	1,051,498
Later than 1 year and not later than 2 years	**–**	148,698
	148,698	1,200,196

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

In RM	Group 31.3.2006	Group 31.3.2005
Companies in which certain Directors are deemed to have interests:		
Building materials and spare parts purchase from		
- Quality Parts Sdn Bhd	**1,254,482**	2,937,582
Progress billings on contracts to		
- Binaderas Sdn Bhd	**(30,421,540)**	(12,157,236)
Rental of machinery charged by/(to)		
- Binaderas Sdn Bhd	**–**	106,000
- Ifonda Sdn Bhd	**58,600**	(83,467)
- Imuda Sdn Bhd	**596,100**	844,135
- Imuda Sdn Bhd	**219,612**	(303,185)
- Inovtecs Sdn Bhd	**(50)**	14,450
Services provided by		
- Syarikat Charng Sheng Sdn Bhd	**60,000**	136,000
Supply of labour (to)/from		
- Imuda Sdn Bhd	**(464,594)**	(253,658)
- Imuda Sdn Bhd	**279,271**	332,039

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

In RM	Group 31.3.2006	Group 31.3.2005
Sales of development properties to Directors	**(3,330,380)**	(5,252,000)
Sales of development properties to person connected to Directors	**(1,347,652)**	(5,871,582)

In RM	Company 31.3.2006	Company 31.3.2005
Companies in which certain Directors are deemed to have interests:		
Building materials and spare parts purchase from		
- Quality Parts Sdn Bhd	**–**	542
Subsidiary companies:		
Dividend income	**(5,000,000)**	(8,316,825)
Management fee received	**(7,225,117)**	(7,225,117)
Office equipment maintenance fee	**54,963**	69,564
Purchase of office equipment	**14,520**	24,100
Supply of labour	**(40,320)**	(200,801)
Technical assistance fee income	**–**	(204,000)

Significant outstanding balances arising from trade transactions during the financial year are as follows:

In RM	Group 31.3.2006	Group 31.3.2005
Included in trade receivables:		
Binaderas Sdn Bhd	**1,599,767**	–
Imuda Sdn Bhd	**340,171**	684,545
Inovtecs Sdn Bhd	**193,824**	608,747
	2,133,762	1,293,292

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

In RM	Group 31.3.2006	Group 31.3.2005
Included in trade payables:		
Ifonda Sdn Bhd	**457,596**	463,289
Quality Parts Sdn Bhd	**2,295,287**	2,304,257
	2,752,883	2,767,546
Included in other payables:		
Legacy Essence Sdn Bhd	**12,715,984**	–

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

34 CONTINGENT LIABILITIES

In RM Unsecured	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
a Corporate guarantees for due performance of contracts.	**–**	3,547,421	**–**	3,547,421
b Corporate guarantees for credit facilities granted to suppliers.	**–**	–	**7,286,602**	7,778,380
c Corporate guarantees for credit facilities.	**13,625,069**	37,569,795	**268,426,835**	239,352,586
d Letters of undertaking for utilised credit facilities.	**721,800**	721,800	**721,800**	10,686,426
e Additional Notices of Assessment issued by the Inland Revenue Board (IRB) in respect of Y/A 1990 to Y/A 1998. No provision has been made in the financial statements as the Directors, supported by the tax consultants, are of the opinion that the Company will not be liable.	**3,193,581**	3,193,581	**3,193,581**	3,193,581

35 STAFF COSTS

In RM	Group 31.3.2006	Group 31.3.2005	Company 31.3.2006	Company 31.3.2005
Employees' Provident Fund	**3,880,448**	3,901,434	**455,987**	525,891
Other staff costs	**37,719,694**	39,757,157	**2,105,138**	2,129,408
	41,600,142	43,658,591	**2,561,125**	2,655,299

36 FINANCIAL INSTRUMENTS

a Interest rate risk

The risk will fluctuate as a result of changes in market interest rates, and the effective interest rates on classes of financial assets and financial liabilities are as follows:

In RM Group 31.3.2006	Less than 1 year	1 to 5 years	Total	Effective interest rate during the year %
Financial assets -				
Deposits, cash and bank balances	**5,516,838**	**–**	**5,516,838**	**3.00–4.00**
Subordinated bond 2002/2007	**–**	**4,000,000**	**4,000,000**	**Variable rates**
Financial liabilities -				
Bank borrowings	**180,343,825**	**361,921,245**	**542,265,070**	**2.00–10.00**
Bank overdrafts	**20,867,188**	**–**	**20,867,188**	**7.75–9.00**

36 FINANCIAL INSTRUMENTS (cont'd)

a Interest rate risk (cont'd)

In RM Group 31.3.2006	Less than 1 year	1 to 5 years	Total	Effective interest rate during the year %
Financial assets -				
Deposits, cash and bank balances	8,318,688	–	8,318,688	2.50–4.00
Subordinated bond 2002/2007	–	4,000,000	4,000,000	Variable rates
Financial liabilities -				
Bank borrowings	174,211,242	346,676,298	520,887,540	3.90–10.80
Bank overdrafts	22,031,348	–	22,031,348	7.25–8.50
Company				
31.3.2006				
Financial assets -				
Deposits, cash and bank balances	**18,865**	**–**	**18,865**	**–**
Subordinated bond 2002/2007	**–**	**4,000,000**	**4,000,000**	**Variable rates**
Financial liabilities -				
Bank borrowings	**6,359,552**	**42,134,061**	**48,493,613**	**3.90–8.50**
Bank overdrafts	**4,016,212**	**–**	**4,016,212**	**7.75–9.00**
31.3.2005				
Financial assets -				
Deposits, cash and bank balances	57,541	–	57,541	–
Subordinated bond 2002/2007	–	4,000,000	4,000,000	Variable rates
Financial liabilities -				
Bank borrowings	13,817,221	42,529,746	56,346,967	3.90–8.50
Bank overdrafts	3,785,877	–	3,785,877	7.25–8.50

b Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

36 FINANCIAL INSTRUMENTS (cont'd)

c Fair values

The carrying amounts and estimated fair values of financial instruments of the Group and the Company are as follows:

In RM	Group		Company	
31.3.2006	**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Financial assets				
Trade and other receivables	**135,169,209**	**135,169,209**	**18,896,678**	**18,896,678**
Amounts due from jointly controlled entities	**11,631,411**	**11,631,411**	**11,324,476**	**11,324,476**
Amounts due from subsidiary companies	**–**	**–**	**108,415,230**	**108,415,230**
Deposits, cash and bank balances	**5,516,838**	**5,516,838**	**18,865**	**18,865**
Other investments	**5,829,338**	**5,829,338**	**4,601,900**	**4,601,900**
Financial liabilities				
Trade and other payables	**188,904,634**	**188,904,634**	**6,097,932**	**6,097,932**
Amounts due to subsidiary companies	**–**	**–**	**18,149,254**	**18,149,254**
Borrowings	**542,265,070**	**542,265,070**	**48,493,613**	**48,493,613**
Bank overdrafts	**20,867,188**	**20,867,188**	**4,016,212**	**4,016,212**
31.3.2005				
Financial assets				
Trade and other receivables	132,416,848	132,416,848	19,111,571	19,111,571
Amounts due from jointly controlled entities	11,607,374	11,607,374	11,324,476	11,324,476
Amounts due from subsidiary companies	–	–	275,036,556	275,036,556
Deposits, cash and bank balances	8,318,688	8,318,688	57,541	57,541
Other investments	5,868,885	5,868,885	4,601,900	4,601,900
Financial liabilities				
Trade and other payables	187,180,634	187,180,634	17,058,360	17,058,360
Amounts due to subsidiary companies	–	–	166,815,340	166,815,340
Borrowings	520,887,540	520,887,540	56,346,967	56,346,967
Bank overdrafts	22,031,348	22,031,348	3,785,877	3,785,877

36 FINANCIAL INSTRUMENTS (cont'd)

c Fair values (cont'd)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

i Deposits, cash and bank balances

The carrying amount of cash and bank balances approximates fair value due to their short period to maturity.

ii Borrowings

The carrying amount of short term borrowings approximated fair value because of the short period to maturity of those instruments. The fair value of long term borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

The carrying amount of bank overdrafts approximate fair value because of their short period to maturity.

iii Other investments

It was not practical to estimate reliably the fair values of subordinated bonds in an unquoted special purpose vehicle company because there is no fixed coupon rate. However, the Group does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be received or settled.

iv Receivables and payables

The carrying amounts of receivables and payables are reasonable estimates of fair value because of their short maturity periods.

v Contingent liabilities

It was not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

vi Related party transactions

It was not practical to estimate the fair values of amounts due from/to subsidiaries and jointly controlled entities because there is no fixed repayment term. However, the Group does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be received or settled.

37 COMPARATIVE FIGURES

The following comparative figures have been reclassified to ensure comparability with the current financial year's presentation:

	Company	
In RM	**As restated**	**As previously reported**
Income statement		
Revenue	15,602,885	13,286,627
Taxation	2,466,258	150,000

Statistics of Shareholdings

as at 24 July 2006

Authorised share capital	:	RM500,000,000.00
Issued & fully paid-up capital	:	RM113,914,700.00
Class of shares	:	Ordinary Share of RM1.00 each
Voting right	:	1 vote right per ordinary share

Size of holdings	**No. of shareholders**	**No. of shares**	**%**
1 – 999	128	28,771	0.03
1,000 – 10,000	3443	9,617,142	8.44
10,001 – 100,000	292	7,329,904	6.43
100,001 – 5,695,734 ^	41	39,326,001	34.52
5,695,735 and above ^^	4	57,612,882	50.58
Total	3,908	113,914,700	100.00

Remark:
^ Less than 5% of issued shares
^^ 5% and above of issued shares

	Direct		**Indirect**	
Directors' shareholdings	**No. of shares**	**%**	**No. of shares**	**%**
Haji Abdullah Bin Yusof	1,500,000	1.32	15,398,248 *	13.52
Lai Siew Wah	–	–	49,001,998 **	43.02
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	4,827,100	4.24	–	–
Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*	235,700	0.21	–	–
Chan Soo Har @ Chan Kay Chong	2,184,750	1.92	–	–
Lai Man Moi	2,040,750	1.79	–	–
Kwok Yoke How	1,742,603	1.53	–	–
Haji Mohd. Sharif Bin Haji Yusof	–	–	–	–
Lai Voon Hon	12,000	#	49,001,998 **	43.02
Lai Voon Huey, Monica	6,000	#	49,001,998 **	43.02

	Direct		**Indirect**	
Substantial shareholders	**No. of shares**	**%**	**No. of shares**	**%**
Ideal Land Holdings Sdn Bhd	49,001,998	43.02	–	–
Magnipact Resources Sdn Bhd	15,398,248	13.52	–	–
Haji Abdullah Bin Yusof	1,500,000	1.32	15,398,248 *	13.52
Lai Siew Wah	–	–	49,001,998 **	43.02
Lai Voon Hon	12,000	–	49,001,998 **	43.02
Lai Voon Keat	–	–	49,001,998 **	43.02
Lai Voon Wai	–	–	49,001,998 **	43.02
Liw Yoke Yin	11,600	#	49,001,998 **	43.02

Notes
* Deemed interests through Magnipact Resources Sdn Bhd
** Deemed interests through Ideal Land Holdings Sdn Bhd
# Insignificant

Statistics of Shareholdings

as at 24 July 2006 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)	21,092,882	18.52
2	AmSec Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad for Ideal Land Holdings Sdn Bhd)	14,500,000	12.73
3	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)	12,000,000	10.53
4	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)	10,020,000	8.80
5	Lai Jaat Kong @ Lai Foot Kong	4,827,100	4.24
6	Ling Siok Guong	3,682,300	3.23
7	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)	3,585,499	3.15
8	Yap Ah Fatt	2,850,000	2.50
9	EB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)	1,792,749	1.57
10	Mahomed Ferheen	1,719,900	1.51
11	CimSec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Lai Man Moi)	1,529,250	1.34
12	Abdullah Bin Yusof	1,500,000	1.32
13	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Sow Mun)	1,439,800	1.26
14	CimSec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Chan Soo Har @ Chan Kay Chong)	1,378,250	1.21
15	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)	1,316,250	1.16
16	Sapiah @ Safiah Binti Hussin	1,224,000	1.07
17	Kwok Yoke How	1,166,600	1.02
18	CimSec Nominees (Tempatan) Sdn Bhd (CIMB for Thong Kok Cheong)	1,000,000	0.88
19	Thong Kok Cheong	983,700	0.86
20	Kam Loong Mining Sdn Bhd	900,000	0.79
21	David Rashid Bin Ghazalli	900,000	0.79
22	Chan Lin Yau	735,800	0.65
23	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Oh Kim Sun)	733,300	0.64
24	Kwok Yoke How	576,003	0.51
25	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chan Soo Har @ Chan Kay Chong)	511,500	0.45
26	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lai Man Moi)	511,500	0.45
27	Choon Siew & Sons Sdn Berhad	400,000	0.35
28	Syed Mohd Hamdan Bin Syed Harman	397,600	0.35
29	Chin Choy Fan	376,500	0.33
30	How Sue Chan @ Ho Sue Chan	300,000	0.26

List of Properties

as at 31 March 2006

	Location	Tenure	Approximate Land Area (Built-up Area)	Description	Age	Net Book Value (RM)	Year of Acquisition
1	Geran 12740, Lot 50592 Mukim of Kuala Lumpur Wilayah Persekutuan	Freehold	1,528 sq. ft. (7,040 sq. ft.)	4-storey shop office for own use	18 years	689,827	1988
2	Geran 42276/M2/2/44 Lot 32432, Mukim of Plentong	Freehold	824 sq. ft. (884 sq. ft.)	Walk-up flat for investment	19 years	45,301	1987
3	Lots No. 388, 389 & 391 Section 67 Town of Kuala Lumpur	Freehold	53,851 sq. ft.	Hotel known as The Westin Kuala Lumpur	N/A	353,157,905	1993/1994
4	Lot 21756 (Part) Mukim of Batu District of Kuala Lumpur	Freehold	215,622 sq. ft.	Vacant land for development	N/A	69,405,600	2003
5	PT 17741 (part) & PT 17740 held under HSD 103400 (part) & 103401 Mukim of Batu, District of Kuala Lumpur	Freehold	178,111 sq. ft.	Vacant land for development	N/A	39,576,332	1994
6	Percinct 7, Plot G27 held under Geran 39540, Lot No. 1503, Mukim Sg. Gumut, Daerah Hulu Selangor	Freehold	43,986 sq. ft.	Homestate for investment	N/A	439,570	1995
7	CT No. 9985, Lot No. 5755 Mukim Kajang Selangor Darul Ehsan	Freehold	272,915 sq. ft.	Workshop with 2-storey office building for own use	N/A	9,596,450	1997
8	Geran 18076, Lot 8849 Mukim of Kajang District of Ulu Langat	Freehold	220,806 sq. ft	Vacant land for future development	N/A	2,682,711	2000
9	Lot No. 2, Sector 1, Lembah Beringin Mukim Kuala Kelumpang, Daerah Ulu Selangor	Freehold	7,185 sq. ft.	Bungalow lot for investment	N/A	179,625	2002
10	Plot No. H21, Precinct 8, Lembah Beringin Mukim Sungai Gumut, Daerah Hulu Selangor	Freehold	46,368 sq. ft.	Homestate for investment	N/A	278,208	2002

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 20 September 2006 at 10.30 a.m. for the following purposes:

AGENDA

1 To receive the audited financial statements together with the reports of the Directors and Auditors for the year ended 31 March 2006. **Resolution 1**

2 To approve the payment of Directors' fees of RM260,000.00 for the year ended 31 March 2006. **Resolution 2**

3 To consider and if thought fit, pass the following resolution in accordance with Section 129 of the Companies Act, 1965:

"**THAT** Datuk Haji Burhanuddin Bin Ahmad Tajudin (PJN) who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting" **Resolution 3**

4 To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association:

a Chan Soo Har @ Chan Kay Chong **Resolution 4**
b Lai Man Moi **Resolution 5**
c Lai Voon Hon **Resolution 6**

5 To re-appoint Messrs. Raja Salleh, Lim & Co. as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors. **Resolution 7**

6 **Special Business**

To consider and, if thought fit, to pass the following Ordinary Resolution:

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot 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 does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the 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 8**

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

By Order of The Board

Wong Yim Cheng
Company Secretary
Kuala Lumpur

Date : 29 August 2006

Notes:

1 A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

2 Where a member appoints two (2) or more proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.

3 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited together with the Proxy Form.

4 The Proxy Form duly completed, must be deposited at the Company's Registered Office, No. 32 Medan Setia Dua, Bukit Damansara, 50490 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory Notes On Special Business

The Ordinary Resolution 8, if passed, will empowered the Directors to issue and allot shares not exceeding 10% of the Company's issued share capital for the time being without convening further general meetings for such purposes.

1 The names of individuals who are standing for re-election

i Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*, retiring pursuant to Section 129 of the Companies Act, 1965.

ii Chan Soo Har @ Chan Kay Chong, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.

iii Lai Man Moi, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.

iv Lai Voon Hon, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.

2 Details of attendance of Directors at board meetings

During the financial year, five (5) board meetings were held. Details of attendance of Directors at the Board Meetings are as follows:

	Name	Attendance
i	Haji Abdullah BinYusof	5/5
ii	Lai Siew Wah	5/5
iii	Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	5/5
iv	Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*	3/5
v	Lai Man Moi	5/5
vi	Chan Soo Har @ Chan Kay Chong	5/5
vii	Kwok Yoke How	3/5
viii	Haji Mohd. Sharif Bin Haji Yusof	5/5
ix	Lai Voon Hon	3/5
x	Lai Voon Huey, Monica	5/5

3 Date, time and place of general meeting

Type of Meeting	Date	Time	Place
30th Annual General Meeting	20.9.2006	10.30 a.m.	Dewan Berjaya Bukit Kiara Equestrian & Country Resort Off Jalan Damansara 60000 Kuala Lumpur

4 Further details of Directors who are standing for election

Not applicable

Proxy Form

I/We ______________________________

____

NRIC No. ______________________________

of ______________________________

being a member/members of **Ireka Corporation Berhad** hereby appoint ______________________________

____

NRIC No. ______________________________

No. of shares held ______________________________

CDS Account No ______________________________

Signature/Seal ______________________________

Signed this ______ day of ______ 2006

or failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, off Jalan Damansara, 60000 Kuala Lumpur on 20 September 2006 at 10.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

No.	**Ordinary Resolutions**	**For**	**Against**
1	To receive the audited financial statements for the financial year ended 31 March 2006		
2	To approve the payment of Directors' fee of RM260,000.00		
3	Re-election of Director, Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*		
4	Re-election of Director, Chan Soo Har @ Chan Kay Chong		
5	Re-election of Director, Lai Man Moi		
6	Re-election of Director, Lai Voon Hon		
7	Re-appointment of Messrs Raja Salleh, Lim & Co as Auditors		
8	To issue and allot shares pursuant to S132D of the Companies Act, 1965		

Please indicate with an 'X' in the appropriate spaces how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Notes:

1 A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

2 Where a member appoints two (2) or more proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.

3 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited together with the Proxy Form.

4 The Proxy Form duly completed, must be deposited at the Company's Registered Office, No. 32 Medan Setia Dua, Bukit Damansara, 50490 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

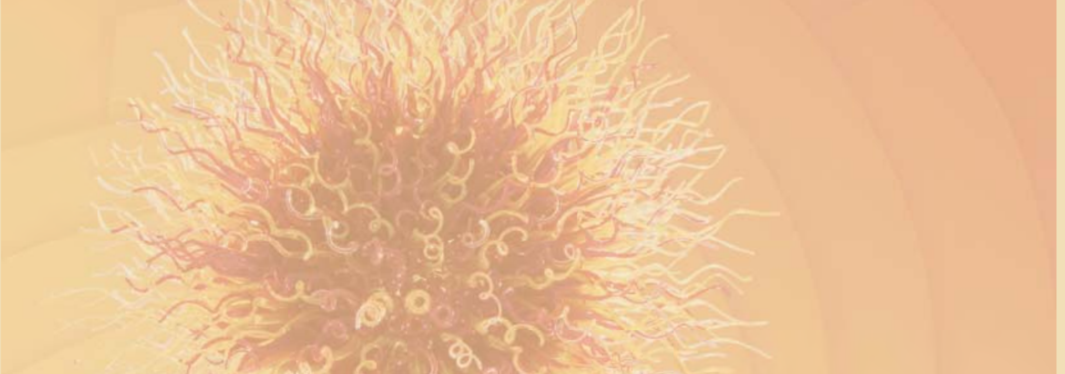
Affix
Stamp

IREKA CORPORATION BERHAD Co. No.: 25882-A
No. 32 Medan Setia Dua
Bukit Damansara
50490 Kuala Lumpur
Attn: The Company Secretary

fold here

fold here

Cover Rationale



Ireka is pleased to celebrate a five-star year, as the winner of two prestigious industry awards. They represent recognition of attributes that have long been hallmarks of Ireka's success: innovation, value, quality, a commitment to service, and a strong corporate ethic. The striking interior design of The Westin Kuala Lumpur, an example of which is the lobby chandeliers (the subject of this year's cover) garnered one of this year's awards.

We salute our team members, our partners, our customers and our stakeholders for helping to make this a stellar year indeed...

...in trusted hands

Vision Statement

To be a **progressive and globally focused** corporation, which prides itself on proven track record in **performance, reliability, excellence in quality and creativity** in all services and products that we offer.