Ireka Corporation Berhad Co. No.: 25882-A

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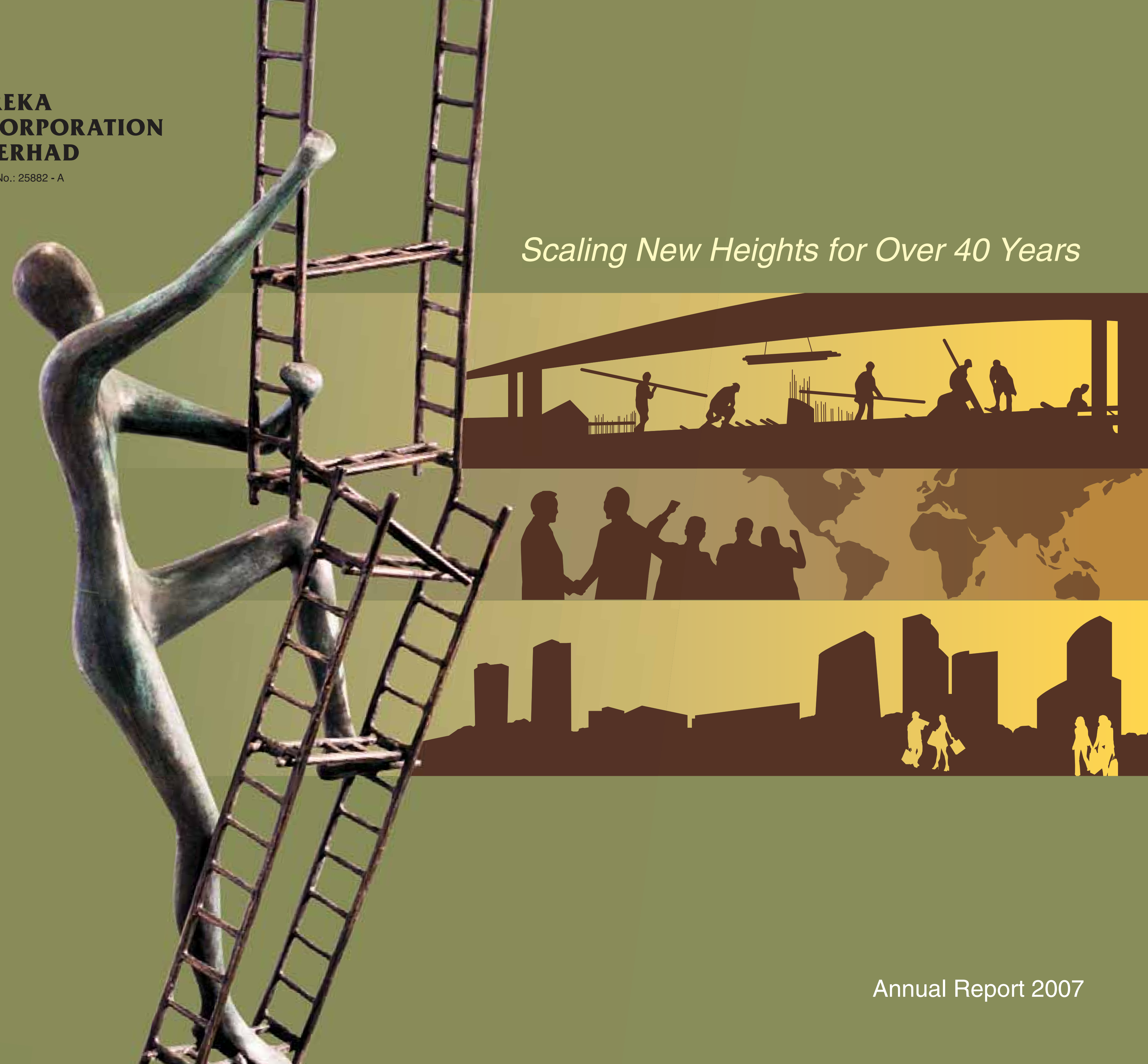
Ireka Corporation Berhad Annual Report 2007

IREKA CORPORATION BERHAD

Co. No.: 25882 - A

Scaling New Heights for Over 40 Years



Annual Report 2007

Cover Rationale

"Changing challenges in life are symbolised by the different angles of the parts of the ladder. Adaptation is the only way to proceed, underlined by flexibility." – Tolla

In her words and in her work, renowned sculptor Tolla captures the elements central to Ireka's own goals and philosophy. We too have been climbing to ever greater heights by adapting to different challenges and to changing circumstances with innovation and flexibility. This year, Ireka celebrates the success and growth that have been achieved in our first 40 years. And today, we continue to reach greater heights with an expanding global presence in construction, properties, leisure & hospitality and information technology.

...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.

1967

- Ireka started business as Syarikat Lai Siew Wah, a sole proprietor performing general contracting works for earth-moving contractors in Malaysia.

Celebrating 40 years of Nation Building

1967

the journey begins...

1960s – 1970s

- The formative years of Syarikat Lai Siew Wah saw Ireka working as a small earth-moving sub-contractor for site-clearings and road works construction. As Ireka progressed into the 70s, its fleet of plants and earth-moving machineries grew and it started taking larger scale construction works.

1975

On 31 December 1975, Syarikat Lai Siew Wah became a private limited company under the name Lai Siew Wah Sdn Bhd.

Construction Business

1993

Ireka made its debut on the Second Board of the Kuala Lumpur Stock Exchange on 12 July 1993.

1990s

- The 1990s can be classified as the landmark decade for Ireka as it started diversifying out of its construction business.
- At the beginning of the 1990s, Ireka started to work on its three pronged strategy to diversify into other core businesses to widen its income stream, expand its construction operation overseas and list Ireka on the Kuala Lumpur Stock Exchange (KLSE).
- With the listing of the company, Ireka went on to build capabilities in three core businesses, namely construction, property development and hotel and leisure business.

1980s

- By the 80s, Lai Siew Wah Sdn Bhd has already established itself as one of the largest local earthworks contractors in Malaysia. Throughout the 80s, Ireka performed works for most of the country's top tin mining companies such as The Sungai Besi Mines, Ayer Hitam Tin Dredging, Selangor Dredging Bhd, Berjuntai Tin Dredging, Petaling Tin and Kuala Langat Mining.

- In mid 80s, Ireka expanded its construction activities into civil-engineering works, principally roads, bridges, interchange and public utilities.

1980s

1986

Lai Siew Wah Sdn Bhd changed its name to Ireka Construction Sdn Bhd on 28 January 1986 to reflect a more national business orientation.

- The early 1990s were construction boom years for Malaysia and Ireka. Ireka benefitted from the various mega projects to transform itself to a developed nation. Ireka played a role in constructing some of these infra-structures which included works in the Kuala Lumpur International Airport, Kuala Lumpur Middle-Ring Road II, North-South Expressway, Technology Park Malaysia and the Cheras-Kajang Highway. In August 1997, Ireka was awarded the Master Builders Association of Malaysia's Gold Medal Service Award.

1990s

- In the property development business, Ireka started acquiring land banks in Mont’ Kiara in early 1990 which enabled the Group to have continuous development projects throughout the latter half of the 90s and into the 2000s.

- Ireka Land Sdn Bhd was set up in 1994 as the development arm to develop up-market residential development in Mont' Kiara and subsequently launched the i-ZEN brand series of residential and commercial developments.

- In the hotel and leisure sector, the 1990s saw Ireka developing its first flagship five-star hotel, The Westin Kuala Lumpur. The Westin Kuala Lumpur had its ground-breaking ceremony in 1996.

Property
Development
Business

1994

Hotels
& Leisure
Business

1996

E-Commerce
& IT Business

2003

- Ireka expanded into e-commerce in 2000 by forming Ireka iCapital Sdn Bhd to manage all e-commerce, IT ventures and systems within the Group. In 2003, i-Tech Network Solutions Sdn Bhd was incorporated. i-Tech was awarded IBM Top Global Financing Partner Award 2006, Top Achiever Award for Korea Challenge 2006, 1st Half IBM 2006 Outstanding Achievement for IBM e-Server x-Series Award, Lenovo Outstanding Contribution for Q1 2007 Award and The Highest Growth Partner Award for Microsoft Partner 2007.

- asiaegolf Tours Sdn Bhd was set up with a vision of being the ambassador for premium golf hospitality services in Malaysia.

- March 2002, Ireka Engineering & Construction Sdn Bhd was awarded MS ISO 9002 Accreditation by SIRIM. This is another certification to the Group’s commitment to high quality of work.

2000 and beyond

The post Asian crisis years of the new millennium has been a very significant period for Ireka as it underwent a major transformation and re-positioning to strengthen its financial position. Striding from the most trying times in early 2000s to 2007, Ireka has successfully reinvented and revitalized itself to emerge as a financially solid and trend-setting company. Moving forward, it will continue to draw on its strength and build on its heritage to forge a vigorous global presence for Ireka Group.

2002

Ireka was successfully transferred to the Main Board of the Kuala Lumpur Stock Exchange on 13 June 2002.

In recognition of its excellent corporate governance and exemplary corporate conduct, Ireka was awarded the KLSE Corporate Sectoral Award 2001 and KLSE Corporate Excellence Award 2002.

2006

Bizhub, the office suites component within one Mont' Kiara, an integrated commercial development project in partnership with CapitaLand Singapore was launched to i-ZEN customers in December 2006. All units launched were sold out.

- Between 2003 and 2005, Regalmont Sdn Bhd successfully launched several property development projects, namely i-ZEN@Kiara II, i-ZEN@Villa Aseana, i-ZEN@Kiara I (Mont' Kiara), Luyang Perdana (Kota Kinabalu) and Sandakan Harbour Square (Sandakan, Sabah).

- Ireka Land Sdn Bhd launched Tiffani by i-ZEN in July 2006, in collaboration with CapitaLand Singapore. This project marks the first of the many subsequent projects with CapitaLand.

2000 and beyond

- The Westin Kuala Lumpur was opened in September 2003. Over the years, it had won much-coveted awards, such as the International Real Estate Federation (FIABCI) Malaysia Property Awards 2005 (Hotel Development category), Prix d' Excellence Award 2006 (Best Hotel and Leisure category) and Hospitality Asia Platinum Awards 2005 – 2006 (The Award for Excellence – Best New Hotel).

- For the first half of the 2000s IECSB secured a few major projects, namely two Ministries buildings in Putrajaya, Kiaraville condominium, DiGi Corporate Office, i-ZEN@Kiara I, Cineleisure and OCBC Bank Headquarters in Kuala Lumpur.

- ICSD Ventures Sdn Bhd (ICSD) was formed in November 2002, as a partnership between Ireka Group and Syarikat Charng Sheng Sdn Bhd to undertake the Sandakan Harbour Square project.

2007

- In August 2006, Ireka announced the disposal of The Westin Kuala Lumpur to Newood Assets Ltd, for a record price of RM455 million cash. The transaction was completed in January 2007.

- Ireka announced the disposals of ILSB and ICSD in November 2006 and the incorporation of a new subsidiary company named “Ireka Development Management Sdn Bhd” in January 2007.

- Aseana Properties Ltd was successfully listed on the Main Market of London Stock Exchange on 5 April 2007. An EGM was held later in April 2007 to seek shareholders' approval and the proposals were completed in May 2007.

Contents

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 2007.

Haji Abdullah Bin Yusof
Chairman

For the financial year ended 31 March 2007, the Group turnover was substantially lower at RM186.5 million compared to RM230.5 million (re-stated audited numbers) recorded in the preceding financial year mainly due to the significantly lower volume of construction works completed during the year. The lower turnover and the effects of higher than expected price of construction materials and fuel resulted in the Group recording a loss for the year of RM33.3 million compared with a loss of RM4.2 million (re-stated audited numbers) for the financial year ended 2006. Contribution from the property division was lower due to completion of a few projects and lower billings from new projects during the year.

During the year under review, an interim dividend of 8.8% comprising tax-exempt dividend of 4% and 4.8% less 27% income tax totaling RM8.5 million was paid to shareholders on 8 March 2007. The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2007. However, the Board of Directors has proposed an interim dividend of 10% per share less income tax of 27% for the financial year ending 31 March 2008 to be paid on a later date.

Although Bank Negara may have maintained a positive outlook for 2007 and beyond the construction business environment remain very challenging. In this connection, there is a need for the Group to reinvent and find ways to remain competitive going forward. Two significant events that took place during the financial year under review had made this possible, which not only transform the Group into a more financially stable organization but also enable itself to adopt a new strategy in carrying out its property development business. This follows the disposal of The Westin Kuala Lumpur for RM455.0 million and the disposal and listing of the Group's certain property assets on the Main Market of The London Stock Exchange through Aseana Properties Limited, for which Ireka received disposal consideration of RM219 million comprising RM50 million cash and the balance in the form of Aseana Properties Limited shares.

Ireka Development Management Sdn Bhd's (IDM) role as the property development manager for Aseana Properties Limited will ensure a stable and healthy income in terms of management and performance fees to the Group. Through Aseana Properties Limited, IDM will be focusing in property development in major cities in Malaysia and also Vietnam. The latter will enable our Group to establish a firm footing to move and expand activities there.

The new business approach is the result of hard work and perseverance by our staff to make good our promise to broaden the Group's activities and income base. Other than property development management, the construction division will continue to selectively identify and participate in suitable projects under the Government Ninth Malaysia Plan.

The Group's construction subsidiary, Ireka Engineering & Construction Sdn Bhd currently has an order book of about RM730 million which include the construction of five residential and commercial development projects in the Mont' Kiara area. The information technology business under i-Tech Network Solutions Sdn Bhd continues to develop and expand with satisfactory improvement in sales. It is currently expanding its product range and has teamed up with internationally well- known IT companies to establish a marketing arrangement for their products.
Under the new business strategy, the Group expects improved results for the coming years with more stable income from property development management business. The outlook for 2008 is positive and opportunity will be taken to aggressively market the i-ZEN brand locally and overseas.

I would like to take this opportunity on behalf of the Board to record our deep appreciation and gratitude to staff at all levels for their dedication and hard work over the past 40 years that has kept Ireka Group well-known in the industry and now on the international scene.

On a personal note, I would like to thank my fellow Directors for their commitment and guidance to steer the Group on the right course. I also wish to extend my thanks to Shareholders, Government Authorities, Bankers and Business Associates for their continued support.

Haji Abdullah Bin Yusof
Chairman
21 August 2007

Penyata Pengerusi

SENI Mont' Kiara

Dengan sukacitanya saya mewakili Lembaga Pengarah melampirkan laporan tahunan and penyata kewangan Kumpulan dan Syarikat bagi tahun kewangan yang berakhir pada 31 Mac 2007.

Perolehan bagi tahun kewangan yang berakhir pada 31 Mac 2007 menyusut kepada RM186.5 juta berbanding dengan RM230.5 juta (dinyatakan semula) yang direkodkan pada tahun sebelumnya. Ini disebabkan oleh kuantiti kerja yang dicatatkan bagi kerja-kerja pembinaan yang disiapkan pada tahun ini adalah lebih rendah berbanding dengan tahun sebelumnya. Perolehan yang lebih rendah and kenaikan harga bahan binaan and bahan api yang lebih tinggi daripada jangkaan menyebabkan Kumpulan mencatat kerugian sebanyak RM33.3 juta pada tahun ini berbanding dengan kerugian sebanyak RM4.2 juta (dinyatakan semula) pada tahun kewangan 2006. Sumbangan pendapatan dari sector pembinaan menurun pada tahun ini dengan penyiapan beberapa projek and juga pengebilan yang rendah dari projek baru.

Pada tahun kewangan dalam tinjauan, dividen interim sebanyak 8.8%, iaitu 4% dividen dikecualikan cukai dan 4.8% ditolak cukai pendapatan 27% berjumlah RM8.5 juta telah dibayar kepada para pemegang saham pada 8 Mac 2007. Lembaga Pengarah tidak mencadangkan sebarang pembayaran dividen akhir bagi tahun kewangan berakhir 31 Mac 2007. Walau bagaimanapun, Lembaga Pengarah telah mencadangkan dividen interim sebanyak 10% sesaham ditolak cukai pendapatan 27% bagi tahun kewangan berakhir 31 Mac 2008.

Walaupun Bank Negara kukuh dengan unjuran positifnya bagi tahun 2007 dan tahun-tahun berikutnya, persaingan bagi sektor pembinaan akan kekal mencabar. Oleh itu, Kumpulan perlu berusaha dan bersedia dengan innovatif idea untuk memastikan Kumpulan kekal bersaing dalam industri. Dua peristiwa penting yang direkodkan pada tahun kewangan dalam tinjauan telah merealisasikan hasrat Kumpulan untuk terus bersaing. Ia bukan sahaja berjaya mengukuhkan kedudukan kewangan Kumpulan tetapi ia juga berjaya membentuk strategi baru untuk Kumpulan terus mara di sector pembangunan hartanahnya. Ini adalah berikutan dengan penjualan The Westin Kuala Lumpur dengan harga RM455.0 juta dan juga penjualan serta penyenaraian beberapa aset hartanah Kumpulan di Pasaran Utama, London Stock Exchange melalui Aseana Properties Limited, di mana Ireka Corporation Berhad telah menerima pembayaran bagi penjualan tersebut sebanyak RM219 juta yang terdiri daripada RM50 juta wang tunai dan bakinya dalam bentuk saham-saham Aseana Properties Limited.

Peranan Ireka Development Management Sdn Bhd (IDM) sebagai pengurus pembangunan hartanah bagi Aseana Properties Limited akan memastikan pendapatan yang stabil dan lumayan dalam bentuk yuran pengurusan dan prestasi kepada Kumpulan. Melalui Aseana Properties Limited, IDM akan terus fokus dalam pembangunan hartanah di bandaraya-bandaraya utama di Malaysia dan Vietnam. Penerokaan pasaran di Vietnam akan membolehkan Kumpulan mengukuhkan kedudukannya untuk terus mara dan mengembangkan aktivitinya di negara tersebut.

Pendekatan perniagaan baru ini adalah hasil usaha gigih dan kecekalan kakitangan kita dalam menunaikan janji kita untuk meluaskan aktiviti dan meningkatkan asas pendapatan Kumpulan. Secara selektifnya, sektor pembinaan akan terus mengenal pasti dan aktif dalam projek-projek yang sesuai di bawah Rancangan Malaysia Ke-9 selain daripada pengurusan pembangunan hartanah.

From left to right:
Interior of DiGi Corporate Office
Interior of AIG building

Kini, subsidiari pembinaan bagi Kumpulan iaitu Ireka Engineering & Construction Sdn Bhd mempunyai buku pesanan sebanyak RM730 juta yang meliputi pembinaan lima projek pembangunan kediaman dan komersial di kawasan Mont' Kiara. Perniagaan teknologi maklumat di bawah i-Tech Network Solutions Sdn Bhd terus membangun dan berkembang demi mencapai peningkatan jualan yang memuaskan. Ia kini mengembangkan rangkaian produknya dan telah bekerjasama dengan syarikat-syarikat IT antarabangsa terkemuka bagi mewujudkan satu pengaturan pemasaran bagi produk-produk mereka.

Di bawah strategi baru tersebut, Kumpulan menjangka akan mencapai keputusan yang lebih baik pada tahun-tahun yang akan datang, dengan pendapatan yang lebih stabil daripada perniagaan pengurusan pembangunan hartanah. Unjuran bagi tahun 2008 adalah positif dan peluang akan diraih bagi pemasaran jenama i-ZEN secara agresif di dalam dan di luar negara.

Bagi pihak Lembaga Pengarah, saya ingin mengambil peluang ini untuk merakamkan ucapan terima kasih dan penghargaan tulus ikhlas kepada kakitangan di semua peringkat atas dedikasi dan usaha gigih mereka sepanjang 40 tahun lalu yang telah berjaya menaikkan nama Kumpulan Ireka di dalam industri dan kini, di peringkat antarabangsa.

Secara peribadi, saya ingin mengucapkan ribuan terima kasih kepada rakan-rakan Pengarah atas komitmen dan panduan mereka dalam membantu Kumpulan mengarah ke haluan yang betul. Saya juga ingin mengucapkan berbanyak terima kasih kepada para Pemegang Saham, Pihak-pihak Berkuasa Kerajaan, Bank-bank serta Rakan Sekutu Perniagaan atas sokongan berterusan mereka.

Haji Abdullah Bin Yusof
Pengerusi
21 Ogos 2007

Interior of DiGi Corporate Office

The Journey Begins with Us

Ireka continues to build road and highway to move our nation forward. Building transportation infrastructures that meet the highest standards of quality and safety. Because we know there's a lot riding on us.

Simpang Pulai Interchange, North-South Expressway Ipoh (South)

one Mont' Kiara

Cineleisure Complex, Mutiara Damansara

The Ireka Group (The Group) celebrates its 40th anniversary in 2007. It is ten years younger than the nation and in that time has shared with it the highs and lows of local and international economic impacts - from the pinnacle of being an integral part of nation-building projects such as the North-South Highway and KL International Airport, to the crisis of the Asian financial markets in late nineties.

As we celebrate our 40th birthday, the 2007 financial year turns out to be a watershed for The Group. This year has seen the repositioning of The Group's corporate direction through the disposal of its wholly owned subsidiary, Ireka Hotels Sdn. Bhd., owner of the 5-star The Westin Kuala Lumpur hotel, and the listing of Aseana Properties Limited (ASPL) on the Main Market of the London Stock Exchange.

The completion of these corporate exercises has placed The Group on a sound financial standing through reduced gearing levels. More importantly, The Group is now well positioned as a one-stop development company with the agility to capitalise on construction and property development opportunities in Malaysia and around the region.

This year of renewal, however, saw the Group registering an Operating Loss of RM22.0 million, as opposed to an Operating Profit of RM7.9 million (re-stated audited numbers) in the previous financial year, leading to pre-tax losses of RM33.3 million compared to pre-tax losses of RM4.2 million (re-stated audited numbers) in the previous year. This poor performance is primarily attributed to a challenging trading environment in the construction sector over the last three years. The profitability of the Group's construction projects secured over the last three years has been adversely impacted by soaring construction material prices, coupled with a crunch in supply, especially in steel bars and oil-related products. We are however pleased to inform that these loss-making construction projects have been physically completed and handed-over to our clients.

On a more positive note, the recent projects secured by our construction division all have a healthy margin, and with the higher material prices factored in. With this secured stream of work, coupled with the Group's repositioning, we believe that the Group is now poised for growth through an efficient and profitable business model.

As a start, the Group through its involvement in ASPL is exporting its property development expertise to Vietnam. Looking at the longer term, the Group has also established a Representative Office in Ho Chi Minh City, Vietnam in June 2007 to spearhead its business development activities in order to gain a bigger foothold in this exciting developing economy.

The core businesses of the Group remains firmly rooted in construction and property development, whilst the synergistic hospitality & leisure and information technology businesses provide the edge and growth impetus for the Group's business model moving forward.

CONSTRUCTION BUSINESS

During the year under review, the construction industry in Malaysia grew at an estimated 0.7%, with forecasted growth of 3.7% in year 2007. This represents a healthy turnaround for the construction industry, after two years of contraction in 2004 and 2005, which should bode well for the Group.

Operations Review

DiGi Corporate Office

i-ZEN@Kiara II

On the operation front, Ireka Engineering & Construction Sdn. Bhd. (IECSB) has continued to focus on improving efficiency, prudent management of cash flow and optimising construction materials supply. The tight operating margins as a result of the escalation in construction material prices have impacted the profitability of IECSB in financial year 2006 and 2007. However, amidst these difficult operating conditions, we are proud to have delivered four completed projects to our clients during the year under review.

The Cineleisure Complex in Mutiara Damansara, a shopping and entertainment complex, was completed at the end of April 2006, and is fast becoming a popular destination for shoppers and movie goers in the Klang Valley. At the end of June 2006, we also handed over the impressive and modern Corporate Head Office for DiGi Telecommunications.

IECSB has also completed the construction of two maiden property development projects for Ireka Land Sdn. Bhd. in Mont' Kiara - the luxurious 238-unit service residences of i-ZEN@Kiara II and 43 units of high-end villas in the gated enclave of i-ZEN@Villa Aseana.

Our construction division's work in the previous financial year on the Design & Build of Ministry of Natural Resources and Environment building in Putrajaya have received industry recognition from the Persatuan Arkitek Malaysia (PAM) by bagging the prestigious PAM 2006 Awards (Jury's Mention). We believe that this win is a testament to our Group's integrated approach towards blending the best in aesthetics as well as sound engineering and construction in all our projects.

Against the backdrop of modest industry growth during the year under review, IECSB has been awarded three new projects. These are the construction of the Tiffani by i-ZEN, a luxurious condominium development; the construction of the mixed commercial development of one Mont' Kiara by i-ZEN; and the earthworks and piling contracts for SENI Mont' Kiara - another high-end condominium development. Work have all commenced for these three new projects during the year under review. These three contracts have a combined value of approximately RM440 million and are awarded by ASPL and its joint development partner, CapitaLand Singapore.

From left to right:
OCBC Bank Headquaters building
Interior of SENI Mont' Kiara

In the meantime, construction works of two other on-going IECSB projects are progressing well. The construction of Kiaraville, a high-end condominium development in Mont' Kiara, is slated for completion at the end of 2007, whilst the construction of i-ZEN@Kiara I, a high-end serviced residences development, is on-course for completion in the first quarter of 2008.

With the Group's property development arm, Ireka Development Management Sdn. Bhd. (IDM) venturing into Vietnam via ASPL, IECSB is similarly working on plans to follow in the footsteps of IDM to tap into the booming construction market in Vietnam. I hope to bring more concrete news to the shareholders in the very near future.

PROPERTY DEVELOPMENT BUSINESS

On 30 November 2006, the Group announced the disposal of its wholly-owned subsidiary, Ireka Land Sdn. Bhd. (ILSB), and its 60 percent owned subsidiary, ICSD Ventures Sdn. Bhd. (ICSD), to ASPL. ASPL is a property development company initiated by Ireka with a specific focus on investing in property development projects in Malaysia and Vietnam. ASPL was subsequently listed on the Main Market of the London Stock Exchange on 5 April 2007 (Bloomberg: ASPL.LN).

ILSB has three on-going property development projects in the Mont' Kiara area, namely i-ZEN@Kiara I, Tiffani by i-ZEN and one Mont' Kiara by i-ZEN, whilst ICSD is the developer of Sandakan Harbour Square in Sandakan, Sabah.

At the completion of the disposals in May 2007, the Group received a consideration of approximately RM219 million from the sale of ILSB and ICSD, comprising of RM50 million in cash and the remaining in the form of listed ASPL shares. ASPL has a market capitalisation of some US$246.5 million (as of 20th August 2007), where the Group's shareholding represents approximately 19.6 percent.

Moving forward, the Group's interest in property development will be led by an experienced team in IDM, a newly established, wholly-owned subsidiary of Ireka Corporation Berhad. The capabilities of IDM are derived largely from personnel previously in ILSB, boosted by experienced new hires from the industry.

As part of the restructuring exercise, ASPL has appointed IDM, as its exclusive Development Manager. As the Development Manager, IDM is principally responsible for implementing ASPL's real estate strategy. This includes sourcing for land bank, managing construction, coordinating sales and marketing as well as delivery of properties to our end-buyers.

IDM's role in ASPL will be rewarded through a combination of management and performance fees. This introduces a business model that is a departure from the traditional property development model, where income is typically earned through development profits. The management fees are calculated as 2 percent per annum of Net Asset Value (NAV) of ASPL. Furthermore, IDM will be entitled to performance fees if the annual NAV growth of ASPL exceeds the hurdle rate of 10 percent but with a 'high watermark'. The performance fees are computed as 20 percent of the excess NAV growth above the hurdle rate, and will be first payable at the end of second anniversary of ASPL listing, and annually thereafter.

From left to right:
AIG building
one Mont' Kiara

In addition to this steady stream of management and performance fees, the Group enjoys the benefits of capital appreciation and dividend income through its holding of ASPL shares. In short, the Group approaches property development in an 'asset-light' manner, where the property development assets are now being held under ASPL.

The listing of ASPL is a cornerstone to Ireka's repositioning. The success of this exercise has not only put the Group in a stronger financial position but also introduces a new, scaleable business model in the Group in undertaking property developments. IDM's role as Development Manager of ASPL enables ASPL to undertake projects to a scale of over RM5 billion over the next seven years in terms of Gross Development Value.

For the next couple of years, we envisage a hectic, but exciting schedule as IDM spearheads ASPL's expansion in Malaysia and Vietnam. This is to ensure that ASPL continues to add on to its already impressive line up of projects, which currently includes i-ZEN@Kiara I, Tiffani by i-ZEN, one Mont' Kiara by i-ZEN, Sandakan Harbour Square and the newly launched SENI Mont' Kiara.

SENI Mont' Kiara, an ultra-luxurious condominium, development located on one of the highest point in Mont' Kiara, seeks to bring resort-type living to its buyers by providing lush surroundings and impeccable finishes in the apartments. As of the date of this review, SENI Mont' Kiara has chalked up an impressive 70% sales from its Phase 1 of 260 units, which was previewed to our existing buyers in mid-July 2007.

To ensure sustainable growth moving forward for property development, the Group will be on the look-out for opportunities for expansion in other geographic areas. As these opportunities are identified, it is the intention of the Group to 'seed' these development projects and ultimately tap the capital markets in a similar manner as ASPL.

HOSPITALITY AND LEISURE BUSINESS

On 28 August 2006, the Group announced the disposal of its wholly-owned subsidiary, Ireka Hotels Sdn. Bhd. (IHSB), owner of the award winning 5-star The Westin Kuala Lumpur hotel to Newood Assets Limited, an international property investment company, for a cash consideration of RM455 million. The disposal was completed on 10 January 2007. After the repayment of borrowings related to the hotel, the net cash consideration received by Ireka from this disposal amounts to approximately RM204.6 million.

The disposal of The Westin Kuala Lumpur represents a significant milestone for both the Group as well as the hospitality industry in Malaysia. For Ireka, this represents a significant step towards rationalising its balance sheet, whilst the disposal price of RM1.01 million on a per room basis set a new benchmark of capital value for hotels in Kuala Lumpur.

Fresh from achieving various industry accolades in year 2006, the highly favourable valuation of The Westin Kuala Lumpur achieved in this transaction is a testament to the ability of our team at IHSB and The Westin Kuala Lumpur in stabilising the operations of the hotel in a short 3 years since its opening. Although The Westin Kuala Lumpur is longer in the stables of the Group, the capability of our team will now be leveraged in IDM to help ASPL secure similarly record-breaking hotel developments and investments in Malaysia and Vietnam.

Sandakan Harbour Square

INFORMATION TECHNOLOGY BUSINESS

Financial Year 2007 has been another successful year for i-Tech Network Solutions Sdn. Bhd. (i-Tech) We grew our sales by some 15% from RM7.8 million to RM9 million over the previous year, amidst an environment of tougher competition in the ICT industry.

In a bid to compliment our hardware and systems integration business, i-Tech has expanded its product range over the past year. We are not only resellers of high end servers, desktops and laptops but have moved into the lucrative IT sector of security software, data protection and encryption. i-Tech is now marketing partners of several internationally renowned software brands in this area such as BigFix and Computer Associates (CA) from the U.S and Utimaco from Germany. We have been afforded elite partner status from these organizations - Premier and Enterprise Partner status from BigFix and CA respectively, and Gold Partner status from Utimaco. This is a testament of i-Tech's strengths in sales, marketing and technical expertise.

i-Tech received several coveted awards from IBM in 2006 – Top Global Financing Partner Award 2006 and 1st Half IBM 2006 Outstanding Achievement for IBM e-Server x-Series Award. In 2007, we received the Lenovo Outstanding Contribution for Q1 2007 Award.

FUTURE OUTLOOK

With the Group regaining its vigour in terms of financial strength and the construction industry turning around positively, we believe that our construction division will be able to feature strongly in our Group's earnings in the coming years. IECSB will continue to selectively identify suitable projects under the 9th Malaysian Plan and from the private sector, but more importantly, we believe that IECSB will play a complementary role in ensuring that IDM and ASPL effectively deliver its property development projects. Moving forward, IECSB will continue to pursue the construction of property projects for ASPL, hence giving IECSB a steady stream of business opportunities.

On the property development front, we see tremendous opportunities for the Group to deploy its niche capabilities in identifying and developing property development products. The Group is building on its track record now by exporting this capability to Vietnam through IDM. This new business model will give the Group the agility to quickly capture opportunities in other geographic areas, when presented with the right conditions and the right timing.

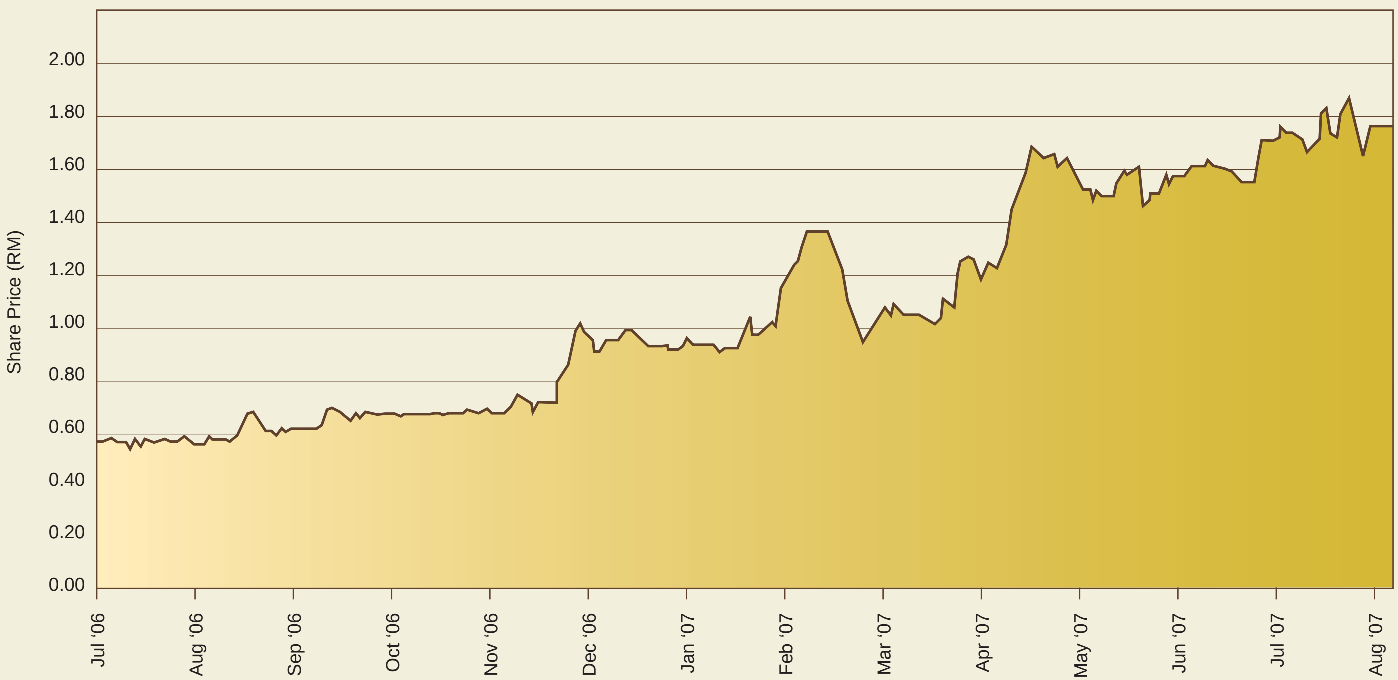
On a final note, I would like to thank my colleagues in the Board and all our dedicated personnel of the Group for making the Financial Year 2006/2007 a memorable and significant year for the Group. As the Group soldiers on in its next decade of existence, much is to be learnt from the success of our nation, perseverance and flexibility are the two qualities that will resonate strongly in our march towards excellence.

Lai Siew Wah
Group Managing Director
21 August 2007

Five-Year Financial Highlights

Group In RM	12 months to 31.03.07	12 months to 31.03.06 Restated	12 months to 31.03.05	12 months to 31.03.04	12 months to 31.03.03
Turnover	**186,542**	230,564	434,171	499,902	314,659
Profit / (Loss) before taxation	**(36,201)**	(1,342)	(4,293)	9,602	10,416
Profit / (Loss) after taxation and minority interest	**(33,717)**	(4,505)	(12,374)	3,680	7,168
Issued share capital	**113,914.7**	113,914.7	113,914.7	112,307.0	103,248.0
Shareholders' funds	**91,893**	139,390	146,420	156,919	147,808
Total assets	**566,409**	910,180	895,172	849,570	694,569
In sen					
Gross dividend per share	**8.8**	–	3.0	–	6.5
Net earnings per share - Basic	**(0.29)**	(3.95)	(10.9)	3.6	9.1
Net tangible assets per share	**80.7**	111.3	116.7	126.9	126.8
Return on shareholders' fund (%)	**(36.7)**	(3.2)	(8.5)	2.3	4.8

Share Price Chart



Ireka Corporation Berhad

- 100% i-ZEN Property Services Sdn Bhd (Formerly known as Visi Kembar Sdn Bhd)
- 100% Ireka Development Management Sdn Bhd
- 100% Ireka Sdn Bhd
  - 100% Iswaja Enterprise Sdn Bhd
    - 100% Awarni Sdn Bhd
  - 100% Ireka Engineering & Construction Sdn Bhd
    - 100% United Time Development Sdn Bhd
  - 100% Regal Variety Sdn Bhd
  - 100% i-Residence Sdn Bhd
  - 100% Regalmont (Sabah) Sdn Bhd
  - 100% i-ZEN Hospitality Sdn Bhd
  - 90% Unique Legacy Sdn Bhd
  - 85.1% Legolas Capital Sdn Bhd
- 100% Ireka iCapital Sdn Bhd
  - 96% e-Auction Sdn Bhd
  - 100% asiaegolf Tours Sdn Bhd
  - 100% i-Tech Network Solutions Sdn Bhd
- 100% Ireka Corporation (HK) Limited
- 100% i-ZEN Commercial Sdn Bhd (Formerly known as Metropolitan Synergies Sdn Bhd)

Feeling Right at Home

Ireka is dynamic and is a growing presence in building new communities. Positive interest and success of such products as SENI Mont' Kiara demonstrate an ever-growing commitment to meeting the needs and desires of the buying public. At Ireka, we understand the difference between a house – and a home.

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

8834

AUDITORS

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

PRINCIPAL BANKERS

Am Bank Berhad
Bank Muamalat Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Maybank Berhad
OCBC Bank Malaysia Berhad
RHB Bank Berhad
Sabah Development Bank Berhad
United Overseas Bank (M) Berhad

Board of Directors

Haji Abdullah Bin Yusof

Aged 71, a Malaysian, is the Non-Executive Chairman of Ireka and was appointed to the Board of Directors in 1992. 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 mining and related 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 the Chairman of Cement Industries of Malaysia Berhad and also an Independent Non-Executive Director of Gopeng Berhad and Time Engineering 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 67, 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 64, 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 also a Director of several subsidiaries within the Ireka Group. He has over 30 years experience in the construction industry and is actively involved in activities of related trade organization both locally and regionally. Currently, he serves as a Council Member in Asean Contractors Federation (ACF) and the Rapporteur in International Federation of Asia and Western Pacific Contractors Association (IFAWPCA). He was the past President of the Master Builders Association Malaysia and a board member of Construction Industry Development Board Malaysia.

He is the brother of Mr. Lai Siew Wah.

Chan Soo Har @ Chan Kay Chong

Aged 61, a Malaysian, is an Executive 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 59, 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.

Board of Directors

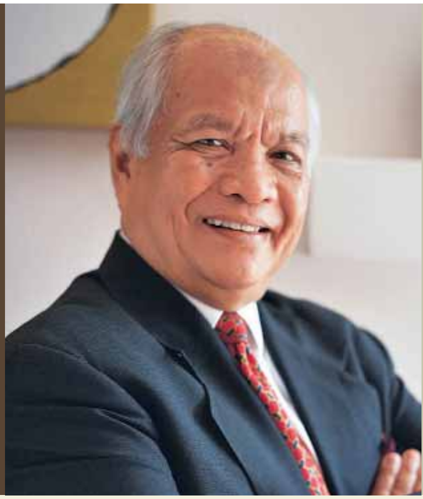
Kwok Yoke How

Aged 67, 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.

Lai Voon Hon

Aged 43, a Malaysian, is an Executive Director of Ireka and the Chief Executive Officer of Ireka Development Management Sdn Bhd. He joined Ireka in 1994 as the Group General Manager 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 practised 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.



Datuk Haji Burhanuddin Bin Ahmad Tajudin
PJN

Aged 75, 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 practised law for 28 years. He is also a Director of Permodalan Nasional Berhad, Amanah Saham Nasional Berhad, Universal Trustees (M) Berhad and BIMB Holdings Berhad.

Lai Voon Huey, Monica

Aged 41, a Malaysian, is an Executive Director of Ireka and the Chief Financial Officer of Ireka Development Management Shd Bhd. 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 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 68, 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 APM Automotive Holdings Berhad, Ann Joo Steel Berhad, Kemayan Corporation Berhad and Axis REIT Managers Berhad.

Profile of Company Secretary & Senior Management

Wong Yim Cheng

Joined Ireka in 2000 and is currently the Group Company Secretary / Head, Corporate Affairs. She has extensive experience in corporate secretarial matters and is an associate member of the Malaysian Association of Institute Chartered Secretaries and Administrators.

Leonard Yee Yuke Dien

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

Joined Ireka as an Engineer in 1989 and is currently the Chief Executive Officer of the construction arm, Ireka Engineering & Construction Sdn Bhd (“IECSB”). He graduated from University of Bristol, United Kingdom in 1983 with a Bachelor of Science (Hons) Degree in Civil Engineering. He has been a board member of IECSB since August 2000 and has 23 years of experience in the construction industry, in both civil engineering and building projects.

Lim Ech Chan

Joined Ireka in 2007 and is currently the Chief Operating Officer of Ireka Development Management Sdn Bhd. Prior to joining Ireka, he held senior position in a publicly listed property development company. He has more than 21 years of experience in the property development and is a registered Professional Town Planner with Board of Town Planners, Malaysia and also a member of Royal Town Planning Institute, London and Malaysian Institute of Planners, Malaysia.

Ng Yau Siong

Joined Ireka as an Engineer in 1991 and is currently a Director (Operations). He is a board member of Ireka Engineering & Construction Sdn Bhd since August 2000. He graduated from University of Canterbury, New Zealand in 1986 with a Bachelor of Engineering (Hons) Degree.

Ir. Lim Tau Soon

Joined Ireka as the Head of Technical & Engineering Services Division in 1993 and is currently a Director (Operations). He is a board member of Ireka Engineering & Construction Sdn Bhd since August 2000. 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

Joined Ireka as a Senior Project Manager 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. He has over 26 years of construction management experience in the construction industry, particularly in the construction of high rise luxury hotel, commercial building and service apartment, hospital, factory and residential houses.

Lee Chay Line

Joined Ireka in 1985 and is currently the Director of Quantity Surveying. He graduated from Institute Teknologi Union in 1984 with the Technician Diploma and was awarded a Bachelor of Applied Science (Construction Management and Economics) Degree by Curtin University, Australia in 1999.

Profile of Company Secretary & Senior Management

Kok Tong Yong, Tony

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 25 years of working experience in the construction industry, particularly in high rise buildings.

Ir. Chan Huan Khim

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 in Civil Engineering and was registered as a Professional Engineer with the Board of Engineers in 1990. He has over 16 years of experience in high rise buildings and 7 years of experience in civil works.

Eric Scheer

Joined Ireka in early 2007 and is currently Senior Vice President of the Design Services Department. He graduated from N.S.W. University (Australia) in Architecture and obtained a Gold Builders License (unlimited). He has worked and traveled extensively throughout South East Asia and has 30 years working experience in the building industry, specializing in Industrialized Building Systems and Project Management based on the design construct concept.

Ir. Chen Min Sang

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. He has over 25 years of experience in the construction industry as well as construction business both in Malaysia and overseas.

Frankie Heng

Joined Ireka in 2005 and is currently the Senior Vice President, Hospitality and Property management of Ireka Development Management Sdn Bhd. He has over 30 years experience in financial management in the hospitality industry in corporate finance, treasury, internal audit and at operational levels of the hotels. He has worked overseas for 14 years in Hong Kong, Fiji Islands, Singapore, Indonesia and Thailand with the Shangri-La and Kuok Group and in KL for the Mandarin Oriental, Regent and Merlin Hotels group.

Har Soon Thim, Lawrence

Joined Ireka in 2001 and is currently the Senior Vice President, Property Development and the Chief Representative of Ireka in Vietnam. He graduated from Central State University of Oklahama, USA with Honours Degree in Business Administration (major in Finance and General Business). He has over 25 years of experience in the property development and construction industry, in particular, project planning, administration and management.

Teh Chuan Khoon, Patrick

Joined Ireka in 2003 and is currently the Chief Operating Officer of i-Tech Network Solutions Sdn. Bhd. ("i-Tech"), 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.

Wee Kee Hong, James

Joined Ireka in 2007 and is currently the Chief Investment Officer of Ireka Development Management Sdn Bhd. Prior to joining Ireka, he was attached to IJM Corporation Berhad for 16 years and was heading the corporate finance department responsible for deploying the company's investments in Malaysia and Vietnam as well as overseeing the treasury and finance functions. He is a member of the Chartered Institute of Management Accountants (UK) and Malaysian Institute of Accountants.

Ir. Raymond Chin Yun Choi

Joined Ireka in 2007 and is currently the Country Manager (Vietnam). He was a General Manager of IGB Corporation Berhad in charge of property projects development prior to joining Ireka. He has over 17 years experience in property development with a niche in luxury property segment. He is a registered Professional Engineer with Lembaga Jurutera Malaysia and is a member of the Institute of Engineers Malaysia.

one Mont' Kiara

Shopping for Value, Variety and Venue

Ireka has also made strides in exciting developments. High-profile venues such as one Mont' Kiara provide businesses with their own address for success. Retailers seeking an attractive selling environment. Professionals seeking a stimulating workplace. And customers looking for a great place to shop, dine and interact.

APRIL 2006

- Ireka Corporation Berhad's (ICB) Annual Dinner 2006 themed *Flower Power* was held at The Westin Kuala Lumpur. Many staff dressed in colourful flower prints laced with accessories that befitted the theme for the night.

- Ireka Land Sdn Bhd (ILSB) together with CapitaLand Singapore presented a comedic theatre "Private Lives", by British Theatre Playhouse at Hilton Kuala Lumpur. The charity night was graced by the Negeri Sembilan Royalties and attended by a number of business associates and friends. The proceeds of the evening was chanelled to Yayasan Tunku Naquiyuddin.

MAY 2006

- ICB announced its quarterly report on consolidated unaudited results for the financial year ended 31 March 2006.

JUNE 2006

- ILSB, CapitaLand Singapore together with YAM Tunku Naquiyuddin Ibni Tunku Jaafar, Chairman of the Tunku Naquiyuddin Foundation hosted a dinner, in appreciation of the support given by the guests to the Foundation during the British Theatre Playhouse production of "Private Lives", which was held earlier in April. The dinner event also served as a sneak preview of the Tiffani by i-ZEN show gallery. Besides YAM Tunku Naquiyuddin and Tunku Nurul Hayati, the dinner was also attended by the Tiffani by i-ZEN brand ambassadors, MediaCorp artiste Fann Wong and local designer Bernard Chandran.

JULY 2006

- ILSB and American Express Platinum Card Services co-hosted an exclusive dinner for 60 American Express Platinum cardmembers with Dato' Professor Jimmy Choo at the Tiffani by i-ZEN Show Gallery in Mont' Kiara.

- ILSB officially launched the latest luxury residential project in Mont' Kiara, named Tiffani by i-ZEN in collaboration with CapitaLand Financial.

AUGUST 2006

- Dato' Professor Jimmy Choo, a celebrity owner of Tiffani by i-ZEN presented ILSB with a pair of designer shoes that incorporated Chinese characters and jade ornaments. The shoe "Tiffani" is now being displayed at the show suites.

- ICB announced the disposal of The Westin Kuala Lumpur to Newood Assets Ltd, an international property investment company, for a record price of RM455 million. An extraordinary general meeting was held later in December 2006 to seek shareholders' approval. The transaction was completed in January 2007.

- ICB announced its quarterly report on consolidated unaudited results for the financial period ended 30 June 2006.

SEPTEMBER 2006

- A mock cheque of RM45,000 was presented to Yayasan Tunku Naquiyuddin by the Chief Executive Officer of ILSB, Mr Lai Voon Hon as part of ICB Group's philosophy in giving back to the society and community.

- ICB held its 30th Annual General Meeting and an Extraordinary General Meeting at Bukit Kiara Equestrian & Country Resort, Kuala Lumpur during which ICB unveiled its three-pronged strategy to strengthen its financial footing to drive the Group forward.

Corporate Calendar

OCTOBER 2006

- i-ZEN Hospitality Sdn Bhd hosted a Mooncake Festival Party for homeowners and tenants of i-ZEN@Kiara II, as well as kids and family from Children Discovery House in conjunction with the Mid-Autumn Festival. Highlights of the night were Lion Dance and magic tricks performances.

NOVEMBER 2006

- ILSB inked a Management Contract with Ascott International Management Sdn Bhd to manage 150 units of its prestigious Tiffani by i-ZEN condominiums.
- ILSB and CapitaLand Singapore co-hosted British Theatre Playhouse “A Bed Full of Foreigners” in KL Hilton in support of Tuanku Ja’afar Education Fund.
- ICB announced its quarterly report on consolidated unaudited results for the financial period ended 30 September 2006.
- ICB announced the proposed listing of ILSB and ICSD Ventures Sdn Bhd (ICSD) on the Alternative Investment Market of The London Stock Exchange (AIM Market) via disposal of ICB’s entire shareholding stake in ILSB and ICSD to Aseana Property Limited (ASPL).

DECEMBER 2006

- one Mont’ Kiara, an integrated commercial project, in partnership with CapitaLand Singapore, had a soft launch to i-ZEN customers and received an overwhelming response with 98% sales of all units launched.

JANUARY 2007

- ICB Group’s Sport & Recreational Club organized a trip to Pulau Langkawi, Kedah to foster relationships among colleagues from different offices and sites.
- ICB announced the incorporation of a new subsidiary company named “Ireka Development Management Sdn Bhd”, the exclusive development manager for ASPL.

FEBRUARY 2007

- i-ZEN Hospitality Sdn Bhd hosted the i-ZEN Chinese New Year Party at i-ZEN@Kiara II specially for all i-ZEN family and friends.
- ICB announced the payment of interim dividend for the financial year ended 31 March 2007.
- Ireka announced its quarterly report on consolidated unaudited results for the financial period ended 31 Decemeber 2006.

MARCH 2007

- ICB announced major developments of the proposed disposals of ILSB and ICSD which include the proposed listing of ASPL on the Main Market of the London Stock Exchange (LSE) instead of the AIM Market. ASPL was successfully listed on the Main Market of LSE on 5 April 2007. An EGM was held later in April 2007 to seek shareholders’ approval and the proposed proposals were completed in May 2007.

Ireka Corporation Berhad Group (ICB) is committed to the practice of good corporate citizenship and responsibility. The Board of Directors of ICB aims to integrate all business plans and activities with corporate social responsibility values which will enhance interests and values of our shareholders, investors, customers, employees and to the community at large. The Board ensures its commitment towards excellent business ethics which include timely delivery of quality products and services, elimination of occupational health hazards, achieving accident-free operations, conservation and preservation of the natural environment, ensuring health and safety at work place and caring for the multi-racial communities.

Specifically, ICB Group has always supported social benefit works related to alleviation of poverty, health, education and training, sports, arts, culture and heritage regardless of race, creed and religion. Some of charitable organizations/funds/events that have benefited from ICB's efforts are as follows:

- Tuanku Ja'afar Educational Trust and Yayasan Tunku Naquiyuddin
- The Kiwanis Children Education Fund
- MERCY, Malaysia Medical Relief Society
- Tunku Azizah Fertility Foundation
- Memoir Charity Night 2006/2007 organised by Multimedia University in aid of National Cancer Council (MAKNA)
- Soroptimist International Club of Damansara (SID) Cancer Welfare Fund
- National Kidney Foundation of Malaysia
- Nanyang Press Foundation
- Rotary Club charitable golf tournament in aid of community projects
- Kiwanis Club, Bukit Kiara
- Handicapped Children's Welfare Association, Perak
- Sutra Foundation, a foundation to preserve, develop and promote traditional and contemporary performing arts in Malaysia nationally and internationally
- Dance Exchange in support of Indian classical dances
- Persatuan Chopin Malaysia in support of the 2nd ASEAN International Chopin Piano Competition
- KL Toastmasters Convention in support of training and development

ICB will continue in its best effort to play its role as a responsible and good corporate citizen. The Board of Directors, Management and staff of all levels will continuously find ways to upgrade and improve on our overall performance to ensure the achievement of our vision 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.

World-Class. And World Reach

Embassy of Brunei Darussalam in Beijing, P.R. China

Ireka has expanded its global presence, opening new markets for its products and services in the international community. We are also forging and strengthening business alliances with our partners, building bridges to future growth and success.

The Board of Directors confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 March 2007. 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 2007, the Board met for a total of eight times. Every Director attended all the Board meetings held during the financial year except Datuk Burhanuddin Bin Ahmad Tajudin and Kwok Yoke How who absent twice each, and Datuk Lai Foot Kong @ Lai Jaat Kong who absent once due to their respective 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 22 to 25 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, Haji Abdullah Bin Yusof and Datuk Haji Burhanuddin Bin Ahmad Tajudin who are over the age of seventy years will be retiring at the forthcoming Annual General Meeting and being eligible, offers themselves 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 Committee has met once to review the remuneration packages of Executive Directors based on their responsibilities and scope of work, corporate and individual performance.

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 2007 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	210	0	2,471
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. The Executive Directors together with the Management also hold regular meetings with analysts and investors to present and update them with the Group's performances 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 timely 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 pages 38.

iv Relationship With The Auditors

The role of the Audit Committee in relation to the External Auditors is stated on page 39 to 40.

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 2007 is set out on pages 39 of this Annual Report.

In accordance with a resolution of the Board of Directors dated 21 August 2007.

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 system enables risk management to be conducted in an effective manner and proactive controls to be established.

ii Internal Audit Function

The Audit Committee has renewed the engagement of Messrs. Audex Governance Sdn Bhd as the outsourced Internal Auditors to assist the Board of Directors reviewing the adequacy, integrity and effectiveness of the Group's system of internal control. The two-year Internal Audit Plan covering financial years ending 2008 to 2009 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;
- 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 and improved. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

COMPOSITION OF AUDIT COMMITTEE

As at 31 March 2007, 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 21 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 Datuk Haji Burhanuddin Bin Ahmad Tajudin and Kwok Yoke How who absent once each due to their unforeseen 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 the new accounting policies i.e. the Financial Reporting Standards (FRS) to the consolidated financial statements for the financial year ended 31 March 2007;
- Review of audited financial statements for financial year 31 March 2007 with the external auditors prior to recommending the same to the Board for approval;
- Review of the proposed general mandate for recurrent related party transactions of a Revenue/Trading Nature.
- Review of the re-appointment of Internal Auditors and its term of reference and audit programme for the financial years ending 31 March 2008 and 2009
- Review of internal audit reports and the internal auditors' recommendations for effective internal control system.

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:-

- compliance with accounting standards and other legal requirements; and

- 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

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2007.

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 10 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss after taxation from continuing operations	(34,557,585)	(7,716,499)
Profit for the year from discontinued operations	1,274,365	–
Loss for the year	(33,283,220)	(7,716,499)
Attributable to:		
Equity holders of the Company	(33,716,706)	(7,716,499)
Minority interests	433,486	–
Loss for the year	(33,283,220)	(7,716,499)

DIVIDENDS

Since the end of the previous financial year, an interim dividend of 8.8% per share comprising tax-exempt dividend of 4% and 4.8% less 27% income tax amounting to RM8,548,159 in respect of the financial year ended 31 March 2007 was paid out during the financial year under review.

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

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 1.4.2006	Exercised	Expired	As at 31.3.2007
Lai Siew Wah	336,090	–	336,090	–
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	268,872	–	268,272	–
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 Employees' Share Options Scheme (ESOS) which entitled the employees to subscribe for ordinary shares of RM1 each of the Company at exercise price of RM1.18. The scheme expired on 31 October 2006.

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 of the Company were as follows:

Interest in ordinary shares of the Company:

Number of ordinary shares of RM1 each

	At 1.4.2006	Addition	Disposal	At 31.3.2007
Direct -				
Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	4,827,100	–	–	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*	235,700	–	–	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

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 except as disclosed in Note 39 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 with in 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 2007 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 2007.

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 2007.

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 2007.

VARIANCES IN RESULTS

The variance between the financial results ended 31 March 2007 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 2007.

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 - 26 July 2007

LAI MAN MOI
Director

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

We, **Lai Siew Wah** and **Lai Man Moi**, 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 49 to 109 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 2007 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
Kuala Lumpur - 26 July 2007

LAI MAN MOI
Director

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 49 to 109 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 26 July 2007

LAI VOON HUEY

Before me,

PESURUHJAYA SUMPAH
NO. W 476
Raman Kunyapu
MALAYSIA

Commissioner for Oaths

Unit No 50-8-1, Tkt 10
Wisma UOA Damansara
50 Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

Auditors' Report to the Members of Ireka Corporation Berhad

We have audited the financial statements set out on pages 49 to 109 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 that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable 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 2007 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 10 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.

Raja Salleh, Lim & CO. AF-0071
Chartered Accountants

Lim Kim Cheong
116/3/09 (J/PH)
Partner

Petaling Jaya - 26 July 2007

In RM	Note	Group 2007	Group 2006	Company 2007	Company 2006
ASSETS					
Non-current assets					
Property, plant and equipment	8	**31,173,928**	442,481,171	**12,625,435**	12,305,738
Investment property	9	**4,272,100**	–	**–**	–
Investment in subsidiaries	10	**–**	–	**53,836,983**	50,086,981
Investment in jointly controlled entities	11	**229,733**	220,254	**70,000**	70,000
Other investments	12	**5,741,426**	5,829,338	**4,601,900**	4,601,900
Land held for property development	13	**–**	129,213,041	**–**	–
Goodwill on consolidation	14	**–**	12,579,358	**–**	–
		41,417,187	590,323,162	**71,134,318**	67,064,619
Current assets					
Property development costs	15	**8,738,696**	84,497,330	**–**	–
Inventories	16	**9,340,900**	8,215,259	**–**	–
Trade and other receivables	17	**105,901,192**	135,169,209	**19,502,920**	18,896,678
Amounts due from customers on contracts	18	**59,223,584**	74,827,147	**17,654,530**	18,954,530
Amounts due from jointly controlled entities	19	**11,635,433**	11,631,411	**11,324,476**	11,324,476
Amounts due from subsidiary companies	20	**–**	–	**88,463,494**	108,415,230
Cash and cash equivalents	21	**73,409,945**	5,516,838	**27,553**	18,865
		268,249,750	319,857,194	**136,972,973**	157,609,779
Assets of disposal group classified as held for sale	33	**256,741,964**	–	**–**	–
		524,991,714	319,857,194	**136,972,973**	157,609,779
TOTAL ASSETS		**566,408,901**	910,180,356	**208,107,291**	224,674,398

The accompanying notes form an integral part of these financial statements

Balance Sheets as at 31 March 2007 (cont'd)

In RM	Note	Group 2007	Group 2006	Company 2007	Company 2006
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the company					
Share capital	22	**113,914,700**	113,914,700	**113,914,700**	113,914,700
Share premium		**21,923,906**	21,937,906	**21,923,906**	21,937,906
Other reserves	23	**(184,609)**	(57,097)	**–**	–
(Accumulated losses)/Retained earnings		**(43,760,506)**	3,594,364	**(4,809,877)**	11,454,781
		91,893,491	139,389,873	**131,028,729**	147,307,387
Minority interest		**3,977,630**	1,043,895	**–**	–
Total equity		**95,871,121**	140,433,768	**131,028,729**	147,307,387
Non-current liabilities					
Borrowings	24	**27,506,114**	361,921,245	**1,795,011**	42,134,061
Deferred taxation	25	**3,197,014**	3,285,070	**610,000**	610,000
Other payables	26	**–**	15,849,800	**–**	–
		30,703,128	381,056,115	**2,405,011**	42,744,061
Current liabilities					
Trade and other payables	26	**108,929,267**	173,054,834	**2,381,815**	6,097,932
Amounts due to subsidiary companies	20	**–**	–	**26,620,703**	18,149,254
Borrowings	24	**133,293,110**	201,211,013	**45,671,033**	10,375,764
Taxation		**1,422,812**	14,424,626	**–**	–
		243,645,189	388,690,473	**74,673,551**	34,622,950
Liabilities directly associated with the assets as held for sale	33	**196,189,463**	–		
		439,834,652	388,690,473	**74,673,551**	34,622,950
Total liabilities		**470,537,780**	769,746,588	**77,078,562**	77,367,011
TOTAL EQUITY AND LIABILITIES		**566,408,901**	910,180,356	**208,107,291**	224,674,398

The accompanying notes form an integral part of these financial statements

In RM	Note	Group 2007	Group 2006	Company 2007	Company 2006
Continuing operations					
Revenue	27	**186,541,583**	230,563,748	**7,204,800**	12,225,117
Cost of sales	28	**(207,305,818)**	(209,295,615)	**(606,575)**	(903,253)
Gross (loss)/profit		**(20,764,235)**	21,268,133	**6,598,225**	11,321,864
Other income	29	**33,515,505**	2,165,726	**1,013,868**	169,996
Administration expenses		**(11,544,480)**	(10,133,461)	**(7,082,305)**	(5,758,980)
Other expenses		**(23,209,071)**	(5,374,463)	**(4,317,199)**	(1,689,826)
Operating (loss)/profit		**(22,002,281)**	7,925,935	**(3,787,411)**	4,043,054
Finance costs	30	**(14,208,109)**	(9,134,689)	**(3,929,088)**	(1,037,103)
Profit/(Loss) from jointly controlled entities		**9,479**	(132,978)	**–**	–
(Loss)/Profit before tax	31	**(36,200,911)**	(1,341,732)	**(7,716,499)**	3,005,951
Income tax expense	32	**1,643,326**	(1,901,449)	**–**	(1,400,000)
(Loss)/Profit for the year from continuing operations		**(34,557,585)**	(3,243,181)	**(7,716,499)**	1,605,951
Discontinued operations					
Profit/(Loss) for the year from discontinued operation	33	**1,274,365**	(951,607)	**–**	–
(Loss)/Profit for the year		**(33,283,220)**	(4,194,788)	**(7,716,499)**	1,605,951
Attributable to:					
Equity holders of company		**(33,716,706)**	(4,504,675)	**(7,716,499)**	1,605,951
Minority interests		**433,486**	309,887	**–**	–
(Loss)/Profit for the year		**(33,283,220)**	(4,194,788)	**(7,716,499)**	1,605,951
Loss per share attributable to equity holders to the Company (sen)					
Basis, for loss from continuing operations		**(30.72)**	(3.12)		
Basic, for profit/(loss) from discontinued operations		**1.12**	(0.83)		
Basic, for loss for the year	34	**(29.60)**	(3.95)		

The accompanying notes form an integral part of these financial statements

Consolidated Statements of Changes in Equity for the year ended 31 March 2007 (cont'd)

In RM	Attributable to Equity Holders of the Company — Non-Distributable: Share capital	Share premium	Other reserves	Distributable: Retained earnings/ (Accumulated losses)	Total	Minority interest	Total equity
As at 1 April 2006	113,914,700	21,937,906	(57,097)	3,594,364	139,389,873	1,043,895	140,433,768
Addition in equity interest	–	–	–	–	–	2,500,250	2,500,250
Dividends	–	–	–	(8,548,159)	(8,548,159)	–	(8,548,159)
Distribution to holder of preference shares	–	–	–	(5,090,005)	(5,090,005)	–	(5,090,005)
Foreign currency translation	–	–	(127,512)	–	(127,512)	–	(127,512)
Loss for the year	–	–	–	(33,716,706)	(33,716,706)	433,486	(33,283,220)
Transaction costs	–	(14,000)	–	–	(14,000)	–	(14,000)
Redemption of redeemable preference shares	–	–	–	–	–	(1)	(1)
As at 31 March 2007	113,914,700	21,923,906	(184,609)	(43,760,506)	91,893,491	3,977,630	95,871,121
As at 1 April 2005	113,914,700	21,945,906	–	10,559,597	146,420,203	733,998	147,154,201
Foreign currency translation	–	–	(57,097)	–	(57,097)	–	(57,097)
Addition in equity interest	–	–	–	–	–	10	10
Loss for the year	–	–	–	(4,504,675)	(4,504,675)	309,887	(4,194,788)
Dividends	–	–	–	(2,460,558)	(2,460,558)	–	(2,460,558)
Transaction costs	–	(8,000)	–	–	(8,000)	–	(8,000)
As at 31 March 2006	113,914,700	21,937,906	(57,097)	3,594,364	139,389,873	1,043,895	140,433,768

The accompanying notes form an integral part of these financial statements

In RM	Non-Distributable Share capital	Share premium	Distributable Retained profits/ (Accumulated losses)	Total
Balance as at 1 April 2006	113,914,700	21,945,906	12,309,388	148,169,994
Profit for the year	–	–	1,605,951	1,605,951
Transaction costs	–	(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
Dividends	–	–	(8,548,159)	(8,548,159)
Loss for the year	–	–	(7,716,499)	(7,716,499)
Transaction costs	–	(14,000)	–	(14,000)
Balance as at 31 March 2007	113,914,700	21,923,906	(4,809,877)	131,028,729

The accompanying notes form an integral part of these financial statements

Consolidated Cash Flow Statements for the year ended 31 March 2007

In RM	Note	2007	2006
Cash flow from operating activities			
(Loss)/Profit before tax from -			
Continuing operations		**(36,200,911)**	(1,341,732)
Discontinuing operations		**3,999,137**	2,462,203
Adjustments for:			
Unrealised gain in foreign exchange		**(127,512)**	(361,106)
Impairment loss of goodwill		**12,579,358**	933,211
Interest expenses			
Continuing operations		**14,208,109**	9,134,586
Discontinuing operations		**15,722**	12,771,089
Interest income		**(1,547,102)**	(231,188)
Allowance for doubtful debts		**237,161**	67,331
Share of (losses)/profit of jointly controlled entities		**(9,479)**	132,978
Property, plant and equipment			
- Depreciation		**2,021,236**	13,156,912
- Gain on disposals		**(1,234,401)**	(320,967)
- Loss on disposals		**15,165**	6,925
- Written off		**2,512**	–
		(6,041,005)	36,410,242
Properties development costs		**28,286,760**	(18,491,722)
Inventories		**(12,117,142)**	601,299
Receivables		**(41,620,099)**	15,698,669
Amounts due from customers on contracts		**15,603,563**	(9,958,762)
Amounts due from jointly controlled entities		**(4,022)**	(11,708)
Payables		**(24,955,018)**	4,969,913
Net cash flow (used in)/generated from operating activities		**(40,846,963)**	29,217,931
Income tax paid		**(6,797,531)**	(5,527,219)
Net cash flow (used in)/generated from operating activities		**(47,644,494)**	23,690,712
Cash flow from investing activities			
Interest income		**1,547,102**	231,188
Property, plant and equipment			
- Additions		**(11,520,073)**	(3,505,038)
- Disposals		**1,939,190**	1,442,016
Investment property - Additions		**(4,272,100)**	–
Land held for property development		**(14,125,931)**	(7,720,333)
Other investments		**–**	(17,550)
Proceeds from disposal of subsidiary company	33	**212,405,362**	–
Net cash flow generated from/(used in) investing activities		**185,973,550**	(9,569,717)

The accompanying notes form an integral part of these financial statements

In RM	Note	2007	2006
Cash flow from financing activities			
Borrowing costs capitalised		**(18,212,866)**	(11,659,226)
Dividends paid to shareholders		**(8,548,159)**	(2,460,558)
Distribution to holder of preference shareholders		**(5,090,004)**	–
Transaction cost		**(14,000)**	(8,000)
Hire purchase principal repayments		**(1,258,933)**	(1,870,165)
Interest paid		**(14,223,831)**	(22,024,442)
Proceeds from bank borrowings		**150,133,344**	179,385,485
Proceeds from issue of redeemable preference shares		**101**	–
Proceeds from shares issued to minority shareholder of a subsidiary company		**1,600,149**	10
Repayments of bank borrowings		**(154,610,761)**	(157,121,789)
Repayment of loan from minority shareholder		**(15,849,800)**	–
Redemption of redeemable preference shares		**(1)**	–
Net cash flow used in financing activities		**(66,074,761)**	(15,758,685)
Net increase/(decrease) in cash and cash equivalents		**72,254,295**	(1,637,690)
Cash and cash equivalents			
- at start of year		**(15,350,350)**	(13,712,660)
- at end of year	21	**56,903,945**	(15,350,350)

The accompanying notes form an integral part of these financial statements

Company Cash Flow Statements for the year ended 31 March 2007 (cont'd)

In RM	Note	2007	2006
Cash flow from operating activities			
(Loss)/Profit before tax		**(7,716,499)**	3,005,951
Adjustments for:			
Dividends received from a subsidiary company		**–**	(5,000,000)
Interest expenses		**3,929,088**	1,037,103
Interest income		**(2,400)**	(2,400)
Property, plant and equipment			
- Depreciation		**216,504**	250,060
- Gain on disposal		**(794,834)**	–
		(4,368,141)	(709,286)
Receivables		**(606,242)**	214,893
Amounts due from customers on contracts		**1,300,000**	1,000,000
Amounts due from/(to) subsidiary companies		**28,423,185**	17,955,239
Payables		**(3,716,117)**	(10,960,427)
Net cash flow generated from operating activities		**21,032,685**	7,500,419
Cash flow from investing activities			
Investment in subsidiaries		**(3,750,002)**	–
Interest received		**2,400**	2,400
Dividend received from a subsidiary company		**–**	3,600,000
Property, plant and equipment			
- Additions		**(151,501)**	(12,815)
- Disposals		**795,134**	–
Net cash flow (used in)/generated from investing activities		**(3,103,969)**	3,589,585
Cash flow from financing activities			
Dividends paid to shareholders		**(8,548,159)**	(2,460,558)
Transaction costs		**(14,000)**	(8,000)
Hire purchase principal repayments		**(111,237)**	(129,548)
Interest paid		**(3,929,088)**	(1,037,103)
Proceeds from bank borrowings		**–**	1,700,000
Repayments of bank borrowings		**(2,195,917)**	(9,423,806)
Net cash flow used in financing activities		**(14,798,401)**	(11,359,015)
Net increase/(decrease) in cash and cash equivalents		**3,130,315**	(269,011)
Cash and cash equivalents			
- at start of year		**(3,997,347)**	(3,728,336)
- at end of year	21	**(867,032)**	(3,997,347)

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 10 to the financial statements.

2 DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of the Directors on 26 July 2007.

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.

(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 revenues and expenses where a reasonable basis of allocation exists. Segment 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 comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 April 2006 as described fully in Note 6.

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

The financial statements are presented in Ringgit Malaysia (RM).

(b) Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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

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

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries (Continued)

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

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

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

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

(c) 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.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using 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.

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

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

(d) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment and depreciation

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

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

Freehold land is stated at cost less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a reducing balance basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

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

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

The Group has not adopted a policy of revaluation on its landed properties as at the end of financial year ended 31 March 2007.

(f) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured at cost, including transaction costs.

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

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Land held for property development and property development costs

(i) Land held for property development

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

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

(ii) Property development costs

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

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

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

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

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

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

(h) Construction contracts

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

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

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

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Construction contracts (Continued)

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

(i) Inventories

Inventories are stated at lower of cost and net realisable value

Cost is determined using the weighted average basis. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing overheads based on normal operating capacity. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

(j) Impairment of non-financial assets

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

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

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

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

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

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of non-financial assets (Continued)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(k) Financial instruments

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

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

(i) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increase or decrease in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Trade receivables

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

(v) Trade payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

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

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

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

(viii) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(l) Leases

(i) Classification

A lease recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease [Note 5(f)]; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

5 **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(l) Leases (Continued)

(ii) Finance leases - The Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used in the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represents the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 5(e).

(iii) Operating leases - The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating leases - The Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 5(r)(v). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(o) Provisions

Provision are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(p) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employee expected to accept the offer. Benefits failing due more than twelve months after balance sheet date are discounted to present value.

(q) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

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

5 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Foreign currencies (Continued)

(iii) Foreign operations

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

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

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 5 (h).

(ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 5(g).

(iii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs of the possible return of goods.

(iv) Revenue from services rendered

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

5 **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(r) **Revenue recognition (Continued)**

(v) **Rental income**

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on straight-line basis.

(vi) **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

(vii) **Dividend income**

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

(viii) **Management fees**

Management fees are recognised when services are rendered.

(s) **Non-current assets (or disposal Groups) held for sale and discontinued operation**

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

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

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

6 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

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

FRS 3	Business combination
FRS 5	Non-current assets held for sale and discontinued operations
FRS 101	Presentation of financial statements
FRS 102	Inventories
FRS 108	Accounting policies, changes in estimation and errors
FRS 110	Events after the balance sheet date
FRS 116	Property, plant and equipment
FRS 117	Leases
FRS 121	The effects of changes in foreign exchange rates
FRS 124	Related party disclosures
FRS 127	Consolidated and separate financial statements
FRS 131	Interests in joint ventures
FRS 132	Financial instruments: Disclosure and presentation
FRS 133	Earnings per share
FRS 136	Impairment of assets
FRS 138	Intangible assets
FRS 140	Investment property

The adoption of the above new FRS does not have any significant financial input on the results of the Group and the Company except as follows:

(a) FRS 3: Business combination, FRS 136: Impairment of assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS has been applied for business combinations for which the agreement date is on or after 1 January 2006.

Prior to 1 April 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash generating unit in which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 April 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortization at 1 April 2006 amounting to RM5,663,409 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 April 2006 of RM12,579,358 ceased to be amortised thereafter.

The revised accounting policy has been applied prospectively and the change has no impact on amounts reported for financial year ended 2006 and prior periods.

6 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (Continued)

(b) FRS 5: Non-current asset held for sale and discontinued operations

Prior to 1 April 2006, non-current assets (or disposal groups) held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current asset (or disposal groups) held for sale and those for continuing use. Upon the adoption of FRS 5, non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) and are stated at the lower of carrying amount and fair value less costs to sell.

Prior to 1 April 2006, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the Board of Directors have approved and announced a formal disposal plan. FRS 5 requires a component of an entity to be classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical are of operations or is a subsidiary acquired exclusively with a view to resale. The principal impact of this change in accounting policy is that a discontinued operation is recognised by the Group at a later point that it would be under the previous accounting policy due to the stricter criteria in FRS 5.

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. However, as required by FRS 5, certain comparative figures of the Group have been re-presented due to the current financial year's discontinued operations. The effects on the balance sheet as at 31 March 2007 and consolidated income statement for the year ended 31 March 2007 are set out in Note 6(c)(i) and 6(c)(ii) respectively. This change has no impact on the Company's income statement for the year ended 31 March 2007.

On 15 February 2007, the MASB issued the following amendments to FRS and interpretations (ICs) for entities other than private entities:

(i) Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation;

(ii) IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities;

(iii) IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments;

(iv) IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;

(v) IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment;

(vi) IC Interpretation 7, Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies; and

(vii) IC Interpretation 8, Scope of FRS 2 Share-based payments.

The above amendments to FRS and ICs are effective for accounting periods beginning on or after 1 July 2007. The initial application of the Amendment to FRS 121 should not have any significant impact on the financial statements of the Group. All ICs as issued above are not applicable to the Group.

Initial application of FRS 117, FRS 124 and Amendment to FRS 121 will be effective from the accounting period commencing 1 April 2007.

6 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (Continued)

(c) Summary of effects and changes arising from adoption of new and revised FRSs

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

(i) Effects on balance sheets as at 31 March 2007

In RM	Increase/ (Decrease) FRS 5 Note 6(b)
Land held for property development	(77,137,380)
Property development costs	(144,839,031)
Inventories	(8,189,679)
Trade and other receivables	(18,133,352)
Cash and bank balances	(6,416,226)
Assets on disposal group classified as held for sale	256,741,964
Current tax payable	(7,408,861)
Trade and other payables	(25,245,814)
Borrowings	(163,476,837)
Liabilities directly associated with the assets classified as held for sale	196,189,463
Accumulated losses	1,478,179
Deferred tax	(57,951)

(ii) Effects on income statements for the financial year ended 31 March 2007

Group

Revenue	99,199,372
Cost of sales	(87,198,645)
Depreciation	(116,509)
Operating loss	(12,000,727)
Loss before tax	(3,999,137)
Income tax expense	(2,724,772)
Profit for the year	1,274,365

6 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (Continued)

(c) Summary of effects and changes arising from adoption of new and revised FRSs (Continued)

(iii) Restatement of comparatives

The following comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

In RM	As previously stated	FRS 5 Note 6(b) Balancing	As restated
Description of charge for the Y/E 31 March 2006			
Group			
Revenue	399,760,246	169,196,498	230,563,748
Cost of sales	(319,397,140)	(110,101,525)	(209,295,615)
Other income	2,459,634	293,908	2,165,726
Administration expenses	(24,334,846)	(14,201,385)	(10,133,461)
Other expenses	(35,316,070)	(29,941,607)	(5,374,463)
Operating profit	23,171,824	15,245,889	7,925,935
Finance costs	(21,918,375)	(12,783,686)	(9,134,689)
(Loss)/Profit before taxation	1,120,471	2,462,203	(1,341,732)
Taxation	(5,315,259)	(3,413,810)	(1,901,449)

7 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Critical judgments made in applying accounting policies

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

(i) Classification between investment properties and property, plant and equipment

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

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

7 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(a) Critical judgments made in applying accounting policies (Continued)

(ii) Operating lease commitments - The Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(b) Key sources of estimation uncertainty

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

(i) Depreciation of equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(ii) Impairment of development costs

Construction contracts

The Group recognised revenue based on percentage of completion method. The stage of completion is measured by reference to the contract construction costs incurred to date to the estimated total of costs. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total revenue and contract costs, as well as the recoverability of the construction contracts activities. Total revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Company relied on past experience and work of specialists.

Property development

The Group recognised property development revenue and expense in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

(iii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognizes tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

7 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iv) Impairment of assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Allowance for doubtful debts of receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

8 PROPERTY, PLANT AND EQUIPMENT

In RM Group	Freehold land	Buildings	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Computers	Office Renovation	Total
As at 31.3.2007									
Cost									
As at 1.4.2006	32,627,689	348,695,824	82,045,727	9,304,624	3,905,350	17,481,548	2,649,319	–	496,710,081
Additions	–	10,186,700	1,564,730	910,777	230,985	76,743	261,313	565,825	13,797,073
Disposals	–	–	(1,377,490)	(404,719)	(44,931)	–	–	–	(1,827,140)
Reclassification	–	–	–	–	(186)	186	–	–	–
Disposal of subsidiary	(23,075,561)	(346,839,690)	(60,939,407)	–	(22,714)	(15,732,892)	(2,114,174)	–	(448,724,438)
Reclassified as held for sale - Note 33	–	–	–	(626,642)	(372,838)	(184,414)	(57,294)	(565,825)	(1,807,013)
As at 31.3.2007	9,552,128	12,042,834	21,293,560	9,184,040	3,695,666	1,641,171	739,164	–	58,148,563
Accumulated depreciation and impairment									
As at 1.4.2006	–	14,818,126	24,442,158	7,111,899	2,383,991	4,163,837	1,308,899	–	54,228,910
Depreciation charge for the year	–	24,380	1,147,969	438,529	217,586	80,985	86,417	25,370	2,021,236
Disposals	–	–	(734,553)	(348,883)	(21,240)	–	–	–	(1,104,676)
Reclassification	–	–	–	–	(14)	14	–	–	–
Disposal of subsidiary	–	(14,638,845)	(8,770,122)	–	(5,266)	(3,198,803)	(977,776)	–	(27,590,812)
Reclassified as held for sale - Note 33	–	–	–	(286,320)	(199,601)	(45,073)	(23,659)	(25,370)	(580,023)
As at 31.3.2007	–	203,661	16,085,452	6,915,225	2,375,456	1,000,960	393,881	–	26,974,635
Net carrying amount									
As at 31.3.2007	9,552,128	11,839,173	5,208,108	2,268,815	1,320,210	640,211	345,283	–	31,173,928

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

In RM Company	Freehold land	Buildings	Motor vehicles	Office equipment	Furniture and fittings	Total
As at 31.3.2007						
Cost						
As at 1.4.2006	9,552,128	1,856,134	3,912,551	1,338,524	547,395	17,206,732
Additions	–	–	386,968	149,533	–	536,501
Disposals	–	–	–	(300)	–	(300)
As at 31.3.2007	9,552,128	1,856,134	4,299,519	1,487,757	547,395	17,742,933
Accumulated depreciation and impairment						
As at 1.4.2006	–	179,281	3,304,161	1,009,722	407,830	4,900,994
Depreciation charge for the year	–	24,380	128,127	50,040	13,957	216,504
As at 31.3.2007	–	203,661	3,432,288	1,059,762	421,787	5,117,498
Net carrying amount						
As at 31.3.2007	9,552,128	1,652,473	867,231	427,995	125,608	12,625,435

In RM Group	Freehold land	Buildings	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Computers	Total
As at 31.3.2006								
As at 1.4.2005								
At 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
Additions	–	2,118,501	1,911,261	–	80,903	278,845	99,529	4,489,039
Disposals	–	–	(1,949,695)	(410,197)	(3,088)	–	–	(2,362,980)
As at 31.3.2006	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 and impairment								
As at 1.4.2005	–	7,898,823	22,003,425	6,854,170	2,137,513	2,517,897	895,176	42,307,004
Depreciation charge for the year	–	6,919,303	3,341,156	588,400	248,390	1,645,940	413,723	13,156,912
Disposals	–	–	(902,423)	(330,671)	(1,912)	–	–	(1,235,006)
As at 31.3.2006	–	14,818,126	24,442,158	7,111,899	2,383,991	4,163,837	1,308,899	54,228,910
Net carrying amount								
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

8 **PROPERTY, PLANT AND EQUIPMENT (Continued)**

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

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
a Details of assets under hire purchase -				
Hire purchase -				
Plant and machinery -				
Additions during the year, at cost	**1,488,000**	424,000	**–**	–
Net book value at year end	**2,021,508**	1,595,826	**–**	–
Motor vehicles -				
Additions during the year, at cost	**730,778**	–	**386,968**	–
Net book value at year end	**1,311,989**	1,029,977	**380,519**	245,432
Office equipment and computers -				
Net book value at year end	**–**	10,365	**–**	–
Finance lease -				
Plant and machinery -				
Additions during the year, at cost	**–**	560,000	**–**	–
Net book value at year end	**191,147**	757,048	**–**	–
Motor vehicles -				
Net book value at year end	**10,581**	13,227	**–**	–

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 24) are as follows:

In RM	Group and Company 31.3.2007	Group and Company 31.3.2006
Freehold land	**8,687,420**	8,687,420
Buildings	**890,850**	909,030
	9,578,270	9,596,450

(c) No borrowing costs were capitalised during the financial year.

In RM	Group and Company 31.3.2007	Group and Company 31.3.2006
Accumulated borrowing costs capitalised	**2,188,244**	2,188,244

9 INVESTMENT PROPERTIES

In RM	Group 31.3.2007	Group 31.3.2006
Transfer from inventories	**4,272,100**	–
As at 31 March	**4,272,100**	–

Investment properties comprise a number of commercial properties leased to third parties as disclosed in Note 36 to the financial statements.

10 INVESTMENT IN SUBSIDIARIES

In RM	Company 31.3.2007	Company 31.3.2006
Unquoted shares at cost	**53,836,983**	50,086,981

10 INVESTMENT IN SUBSIDIARIES (Continued)

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

	Country of incorporation	Principal activities	Holding in equity 2007 %	2006 %
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 (i)	Malaysia	Property development	**60**	60
Ireka Development Management Sdn Bhd	Malaysia	Property development management	**100**	–
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	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
Iswaja Enterprise Sdn Bhd	Malaysia	Dormant	**100**	100
i-Zen Hospitality Sdn Bhd	Malaysia	Property management	**100**	100
Unique Legacy Sdn Bhd (i)	Malaysia	Investment	**90**	90
Legolas Capital Sdn Bhd (i)	Malaysia	Dormant	**85.1**	–

10 INVESTMENT IN SUBSIDIARIES (Continued)

	Country of incorporation	Principal activities	Holding in equity %	%
Awarni Sdn Bhd (i)	Malaysia	Dormant		
- Subsidiary company of Ireka Hotels Sdn Bhd			**–**	67
- Subsidiary company of Iswaja Enterprise Sdn Bhd			**100**	33
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 venture capital fund to internet, e-commerce 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
Associated companies of ICSD Ventures Sdn Bhd				
Sandakan Harbour Square Sdn Bhd (i)	Malaysia	Dormant	**49**	100

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

11 INVESTMENT IN JOINTLY CONTROLLED ENTITIES

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Capital contribution	**140,000**	140,000	**70,000**	70,000
Share of post-acquisition reserves	**89,733**	80,254	**–**	–
	229,733	220,254	**70,000**	70,000

11 INVESTMENT IN JOINTLY CONTROLLED ENTITIES (Continued)

Details of the jointly controlled entities are as follows:

		Group		Company	
		31.3.2007	31.3.2006	31.3.2007	31.3.2006
Jointly controlled entities	**Principal activities**	Proportion of ownership interest			
		%	%	%	%
(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 Group's interest in the jointly controlled entities.

(ii) The financial year end is 31 December 2006.

(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 2007.

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities are as follows:

In RM	31.3.2007	31.3.2006
Assets and liabilities		
Current assets	**8,033,757**	8,032,399
Non-current assets	**16,823**	23,080
Total assets	**8,050,580**	8,055,479
Current liabilities	**(7,820,847)**	(7,835,225)
Total liabilities	**(7,820,847)**	(7,835,225)
Results		
Revenue	**–**	–
Expenses, including finance costs and taxation	**(15,082)**	(20,336)

12 OTHER INVESTMENTS

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Transferable corporate membership	**601,900**	601,900	**601,900**	601,900
Unquoted shares at cost	**1,139,526**	1,227,438	**–**	–
Subordinated bond 2002/2007	**4,000,000**	4,000,000	**4,000,000**	4,000,000
	5,741,426	5,829,338	**4,601,900**	4,601,900

13 LAND HELD FOR PROPERTY DEVELOPMENT

In RM	
As at 31 March 2007	
Cost	
As at 1 April 2006	129,213,041
Additions	17,516,312
Transfer to property development costs	(69,591,974)
Reclassification as held for sale	(77,137,379)
At 31 March 2007	–
As at 31 March 2006	
Cost	
As at 1 April 2005	116,529,880
Additions	12,593,286
Transfer from property development costs	89,875
As at 31 March 2006	129,213,041

The borrowing costs capitalised during the financial year is RM6,228,574 (31.3.2006 - RM4,703,936) by applying a capitalisation rate of 9% per annum (31.3.2006 - 8.75%).

14 GOODWILL ON CONSOLIDATION

In RM Group	
Cost	
As at 1 April 2006	18,242,767
Effects of adoption FRS 3 - Note 6(a)	(5,663,409)
Derecognised on disposal of subsidiary	(12,579,358)
As at 31 March 2007	–
Accumulated amortisation and impairment	
As at 1 April 2005	4,730,198
Amortisation - Note 31	933,211
As at 31 March 2005 and 1 April 2007	5,663,409
Effects of adoption FRS 3 - Note 6(a)	(5,663,409)
As at 31 March 2007	–
Net carrying amount	
As at 31 March 2006	12,579,358
As at 31 March 2007	–

15 PROPERTY DEVELOPMENT COSTS

In RM Group	Freehold land	Development costs	Borrowing costs capitalised	Total
As at 31 March 2007				
Cumulative property development costs				
As at 1 April 2006	30,669,767	267,059,474	26,136,206	323,865,447
Costs incurred during the year	18,553,057	100,570,724	9,985,419	129,109,200
Transfer from land held for property development	41,840,248	19,654,929	8,096,797	69,591,974
Reversal of completed projects	(15,581,465)	(184,197,070)	(18,623,166)	(218,401,701)
Reclassified as held for sale	(69,982,010)	(158,533,215)	(23,369,217)	(251,884,442)
As at 31 March 2007	5,499,597	44,554,842	2,226,039	52,280,478

15 PROPERTY DEVELOPMENT COSTS (Continued)

In RM Group	Freehold land	Development costs	Borrowing costs capitalised	Total
Cumulative costs recognised in income statement				
As at 1 April 2006				239,368,117
Recognised during the year				128,197,777
Reversal of completed projects				(216,144,111)
Unsold units transferred to inventories				(834,590)
Reclassified as held for sale				(107,045,411)
As at 31 March 2007				43,541,782
Property development costs as at 31 March 2007				8,738,696
As at 31 March 2006				
Cumulative property development costs				
As at 1 April 2005	34,093,104	168,469,786	21,535,815	224,098,705
Costs incurred during the year	–	98,589,688	4,600,391	103,190,079
Reversal of completed projects	(3,423,337)	–	–	(3,423,337)
As at 31 March 2006	30,669,767	267,059,474	26,136,206	323,865,447
Cumulative costs recognised in income statement				
As at 1 April 2005				143,495,942
Recognised during the year				95,872,175
As at 31 March 2006				239,368,117
Property development costs as at 31 March 2006				84,497,330

16 INVENTORIES

In RM	Group 31.3.2007	 31.3.2006
Cost		
Properties held for sale	**1,423,000**	–
Construction materials	**7,353,477**	5,184,085
Finished goods	**564,423**	3,031,174
	9,340,900	8,215,259

17 TRADE AND OTHER RECEIVABLES

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Trade receivables	**73,924,218**	93,428,959	**13,464,645**	15,772,827
Accrued billings in respect of property development	**952,770**	22,648,663	**–**	–
	74,876,988	116,077,622	**13,464,645**	15,772,827
Less: Provision for doubtful debts	**(280,611)**	–	**–**	–
	(280,611)	–	**13,464,645**	15,772,827
Trade receivables, net	**74,596,377**	116,077,622	**13,464,645**	15,772,827
Other receivables				
Deposits	**316,828**	1,802,665	**88,588**	87,958
Prepayments	**3,816,593**	16,199,160	**2,770,434**	2,964,124
Other receivables	**27,171,394**	1,089,762	**3,179,253**	71,769
	31,304,815	19,091,587	**6,038,275**	3,123,851
	105,901,192	135,169,209	**19,502,920**	18,896,678

18 AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Construction contract costs incurred to date	**751,530,376**	782,217,777	**139,601,740**	139,601,740
Attributable profits	**56,196,364**	93,525,632	**14,807,179**	14,807,179
Less: Provision for foreseeable losses	**(1,300,000)**	–	**(1,300,000)**	–
	806,426,740	875,743,409	**153,108,919**	154,408,919
Less: Progress billings	**(747,203,156)**	(800,916,262)	**(135,454,389)**	(135,454,389)
Amounts due from customers on contracts	**59,223,584**	74,827,147	**17,654,530**	18,954,530
Retention sums on contracts, included within trade receivables	**18,857,626**	19,780,822	**–**	–

18 AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS (Continued)

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

	Group		Company	
In RM	**31.3.2007**	**31.3.2006**	**31.3.2007**	**31.3.2006**
Hire of plant and machinery	**4,597,149**	3,984,411	**–**	–
Property, plant and equipment depreciation	**1,146,078**	1,329,696	**–**	–
Rental expense for buildings	**414,359**	455,957	**–**	–

19 AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

	Group		Company	
In RM	**31.3.2007**	**31.3.2006**	**31.3.2007**	**31.3.2006**
Amounts due from jointly controlled entities	13,485,298	13,481,276	13,174,341	13,174,341
Less: Provision for doubtful debts	(1,849,865)	(1,849,865)	(1,849,865)	(1,849,865)
	11,635,433	11,631,411	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.

20 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.

21 CASH AND CASH EQUIVALENTS

	Group		Company	
In RM	**31.3.2007**	**31.3.2006**	**31.3.2007**	**31.3.2006**
Cash on hand and at banks	**7,007,872**	4,762,567	**27,553**	18,865
Deposits with licensed banks	**66,402,073**	754,271	**–**	–
Cash and bank balances	**73,409,945**	5,516,838	**27,553**	18,865
Bank overdraft	**(22,922,226)**	(20,867,188)	**(894,585)**	(4,016,212)
Cash and bank balances classified as held for sale - Note 33	**6,416,226**	–	**–**	–
Total cash and cash equivalents	**56,903,945**	(15,350,350)	**(867,032)**	(3,997,347)

(i) Included in cash at banks of the Group are amounts of RM2,898,976 (31.3.2006 - RM365,396) held pursuant to Section 8A of the Housing (Control and Licensing of Developers) Enactment, 1978 and restricted from use in the other operations.

22 SHARE CAPITAL AND SHARE PREMIUM

In RM	**Number of ordinary shares of RM1 each Share capital (Issued and fully paid)**	**Share premium**	**Total share capital and share premium**
As at 1 April 2005	113,914,700	21,945,906	135,860,606
Transaction costs	–	(8,000)	(8,000)
As at 31 March 2006 and 1 April 2006	113,914,700	21,937,906	135,852,606
Transaction costs	–	(14,000)	(14,000)
As at 31 March 2007	113,914,700	21,923,906	135,838,606

22 SHARE CAPITAL AND SHARE PREMIUM (Continued)

In RM	Number of ordinary shares of RM1 each 31.3.2007	31.3.2006	Amount 31.3.2007	31.3.2006
Authorised share capital As at 31 March	**500,000,000**	500,000,000	**500,000,000**	500,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(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 2007.

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

No shares under ESOS were issued during the year.

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

	No. of share options 31.3.2007	31.3.2006
As at 1 April 2006/2005	**6,905,135**	7,506,135
Granted	**–**	154,000
Expired/Lapsed	**(6,905,135)**	(755,000)
As at 31 March	**–**	6,905,135

The scheme expired on 31 October 2006.

23 OTHER RESERVES

In RM Group	Foreign currency translation reserve
As at 1 April 2005	–
Foreign currency translation	57,097
As at 31 March 2006	57,097
Foreign currency translation	127,512
As at 31 March 2007	184,609

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

24 BORROWINGS

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Short term borrowings				
Secured:				
Bridging loans	**29,039,850**	10,067,802	**–**	–
Revolving credits	**14,630,481**	34,740,470	**–**	–
Term loans	**1,202,701**	64,818,900	**571,630**	1,098,580
Hire purchase and finance lease liabilities	**845,469**	1,090,241	**82,060**	112,525
	45,718,501	110,717,413	**653,690**	1,211,105
Unsecured:				
Bank overdrafts	**22,922,226**	20,867,188	**894,585**	4,016,212
Collateralised loan obligation	**41,087,122**	1,113,425	**41,087,122**	1,113,425
Revolving credits	**6,852,261**	42,313,225	**3,035,636**	4,035,022
Trade finance	**16,713,000**	26,199,762	**–**	–
	87,574,609	90,493,600	**45,017,343**	9,164,659
	133,293,110	201,211,013	**45,671,033**	10,375,764
Long term borrowings				
Secured:				
Term loans	**1,487,021**	321,185,499	**1,487,021**	2,130,299
Hire purchase and finance lease liabilities	**1,293,204**	735,746	**307,990**	3,762
	2,780,225	321,921,245	**1,795,011**	2,134,061
Unsecured:				
Collateralised loan obligation	**–**	40,000,000	**–**	40,000,000
Revolving credits	**24,725,889**	–	**–**	–
	27,506,114	361,921,245	**1,795,011**	42,134,061
Total borrowings				
Bridging loans	**29,039,850**	10,067,802	**–**	–
Collateralised loan obligation	**41,087,122**	41,113,425	**41,087,122**	41,113,425
Revolving credits	**46,208,631**	77,053,695	**3,035,636**	4,035,022
Trade finance	**16,713,000**	26,199,762	**–**	–
Term loans	**2,689,722**	386,004,399	**2,058,651**	3,228,879
Bank overdraft	**22,922,226**	20,867,188	**894,585**	4,016,212
Hire purchase and finance lease liabilities	**2,138,673**	1,825,987	**390,050**	116,287
	160,799,224	563,132,258	**47,466,044**	52,509,825

24 BORROWINGS (Continued)

The term loans are secured by the following:

(a) First legal charge over the freehold land, leasehold land and buildings of the Company and certain subsidiaries as disclosed in Note 8(b).

(b) Corporate guarantee by the Company and certain subsidiaries.

The secured bridging loans and revolving credit are secured by assignment of contract proceeds and corporate guarantee of the Company.

Other information on financial risks of borrowings are disclosed in Note 41.

Hire purchase and finance lease liabilities

	Group		Company	
In RM	**31.3.2007**	**31.3.2006**	**31.3.2007**	**31.3.2006**
Future minimum lease payments				
Not later than 1 year	**971,984**	1,298,633	**91,461**	135,338
Later than 1 year and not later than 2 years	**786,370**	614,321	**85,788**	3,762
Later than 2 years and not later than 5 years	**673,558**	203,993	**257,314**	–
Total future minimum lease payments	**2,431,912**	2,116,947	**434,563**	139,100
Less: Future finance charges	**(293,239)**	(290,960)	**(44,513)**	(22,813)
Present value of finance lease liabilities	**2,138,673**	1,825,987	**390,050**	116,287
Analysis of present value of finance lease liabilities				
Not later than 1 year	**845,469**	1,090,241	**82,060**	112,525
Later than 1 year and not later than 2 years	**692,424**	589,715	**77,010**	3,762
Later than 2 years and not later than 5 years	**600,780**	146,031	**230,980**	–
	2,138,673	1,825,987	**390,050**	116,287
Less: Amount due within 12 months	**(845,469)**	(1,090,241)	**(82,060)**	(112,525)
Amount due after 12 months	**1,293,204**	735,746	**307,990**	3,762

The Group has finance lease and hire purchase contracts for various items of property, plant and equipment as disclosed in Note 8. These lease have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 41.

25 DEFERRED TAX

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
As at 1 April	**3,285,070**	3,293,389	**610,000**	610,000
Recognised in income statement	**(30,105)**	(8,319)	**–**	–
Reclassified as held for sale	**(57,951)**	–	**–**	–
As at 31 March	**3,197,014**	3,285,070	**610,000**	610,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(73,974)**	(24,364,651)	**–**	–
Deferred tax liabilities subject to income tax	**3,270,988**	27,649,721	**610,000**	610,000
	3,197,014	3,285,070	**610,000**	610,000

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

Deferred tax liabilities of the Group

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Property, plant and equipment				
As at 1 April	**27,649,721**	19,095,902	**610,000**	610,000
Recognised in income statement	**27,288**	8,553,819	**–**	–
Reclassified as held for sale	**(57,951)**	–	**–**	–
Disposal of subsidiary	**(24,348,070)**	–	**–**	–
As at 31 March	**3,270,988**	27,649,721	**610,000**	610,000

Deferred tax assets of the Group:

In RM	Provisions	Others	Unused tax losses and unabsorbed capital allowances	Total
As at 1 April 2006	4,415	12,166	24,348,070	24,364,651
Recognised in income statement	2,137	55,256	–	57,393
Disposal of subsidiary	–	–	(24,348,070)	(24,348,070)
As at 31 March 2007	6,552	67,422	–	73,974
As at 1 April 2005	(2,689)		(15,799,824)	(15,802,513)
Recognised in income statement	(1,726)	(12,166)	(8,548,246)	(8,562,138)
As at 31 March 2006	(4,415)	(12,166)	(24,348,070)	(24,364,651)

25 DEFERRED TAX (Continued)

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

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Unused tax losses	**5,710,699**	6,156,398	**2,067,901**	–
Unabsorbed capital allowances	**450,094**	10,996,723	**270,683**	197,398
	6,160,793	17,153,121	**2,338,584**	197,398

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

26 TRADE AND OTHER PAYABLES

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Current				
Trade payables (i)	**96,927,106**	127,014,729	**1,154,719**	2,162,065
Progress billings in respect of property development cost	**473,904**	1,256,675	**–**	–
	97,401,010	128,271,404	**1,154,719**	2,162,065
Other payables				
Accruals	**7,742,722**	6,980,579	**–**	34,523
Other payables	**3,728,375**	37,720,301	**1,227,096**	3,901,344
Trade deposits	**57,160**	82,550	**–**	–
	11,528,257	44,783,430	**1,227,096**	3,935,867
	108,929,267	173,054,834	**2,381,815**	6,097,932
Non-current				
Other payables (ii)	**–**	15,849,800	**–**	–

(i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to three months.

(ii) The amount owing represents an advance from the minority shareholder of a subsidiary company to the Group, interest-free and was repaid during the financial year.

27 REVENUE

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Construction contracts	**165,302,020**	192,750,087	**–**	–
Property development	**9,261,145**	28,087,918	**–**	–
Trading and services	**10,286,441**	8,926,813	**–**	–
Dividend income from subsidiaries	**–**	–	**–**	5,000,000
Hospitality and leisure	**715,725**	798,930	**–**	–
Management fees from subsidiaries	**–**	–	**7,204,800**	7,225,117
Interest income	**976,252**	–	**–**	–
	186,541,583	230,563,748	**7,204,800**	12,225,117

28 COST OF SALES

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Construction contracts costs	**179,860,646**	177,827,674	**606,575**	903,253
Property development costs	**18,723,936**	23,915,044	**–**	–
Cost of inventories sold	**8,282,774**	6,989,525	**–**	–
Cost of services rendered	**438,462**	563,372	**–**	–
	207,305,818	209,295,615	**606,575**	903,253

29 OTHER INCOME

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Gain on sales of property, plant and equipment	**1,234,401**	320,967	**794,834**	–
Interest received	**124,632**	50,161	**2,400**	2,400
Gain on foreign exchange - Realised	**685,845**	361,106	**–**	–
Rental income	**5,270**	4,650	**–**	–
Rental of motor vehicle recoverable	**61,223**	–	**61,223**	–
Gain on disposal of a subsidiary	**29,908,950**	–	**–**	–
Miscellaneous	**1,495,184**	1,428,842	**155,411**	167,596
	33,515,505	2,165,726	**1,013,868**	169,996

30 FINANCE COSTS

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Interest expense on:				
Bank borrowings	**14,379,708**	9,660,451	**3,906,898**	1,011,223
Hire purchase and finance lease liabilities	**181,250**	213,510	**22,190**	25,880
Total interest expense carried forward	**14,560,958**	9,873,961	**3,929,088**	1,037,103
Less: Interest expense capitalised in qualifying assets	**(352,849)**	(739,272)	**–**	–
	14,208,109	9,134,689	**3,929,088**	1,037,103

31 (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
After charging:				
Auditors' remuneration				
- Current year	**234,734**	296,270	**94,500**	94,500
- Overprovision in prior years	**(3,580)**	–	**–**	–
Provision for doubtful debts	**237,161**	43,450	**–**	–
Impairment/Amortisation of goodwill	**12,579,358**	933,211	**–**	–
Directors' remuneration				
- Fee	**278,000**	260,000	**260,000**	260,000
- Emoluments	**3,094,466**	3,045,389	**2,290,991**	2,187,610
- Others	**360,576**	–	**360,576**	–
Loss on foreign exchange				
- Realised	**–**	23,108	**–**	3,568
Property, plant and equipment				
- Depreciation	**1,904,725**	2,185,405	**216,504**	250,060
- Gain on disposal	**(439,567)**	–	**–**	–
- Loss on disposal	**15,165**	6,925	**–**	–
- Written off	**2,062**	–	**–**	–

31 (LOSS)/PROFIT BEFORE TAX (Continued)

	Group		Company	
In RM	**31.3.2007**	**31.3.2006**	**31.3.2007**	**31.3.2006**
Preliminary expenses	**–**	3,181	**–**	–
Rental of				
- Plant and machinery	**4,597,149**	3,984,411	**–**	–
- Land and buildings	**617,812**	784,677	187,272	187,272
- Office equipment	**120,151**	72,800	120,151	72,800
Staff cost (i)	**22,732,740**	23,535,951	3,454,512	2,561,125

(i) Staff costs

Wages, salaries and others	**20,429,967**	21,128,843	**2,947,133**	2,105,138
Employees Provident Fund	**2,302,773**	2,407,108	**507,379**	455,987
	22,732,740	23,535,951	**3,454,512**	2,561,125

32 INCOME TAX EXPENSE

	Group		Company	
In RM	**31.3.2007**	**31.3.2006**	**31.3.2007**	**31.3.2006**
Continuing operations				
Current income tax Malaysian income tax	**324,790**	1,226,170	**–**	1,400,000
(Overprovision)/ Underprovisions				
in prior years Malaysian income tax	**(1,938,412)**	682,124	**–**	–
	(1,613,622)	1,908,294	**–**	1,400,000
Continuing operations				
Deferred tax				
Relating to origination and reversal of differences	**(29,704)**	(6,845)	**–**	–
Total income tax expense from continuing operations	**(1,643,326)**	1,901,449	**–**	1,400,000
Discontinued operations				
Current income tax Malaysian income tax	**2,724,772**	3,413,810	**–**	–
Total income tax expense	**1,081,446**	5,315,259	**–**	1,400,000

Domestic current income tax is calculated at the statutory tax rate of 27% (31.3.2006 - 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective Year of Assessment 2008. The computation of deferred tax as at 31 March 2007 has reflected these changes.

32 INCOME TAX EXPENSE (Continued)

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

	Group	
In RM	**31.3.2007**	**31.3.2006**
Loss before tax from:		
Continuing operations	**(36,200,911)**	(1,341,732)
Discontinued operations - Note 33	**3,999,137**	2,462,203
	(32,201,774)	1,120,471
Taxation at Malaysian statutory tax rate of 27% (31.3.2006 - 28%)	**(8,694,479)**	313,732
Income not subject to tax	**(185,178)**	(138,081)
Expenses not deductible for tax purposes	**30,156**	1,740,850
Change in tax rate	**1,068**	–
Effect of differential in tax rates from changes	**(70,000)**	–
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	**11,938,291**	2,716,634
(Overprovisions)/Underprovision of tax expenses in prior years	**(1,938,412)**	682,124
Income tax expense for the year	**1,081,446**	5,315,259

	Company	
In RM	**31.3.2007**	**31.3.2006**
(Loss)/Profit before taxation	**(7,716,499)**	3,005,951
Taxation at Malaysian statutory tax rate of 27% (31.3.2006 - 28%)	**(2,083,455)**	841,666
Expenses not deductible for tax purposes	**–**	558,334
Deferred tax assets not recognised in respect of current year's tax losses	**2,083,455**	–
Income tax expense for the year	**–**	1,400,000

Tax savings during the financial year arising from:

	Group and Company	
In RM	**31.3.2007**	**31.3.2006**
Utilisation of current year tax losses	**2,400**	312,848

33 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 28 August 2006, the Company announced the disposal of its wholly-owned subsidiary, Ireka Hotels Sdn Bhd, owner of The Westin Kuala Lumpur Hotel, to Newood Assets Limited. The disposal was completed on 10 January 2007. The result of the subsidiary has been presented separately on the consolidated income statements as a discontinued operations.

The cash flow resulting from the disposal is as follows:

In RM	
Property, plant and equipment	421,133,626
Inventories	2,801,822
Trade and other receivables	18,825,659
Trade and other payables	(16,311,215)
Cash and bank balances	1,090,963
Borrowings	(243,953,480)
Net assets disposed	183,587,375
Total disposal proceeds	(213,496,325)
Gain on disposal to the Group - Note 29	(29,908,950)
Cash inflow arising on disposal:	
Cash consideration	213,496,325
Cash and cash equivalents of subsidiary disposed	(1,090,963)
	212,405,362

On 30 November 2006, the Company announced the disposal of its wholly-owned subsidiary, Ireka Land Sdn Bhd and its 60% owned subsidiary ICSD Ventures Sdn Bhd to Aseana Properties Limited. The transaction was completed on 15 May 2007. As at 31 March 2007, the assets and liabilities of Ireka Land Sdn Bhd and ICSD Ventures Sdn Bhd have been presented on the consolidated balances sheet as a disposal group held for sale and the results of the subsidiaries are presented separately on the consolidated income statement as discontinued operations.

The analysis of the results of discontinued operations and the result recognised on the remeasurement of assets of disposal group is follows:

	Group	
In RM	**31.3.2007**	**31.3.2006**
Revenue	**99,199,372**	169,196,498
Cost of sales	**(87,198,645)**	(110,101,525)
Gross profit	**12,000,727**	59,094,973
Other income	**1,190,039**	293,908
Administration expenses	**(2,896,309)**	(14,201,385)
Other expenses	**(6,279,598)**	(29,941,607)
Profit from operations	**4,014,859**	15,245,889
Finance cost	**(15,722)**	(12,783,686)
Profit before tax of discontinued operations	**3,999,137**	2,462,203
Income tax expenses	**(2,724,772)**	(3,413,810)
Profit/(Loss) for the year from discontinued operations	**1,274,365**	(951,607)

33 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

The following amounts have been included in arriving at loss before tax of discontinued operations:

	Group	
In RM	**31.3.2007**	**31.3.2006**
	106,250	71,900
	–	12,771,089
	(446,218)	(190,179)
	116,509	10,971,507
	–	23,881
	–	19,540
	15,479	1,188,036

The cash flow attributable to the discontinued operations are as follows:

	Group	
In RM	**31.3.2007**	**31.3.2006**
Operating cash flows	**10,651,863**	66,229,048
Investing cash flows	**(14,019,070)**	(11,370,794)
Financing cash flows	**1,278,643**	(56,617,325)
Total cash flows	**(2,088,564)**	(1,759,071)

The major classes of assets and liabilities of Ireka Land Sdn Bhd and ICSD Ventures Sdn Bhd classified as held for sale on the consolidated balance sheet as at 31 March 2007 are as follows:

In RM	**Carrying amounts as at 31.3.2007**
Assets	
Amount due from associated company	**799,306**
Property, plant and equipment - Note 8	**1,226,990**
Land held for property development	**77,137,380**
Property development costs	**144,839,031**
Inventories	**8,189,679**
Trade and other receivables	**18,133,352**
Cash and bank balances - Note 21	**6,416,226**
Assets of disposal group classified as held for sale	**256,741,964**

33 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

In RM	Carrying amounts as at 31.3.2007
Liabilities	
Trade and other payables	**25,245,814**
Borrowings	**163,476,837**
Current tax payable	**7,408,861**
Deferred tax - Note 25	**57,951**
Liabilities directly associated with assets classified as held for sale	**196,189,463**

34 LOSS PER SHARE

Loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

In RM	31.3.2007	31.3.2006
Loss from continuing operations attributable to ordinary equity holders of the Company	**(34,991,071)**	(3,553,068)
Profit/(Loss) from discontinued operations attributable to ordinary equity holders of the Company	**1,274,365**	(951,607)
Loss attributable to ordinary equity holders of the Company	**(33,716,706)**	(4,504,675)

Basic earnings per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

In RM	31.3.2007	31.3.2006
Weighted average number of ordinary shares in issue	**113,917,700**	113,914,700
Basic earnings per share for:		
Loss from continuing operations	**(30.72)**	(3.12)
Profit/(Loss) from discontinued operations	**1.12**	(0.83)
Loss for the year	**(29.60)**	(3.95)

The comparative basic earnings per share has been restated to take into account the effect of the changes in accounting policies [Note 6(c)] on loss for that year.

35 DIVIDENDS

In RM	Dividends in respect of Year 31.3.2007	Dividends in respect of Year 31.3.2006	Dividends in respect of Year 31.3.2005	Dividends recognised in Year 31.3.2007	Dividends recognised in Year 31.3.2006
Recognised during the year:					
Interim dividend of 8.8% per share comprising tax-exempt dividend of 4% and 4.8% less 27% income tax	**8,548,159**	–	–	**8,548,159**	–
Final dividend of 3.0% per share less 28% income tax for year ended 2005	**–**	2,460,558	–	**–**	2,460,558
	8,548,159	2,460,558	–	**8,548,159**	2,460,558

36 OPERATING LEASE ARRANGEMENTS

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 5 to 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivable, are as follows:

In RM	31.3.2007	31.3.2006
Not later than 1 year	**42,286**	–
Later than 1 year and not later than 5 years	**211,430**	–
	253,716	–

37 COMMITMENTS

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

In RM	Group 31.3.2007	Group 31.3.2006
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

38 SIGNIFICANT RELATED PARTY DISCLOSURE

In RM	Group 31.3.2007	Group 31.3.2006
Companies in which certain Directors are deemed to have interests:		
Building materials and spare parts purchased from		
- Quality Parts Sdn Bhd	**986,253**	1,254,482
Progress billings on contracts to		
- Amatir Resources Sdn Bhd	**(262,346)**	(30,421,540)
- Binaderas Sdn Bhd	**(99,030,352)**	–
- Inovtecs Sdn Bhd	**(263,553)**	–
Rental of machinery charged by/(to)		
- Ifonda Sdn Bhd	**33,583**	58,600
- Imuda Sdn Bhd	**390,700**	596,100
- Imuda Sdn Bhd	**(122,265)**	219,612
- Inovtecs Sdn Bhd	**(19,910)**	(50)
Rental of motor vehicle charged to		
- Imuda Sdn Bhd	**(53,549)**	–
Services provided by		
- Syarikat Charng Sheng Sdn Bhd	**–**	60,000
Supply of labour (to)/from		
- Imuda Sdn Bhd	**(309,165)**	(464,594)
- Imuda Sdn Bhd	**253,172**	279,271
- Inovtecs Sdn Bhd	**(730)**	–
Sales of development properties to Directors	**(1,913,707)**	(3,330,380)
Sales of development properties to person connected to Directors	**–**	(1,347,652)
Subsidiary companies:		
Dividend income	**–**	(5,000,000)
Entertainment	**150**	–
Interest received	**(2,400)**	–
Management fee received	**(7,202,800)**	(7,225,117)
Office equipment maintenance fees	**52,500**	54,963
Purchase of office equipment	**8,857**	14,520
Rental of office equipment	**31,855**	–
Supply of labour	**–**	(40,320)

38 SIGNIFICANT RELATED PARTY DISCLOSURE (Continued)

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

In RM	Group 31.3.2007	Group 31.3.2006
Included in trade receivables:		
Binaderas Sdn Bhd	**11,247,900**	1,599,767
Imuda Sdn Bhd	**2,252,247**	340,171
Inovtecs Sdn Bhd	**1,179,208**	193,824
	14,679,355	2,133,762
Included in trade payables		
Ifonda Sdn Bhd	**461,989**	457,596
Quality Parts Sdn Bhd	**1,530,981**	2,295,287
	1,992,970	2,752,883
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.

Included in the total key management personnel are:

In RM	Group 31.3.2007	Group 31.3.2006	Company 31.3.2007	Company 31.3.2006
Directors' remuneration				
- Note 31	**3,733,042**	3,305,389	**2,911,567**	2,447,610

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

In RM	Group and Company 31.3.2007	Group and Company 31.3.2006
As at 1 April	**2,742,495**	2,742,495
Expired	**(2,742,495)**	–
As at 31 March	**–**	2,742,495

39 CONTINGENT LIABILITIES

In RM Unsecured -	Group 31.3.2007	 31.3.2006	Company 31.3.2007	 31.3.2006
(a) Corporate guarantees for credit facilities granted to suppliers.	**–**	–	**8,527,729**	7,286,602
(b) Corporate guarantees for credit facilities.	**24,638,980**	13,625,069	**254,161,956**	268,426,835
(c) Letters of undertaking for utilised credit facilities.	**721,800**	721,800	**721,800**	721,800
(d) 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

40 SEGMENTAL INFORMATION

Primary Reporting - Business segments

	Continuing operations							Discontinued operations	
In RM 31.3.2007	**Construction**	**Property development**	**Trading and services**	**Hospitality and leisure**	**Investment holding**	**Elimination**	**Total**		**Total**
Revenue									
External sales	**165,302,020**	**9,261,145**	**10,286,441**	**715,725**	**976,252**	**–**	**186,541,583**	**99,199,372**	**285,740,955**
Inter-segment sales	**–**	**–**	**–**	**–**	**7,204,800**	**(7,204,800)**	**–**	**–**	**–**
Total revenue	**165,302,020**	**9,261,145**	**10,286,441**	**715,725**	**8,181,052**	**(7,204,800)**	**186,541,583**	**99,199,372**	**285,740,955**
Result									
Segment result	**(24,086,350)**	**(9,855,994)**	**297,828**	**(73,113)**	**(13,762,196)**	**24,376,660**	**(23,103,165)**	**3,568,641**	**(19,534,524)**
Interest expenses							**(14,208,109)**	**(15,722)**	**(14,223,831)**
Other income							**1,100,884**	**446,218**	**1,547,102**
Share of net profit of jointly controlled entities	**9,479**						**9,479**	**–**	**9,479**
Loss before tax							**(36,200,911)**	**3,999,137**	**(32,201,774)**
Income taxation							**1,643,326**	**(2,724,772)**	**(1,081,446)**
Loss for the year							**(34,557,585)**	**1,274,365**	**(33,283,220)**

40 SEGMENTAL INFORMATION (Continued)

Primary Reporting - Other information

In RM 31.3.2007	Continuing operations Construction	Property development	Trading and services	Hospitality and leisure	Investment holding	Elimination	Total	Discontinued operations	Total
Other information									
Segment assets	116,913,984	15,196,050	18,624,717	244,480	157,931,239	526,734	309,437,204	256,741,964	566,179,168
Investment in jointly controlled entities							229,733	–	229,733
Consolidated total assets							309,666,937	256,741,964	566,408,901
Segment liabilities	196,567,171	7,789,776	2,190,255	112,461	67,688,654	–	274,348,317	196,189,463	470,537,780
Consolidated total liabilities							274,348,317	196,189,463	470,537,780
Capital expenditure	1,928,575	–	315,312	–	14,995,301		17,239,188	59,414,274	76,653,462
Depreciation	1,542,507	37,033	66,956	9,384	248,847		1,904,727	116,509	2,021,236
Impairment loss	–	–	–	–	12,579,358		12,579,358	–	12,579,358
Non-cash expenses other than depreciation	1,302,062	–	215,866	21,295	–		1,539,223	450	1,539,673

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

40 **SEGMENT INFORMATION (Continued)**

Primary Reporting - Business segments

In RM 31.3.2006	Continuing operations							Discontinued operations	
	Construction	Trading and services	Property development	Hospitality and leisure	Investment holding	Elimination	Total		Total
Revenue									
Sales to external customers	192,750,087	8,926,813	28,087,918	798,930			230,563,748	169,196,498	399,760,246
Inter-segment sales					17,225,117	(17,225,117)	–	–	–
Total revenue	192,750,087	8,926,813	28,087,918	798,930	17,225,117	(17,225,117)	230,563,748	169,196,498	399,760,246
Results									
Segment results	5,197,378	874,760	3,749,223	(71,282)	9,058,906	(10,000,000)	8,808,985	15,055,710	23,864,695
Unallocated expenses							(933,211)	–	(933,211)
Interest expenses							(9,134,689)	(12,783,686)	(21,918,375)
Interest income							50,161	190,179	240,340
Share of net loss of jointly controlled entities	(132,978)						(132,978)	–	(132,978)
Profit before tax							(1,341,732)	2,462,203	1,120,471
Income tax expense							(1,901,449)	(3,413,810)	(5,315,259)
Loss for the year							(3,243,181)	(951,607)	(4,194,788)

40 SEGMENT INFORMATION (Continued)

Primary Reporting - Other information

In RM 31.3.2006	Continuing operations						Discontinued	
			Trading	Hospitality	operations			
	Construction	Property development	and services	and leisure	Investment holding	Total		Total
Other information								
Segment assets	131,539,478	250,915,470	2,312,047	444,063,309	68,550,440	897,380,744	–	897,380,744
Investment in jointly controlled entities						220,254	–	220,254
Unallocated corporate assets						12,579,358	–	12,579,358
Consolidated total assets						910,180,356	–	910,180,356
Segment liabilities	266,478,419	171,600,779	2,618,611	253,888,936	75,159,843	769,746,588	–	769,746,588
Consolidated total liabilities						769,746,588	–	769,746,588
Capital expenditure	538,229	38,505,943	37,954	3,785,942	12,815	42,880,883	–	42,880,883
Amortisation	–	–	–	–	933,211	933,211	–	933,211
Depreciation	1,816,033	44,714	24,156	11,744	288,758	2,185,405	10,971,507	13,156,912
Non-cash expenses other than depreciation						200,369	–	200,369

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

41 FINANCIAL INSTRUMENTS

a Interest rate risk

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk.

In RM As at 31.3.2007	Note	WAEIR %	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Group									
Fixed rate									
Collateralised loan obligation	24	8.0	41,087,122	–	–	–	–	–	41,087,122
Hire purchase and finance lease liabilities	24	6.2	845,469	692,424	300,708	146,907	153,165	–	2,138,673
Floating rate									
Cash and bank balances	21	3.6	73,409,945	–	–	–	–	–	73,409,945
Bank overdrafts	24	8.5	22,922,226	–	–	–	–	–	22,922,226
Bridging loans	24	9.1	29,039,850	–	–	–	–	–	29,039,850
Revolving credits	24	6.9	21,482,742	24,725,889	–	–	–	–	46,208,631
Trade finance	24	7.5	16,713,000	–	–	–	–	–	16,713,000
Term loans	24	7.5	1,202,701	113,333	113,333	113,333	113,333	1,033,689	2,689,722
Subordinated bond 2002/2007	12	–	4,000,000	–	–	–	–	–	4,000,000
Company									
Fixed rate									
Collateralised loan obligation	24	8.0	41,087,122	–	–	–	–	–	41,087,122
Hire purchase and finance lease liabilities	24	10.9	82,060	77,010	66,619	80,454	83,907	–	390,050
Floating rate									
Cash and bank balances	21	3.6	27,553	–	–	–	–	–	27,553
Bank overdrafts	24	9.0	894,585	–	–	–	–	–	894,585
Revolving credits	24	7.4	3,035,636	–	–	–	–	–	3,035,636
Term loans	24	7.5	571,630	113,333	113,333	113,333	113,333	1,033,689	2,058,651
Subordinated bond 2002/2007	12	–	4,000,000	–	–	–	–	–	4,000,000

41 FINANCIAL INSTRUMENTS (Continued)

a Interest rate risk (Continued)

In RM As at 31.3.2006	Note	WAEIR %	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Group									
Fixed rate									
Collateralised loan obligation	24	8.0	1,113,425	40,000,000	–	–	–	–	41,113,425
Hire purchase and finance lease liabilities	24	6.8	1,090,241	589,715	146,031	–	–	–	1,825,987
Floating rate									
Cash and bank balances	21	3.6	5,516,838	–	–	–	–	–	5,516,838
Bank overdrafts	24	8.2	20,867,188	–	–	–	–	–	20,867,188
Bridging loans	24	7.9	10,067,802	–	–	–	–	–	10,067,802
Revolving credits	24	6.1	77,053,695	–	–	–	–	–	77,053,695
Trade finance	24	9.5	26,199,762	–	–	–	–	–	26,199,762
Term loans	24	5.1	64,818,900	65,109,789	256,075,710	–	–	–	386,004,399
Subordinated bond 2002/2007	12	23.7	4,000,000	–	–	–	–	–	4,000,000
Company									
Fixed rate									
Collateralised loan obligation	24	8.0	1,113,425	40,000,000	–	–	–	–	41,113,425
Hire purchase and finance lease liabilities	24	8.4	112,525	3,762	–	–	–	–	116,287
Floating rate									
Cash and bank balances	21	3.6	18,863	–	–	–	–	–	18,863
Bank overdrafts	24	7.9	4,016,212	–	–	–	–	–	4,016,212
Revolving credits	24	6.0	4,035,022	–	–	–	–	–	4,035,022
Term loans	24	8.0	1,098,580	760,594	113,333	113,333	113,333	1,029,706	3,228,879
Subordinated bond 2002/2007	12	23.7	4,000,000	–	–	–	–	–	4,000,000

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than six (6) months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risk.

41 FINANCIAL INSTRUMENTS (Continued)

b Fair values

No disclosure is made in respect of unquoted investment as it is not practicable to determine their fair values because of the lack of quoted market price.

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, other payables, and accruals, and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of finance lease liabilities approximate the carrying amounts shown in the balance sheets.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantee is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The Directors do not anticipate the carrying amounts recorded in the balance sheet to be significantly different from the fair values of the non-trade amounts due to/from intergroup of Companies.

Statistics of Shareholdings as at 9 August 2007

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	132	30,013	0.03
1,000 - 10,000	3,298	9,577,200	8.40
10,001 - 100,000	321	8,658,904	7.60
100,001 - 5,695,734 ^	51	38,035,701	33.39
5,695,735 and above ^^	4	57,612,882	50.58
Total	3,806	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	3,000	#	49,001,998 **	43.02

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

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	3,990,900	3.50
7	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)	3,585,499	3.15
8	EB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)	1,792,749	1.57
9	Mahomed Ferheen	1,719,900	1.51
10	CimSec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Lai Man Moi)	1,529,250	1.34
11	Abdullah Bin Yusof	1,500,000	1.32
12	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Sow Mun)	1,439,800	1.26
13	CimSec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Chan Soo Har @ Chan Kay Chong)	1,378,250	1.21
14	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)	1,316,250	1.16
15	Sapiah @ Safiah Binti Hussin	1,250,000	1.10
16	Kwok Yoke How	1,166,600	1.02
17	Universal Trustee (Malaysia) Berhad (SBB Emerging Companies Growth Fund)	1,042,300	0.91
18	Universal Trustee (Malaysia) Berhad (SBB Dana Al-Azam)	877,600	0.77
19	Chan Lin Yau	746,000	0.65
20	Ahmad Zaini Bin A.Jamil	620,000	0.54
21	Kwok Yoke How	576,003	0.51
22	Choon Siew & Sons Sdn. Bhd	560,000	0.49
23	CIMB Group Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chan Soo Har @ Chan Kay Chong)	511,500	0.45
24	CIMB Group Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lai Man Moi)	511,500	0.45
25	Loh Chen Peng	420,000	0.37
26	Affin Nomiees (Asing) Sdn Bhd (Exempt an for Phillip Securities (Hong Kong) Ltd)	364,100	0.32
27	Tan Hwa Ling @ Tan Siew Leng	360,000	0.32
28	How Sue Chan @ Ho Sue Chan	340,000	0.30
29	RHB Nominees (Tempatan) Sdn Bhd (RHB Asset Management Sdn Bhd for Perbadanan Nasional Berhad)	330,000	0.29
30	Chin Choy Fan	325,700	0.29

List of Material Properties as at 31 March 2007

	Location	Tenure	Approximate Land Area (Built-up Area)	Description	Age	Net Book Value (RM)	Year of Acquisition
1	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 future development	N/A	54,356,259	1994
2	Lot PT17741, Mukim Batu Kuala Lumpur, Sectors 3 - 13 i-ZEN@Kiara II, Mont' Kiara	Freehold	38,322 sq.ft	Office space for own use.	2	14,340,700	2007
3	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	9,578,270	1997
4	Geran 18076, Lot 8849 Mukim of Kajang, District of Ulu Langat	Freehold	220,806 sq. ft	Vacant land for future development	N/A	2,755,134	2000
5	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	19 years	684,255	1988
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	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
8	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
9	Geran 42276/M2/2/44, Lot 32432 Mukim of Plentong	Freehold	824 sq. ft. (884 sq. ft.)	Walk-up flat for investment	20 years	44,674	1987

NOTICE IS HEREBY GIVEN THAT the 31st 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, 26 September 2007 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 2007. **Resolution 1**

2 To approve the payment of Directors' fees of RM260,000.00 for the year ended 31 March 2007. **Resolution 2**

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

a "**THAT** Tuan Haji Abdullah Bin Haji Yusof 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**

b "**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 4**

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

a Lai Siew Wah **Resolution 5**

b Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM* **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 : 4th September 2007

Notes:

1 A member entitled to attend and vote is entitled to appoint proxy 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) 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.

Statement Accompanying Notice of 31st Annual General Meeting of Ireka Corporation Berhad

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

i Haji Abdullah Bin Yusof, retiring pursuant to Section 129 of the Companies Act, 1965.

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

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

iv Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*, 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, seven (7) board meetings were held. Details of attendance of Directors at the Board Meetings are as follows:

Name		Attendance
i	Haji Abdullah BinYusof	7/7
ii	Lai Siew Wah	7/7
iii	Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*	6/7
iv	Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*	5/7
v	Lai Man Moi	7/7
vi	Chan Soo Har @ Chan Kay Chong	7/7
vii	Kwok Yoke How	5/7
viii	Haji Mohd. Sharif Bin Haji Yusof	7/7
ix	Lai Voon Hon	7/7
x	Lai Voon Huey, Monica	7/7

3 Date, time and place of general meeting

Type of Meeting	Date	Time	Place
31st Annual General Meeting	26 September 2007	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 of **Ireka Corporation Berhad** hereby appoint ______________________________

____

NRIC No. ______________________________

____

or failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 26 September 2007 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 2007		
2	To approve the payment of Directors' fee of RM260,000.00		
3	Re-election of Director, Haji Abdullah Bin Yusof		
4	Re-election of Director, Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*		
5	Re-election of Director, Lai Siew Wah		
6	Re-election of Director, Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*		
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.

No. of shares held: ______________________________

CDS Account No: ______________________________

Signature/Seal ______________________________

Dated this ______________________________

Notes:

1 A member entitled to attend and vote is entitled to appoint proxy 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) 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.

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Affix
Stamp

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