Be Spirited

ANNUAL REPORT 2005

ADVANCE SYNERGY BERHAD

Corporate Vision and Mission

OUR VISION

To be premier global corporation.

OUR MISSION

To attain success as a socially responsible global corporation which excel in every undertaking.

OUR STRATEGY

We seek synergistic partnerships and alliances to achieve our mission.

WE ENSURE

- Entrepreneurship excellence in all our pursuits.
- Sustainable growth through identification and satisfaction of customers' needs.
- Productive partnerships with business associates, suppliers, employees and governments.
- Fairness in all business dealings with partners, customers and suppliers.

OUR VALUES

- **To Our Stockholders**
  We ensure a fair return so that our stockholders will value their investment.

- **To Our Customers**
  We value our customers by providing them with high quality products and services at competitive prices.

- **To Our Employees**
  We care for our people by creating a conducive work environment, nurturing them to their fullest potential and recognising their contribution.

- **To Our Community**
  We honour our social obligations and contribute to the economic and social wellbeing of every community in which we operate.

Logo Rationale

This logo, circular in shape, comprises symbols which represent the fire, water, and earth elements in constant interaction. The interaction of these elements releases free flowing energy which produces the TREE, a symbol of all life on earth. Situated at the centre of the logo, the TREE represents the focus of the company goal which is the creation of wealth benefiting shareholders and society at large. The logo holistically, symbolises synergistic energy in motion.

Contents

Group Corporate Structure As At 3 May 2006

Advance Synergy Berhad (1225-D)

FINANCIAL SERVICES & TRANSPORTATION

- 52.74% Advance Synergy Capital Berhad
  - 100% AESBI Power Systems Sdn Bhd
  - 100% ASC Credit Sdn Bhd
  - 100% ASC Equities Sdn Bhd
  - 100% Triton Commuter Sdn Bhd
  - 100% Triton Engineering Sdn Bhd
  - 100% Triton Excursions Sdn Bhd
  - 100% Triton Express Sdn Bhd
    - 100% SN Services Pte Ltd
  - 100% Triton Express Holdings Sdn Bhd
  - 100% Triton Feeder Services Sdn Bhd
  - 100% Triton-K Sdn Bhd
  - 100% Triton Khidmat Sdn Bhd
  - 100% Triton Synergy Holdings Sdn Bhd
    - 70% Transit Vision Holdings Sdn Bhd
  - 100% Triton Terminal Management Sdn Bhd
  - 51% Quality Bus & Coach (M) Sdn Bhd
    - 20%
  - 50% Hicom Australia Pty Ltd
  - 49% ACE Synergy Insurance Berhad
  - 20% Kumpulan Powernet Berhad
  - 20% Southern Investment Bank Berhad

SERVICES

- 100% Excellent Display Sdn Bhd
  - 100% Super Leisure Sdn Bhd
  - 100% Visage Synergy Sdn Bhd
- 100% Nagapura Management Corporation Sdn Bhd ("NMC")
  - 100% Xgo Technik Sdn Bhd
  - 70% Syarikat Fit and Weld Engineering (M) Sdn Bhd
- 100% Strategic Research & Consultancy Sdn Bhd
- 51% P.T.Asbindo Infocitra

PROPERTY DEVELOPMENT

- 100% Advance Synergy Properties Sdn Bhd
  - 100% Synergy Realty Incorporated
    - 100% Builderworks Pty Ltd
- 100% Advance Synergy Realty Sdn Bhd
- 100% Sadong Development Sdn Bhd
  - 95% Hotel Golden Dragon Sdn Bhd
    - 100% Simpang Tiga Realty Sdn Bhd

CARD & PAYMENT SERVICES

- 51% iSynergy Sdn Bhd
  - 100% Cosmoscourt.com (Malaysia) Sdn Bhd
  - 100% Datakey Sdn Bhd
  - 100% Rewardstreet.com (Malaysia) Sdn Bhd
- 51% Synergy Cards Sdn Bhd

INFORMATION & COMMUNICATIONS TECHNOLOGY

- 100% Worldwide Matrix Sdn Bhd
  - 58.30% Unified Communications Holdings Limited
    - 100% Unified Communications Pte Ltd
      - 100% Attrix Technology Pte Ltd
      - 89% Unified (Thailand) Ltd
      - 51% Unified Communications Limited
    - 100% Unified Communications Sdn Bhd
      - 100% AttrixTech Sdn Bhd
      - 100% Unified Communications (Shenzhen) Private Limited
      - 51% GlobeOss Sdn Bhd
      - 40% Ahead Mobile Sdn Bhd

TIMBER

- 100% Advance Synergy Timber Sdn Bhd
- 100% Ausborn Sawmill Sdn Bhd
- 55% Bornion Sawmill Sdn Bhd

45%

MANUFACTURING, MARKETING & DISTRIBUTION

- 100% Calmford Incorporated
  - 100% Advansa Pty Ltd
  - 100% Home Cinema Studio Pty Ltd
- 100% Excellent Arch Sdn Bhd
  - 100% Advance Synergy Furniture Sdn Bhd
- 81% Acrylic Synergy Sdn Bhd (Subsidiary of NMC)

NATURAL RESOURCES

- 100% Synergy Gold Incorporated
- 100% Synergy Petroleum Incorporated

HOTELS & RESORTS

- 99.63% Alangka-Suka Hotels & Resorts Berhad
  - 100% Antara Holiday Villas Sdn Bhd
  - 100% Asbina Hotel & Property Sdn Bhd
    - 100% Asbina Hotel & Property (Cambodia) Pte Ltd
  - 100% Cherating Holiday Villa Berhad
  - 100% Holiday Villa Subang Sdn Bhd
  - 100% Holiday Villa Travel & Tours Sdn Bhd
  - 100% Langkawi Holiday Villa Sdn Bhd
  - 100% Mayor Hotels Berhad
  - 100% Suntop Corporation Sdn Bhd
  - 90% Alor Setar Holiday Villa Sdn Bhd
  - 100% Alangka-Suka International Limited
    - 100% Interwell Management Limited
    - 100% Larkswood Assets Limited
      - 100% Alangka-Suka Australia Pty Ltd
      - 100% Holiday Villa Australia Pty Ltd
    - 90% Asbina Shenzhen Limited
    - 90% Grand Holiday Villa Khartoum Co. Ltd — 10%
    - 90% P.T.Diwangkara Holiday Villa Bali
  - 100% Grand Hotel Sudan Limited
  - 100% Holiday Villas International Limited
    - 100% Holiday Villa (UK) Ltd
    - 70% Holiday Villa China Limited
      - 100% Changshu Holiday Villa Hotel Management Co. Ltd
    - 70% Holiday Villa Middle East Limited

TRAVEL & TOURS

- 100% Alam Samudera Corporation Sdn Bhd
- 100% Diversified Gain Sdn Bhd
  - 100% Orient Escape Travel Sdn Bhd
    - 100% Columbus Travel & Tours Sdn Bhd
    - 100% Marketing and Event Management Integrated Sdn Bhd
    - 100% Motorsports Adventure Sdn Bhd
    - 100% Orient Escape Travel (Penang) Sdn Bhd
    - 100% Orient Escape Travel (Sabah) Sdn Bhd

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Eighty-Second ANNUAL GENERAL MEETING** of the Company will be held at Mezzanine Floor, Synergy Com Centre, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 30 June 2006 at 9.30 a.m. for the following purposes:-

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2005 and the Directors' and Auditors' reports thereon. **Resolution 1**

2. To approve Directors' fees for the financial year ended 31 December 2005. **Resolution 2**

3. To re-elect the following Directors:-
   3.1 Wong Ah Nam @ Wong Joon Tuang **Resolution 3**
   3.2 Chim Wai Khuan **Resolution 4**

4. To re-appoint Messrs BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

5. As special business, to consider and, if thought fit, pass the following Ordinary Resolutions:-

   Authority to allot and issue shares **Resolution 6**

   "THAT subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to issue new shares in the Company, from time to 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 such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

   Proposed Stockholders' Mandate for Recurrent Related Party Transactions **Resolution 7**

   "THAT approval be and is hereby given for the Company and/or its unlisted subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Company's Circular to Stockholders dated 6 June 2006 (the "Circular") provided that:-

   (i) the transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms and on terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority stockholders; and

   (ii) disclosure is made in the annual report of the breakdown of the aggregate value of the transactions conducted pursuant to the stockholders' mandate during the financial year, among others, based on the following information:-

      (a) the type of the recurrent related party transactions made; and

      (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company

   AND THAT authority conferred by this Ordinary Resolution shall continue to be in force until:-

   (i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

   (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

   (iii) revoked or varied by resolution passed by the stockholders in general meeting,

   whichever is the earlier,

   AND FURTHER THAT the Directors of the Company and its unlisted subsidiaries be and are hereby authorised to complete and to do all acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

6. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

HO TSAE FENG
Secretary

Selangor Darul Ehsan
6 June 2006

Note:-

(1) A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

(2) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint one (1) proxy in respect of each securities account it holds with stock units of the Company standing to the credit of the said securities account.

(3) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised and in the case of a corporation, the instrument appointing a proxy must be under its common seal or under the hand of an officer or attorney duly authorised.

(4) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 3, Wisma ASCAP - QBC, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Resolution 6 - Authority to allot and issue shares

The Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965, if passed, will empower the Directors, from the date of the above General Meeting until the next Annual General Meeting to allot and issue new shares of the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being and for such purposes as the Directors consider would be in the best interests of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve the aforesaid. This authority, unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

Resolution 7 - Proposed stockholders’ mandate for Recurrent Related Party Transactions

Please refer to the Circular to Stockholders dated 6 June 2006 for further information which is despatched together with the Company’s Annual Report 2005.

(A proxy form is attached with this report and financial statements.)

Statement Accompanying Notice of Annual General Meeting

Directors standing for re-election at the Eighty-Second Annual General Meeting of Advance Synergy Berhad

Wong Ah Nam @ Wong Joon Tuang
Chim Wai Khuan

Details of attendance of Directors at Board Meetings

Six (6) Board Meetings were held during the financial year ended 31 December 2005. Details of attendance of Directors at the Board Meetings are as follows:-

Name of Directors	No. of Meetings	
	Held	Attended
Dato' Ahmad Sebi Bakar	6	6
Aznan Bin Haji Ismail	6	5
Wong Ah Nam @ Wong Joon Tuang	6	6
Datin Masri Khaw Binti Abdullah	6	5
Chim Wai Khuan	6	6
Sng Ngiap Koon	6	6

Place, Date and Time of the Eighty-Second Annual General Meeting

The Eighty-Second Annual General Meeting of the Company will be held at Mezzanine Floor, Synergy Com Centre, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 30 June 2006 at 9.30 a.m.

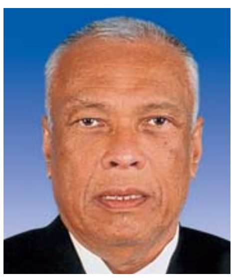
Details of Directors who are standing for re-election

The securities holdings of the Directors standing for re-election in the Company and its subsidiaries are disclosed in the Statement on Directors' Interests on page 106 of this Annual Report and other details of Directors standing for re-election are disclosed in Directors' profile on pages 8 to 9 of this Annual Report.

Board of Directors & Corporate Information

Dato' Ahmad Sebi Bakar
Executive Chairman

Sng Ngiap Koon
Executive Director



Aznan bin Haji Ismail
Independent
Non-Executive Director

Datin Masri Khaw binti Abdullah
Non-Independent
Non-Executive Director

Wong Ah Nam @ Wong Joon Tuang
Independent
Non-Executive Director

Chim Wai Khuan
Independent
Non-Executive Director

BOARD OF DIRECTORS
Dato' Ahmad Sebi Bakar
Sng Ngiap Koon
Aznan bin Haji Ismail
Wong Ah Nam @ Wong Joon Tuang
Datin Masri Khaw binti Abdullah
Chim Wai Khuan

SECRETARY
Ho Tsae Feng

AUDITORS
BDO Binder
Public Accountants
12th Floor, Menara Uni. Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2616 2888 Fax: 03-2616 3190

REGISTRARS
Sectrars Services Sdn. Bhd.
No. 28-1, Jalan Tun Sambathan 3
Brickfields, 50470 Kuala Lumpur
Tel: 03-2274 6133 Fax: 03-2274 1016

REGISTERED OFFICE
Level 3, Wisma ASCAP - QBC
No. 72, Pesiaran Jubli Perak
Seksyen 22, 40000 Shah Alam
Selangor Darul Ehsan
Tel: 03-5192 8822 Fax: 03-5192 8811

PRINCIPAL BANKERS
Affin Bank Berhad
Public Bank Berhad
Southern Bank Berhad

SOLICITORS
Jin & Co.
Shearn Delamore & Co.
Teh & Associates

Directors

Dato' Ahmad Sebi Bakar, 58, a Malaysian, is a Non-Independent Director and the Executive Chairman of Advance Synergy Berhad. He was appointed to the Board on 9 April 1991. Dato' Ahmad Sebi Bakar holds a Bachelor of Arts (Hons) degree from the University of Malaya, Kuala Lumpur, a Diploma in Journalism from the Thomson Foundation, United Kingdom and a Master of Arts from Michigan State University, United States of America. He was the Editor of the Malay Mail, a member of the New Straits Times Press Group from 1976 to 1982 and subsequently the Group Editor of Berita Harian from 1983 to 1986. From 1986 to 1989, he was the Managing Director of Sistem Televisyen Malaysia Bhd and a director of the New Straits Times Press Group from 1988 to 1989.

He was conferred the Ahli Mangku Negara (A.M.N.) by the Yang Di-Pertuan Agong, DYMM Tuanku Haji Ahmad Shah Al-Mustain Billah Ibni Almarhum Sultan Abu Bakar in 1983, the Justice of Peace (J.P.) by DYMM Sultan Azlan Muhibbuddin Shah Ibni Almarhum Sultan Yusoff Izzuddin Shah Ghafarullah, Sultan of Perak, in 1986 and the Dato' Setia Diraja Kedah (D.S.D.K.) by DYMM Tuanku Alhaj Abdul Halim Mu'adzam Shah Ibni Almarhum Sultan Badlishah, Sultan of Kedah, in 1988.

Currently, he sits on the Board of public listed companies in Malaysia namely, Advance Synergy Capital Berhad, in which he holds the position as Chairman and Kumpulan Powernet Berhad, in which he holds both the positions as Executive Chairman and Managing Director. He is also the Non-Executive Chairman of Unified Communications Holdings Limited, an indirect subsidiary of Advance Synergy Berhad and is listed on the Singapore Exchange Securities Trading Limited, as well as a director of Alangk-Suka Hotels & Resorts Berhad, a non-listed public company which is a subsidiary of Advance Synergy Berhad. He is also actively involved in social and charitable work and is the Chairman of several non-profit organisations, namely, the privately funded Orphanage Foundation of Malaysia (YATIM) and in the past the Bosnia Action Front, Malaysia. He is also the President of the Malaysian National Writers Association (PENA) since 1992.

Dato' Ahmad Sebi Bakar does not have any family relationship with any director and/or major stockholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad, except that he is also the substantial stockholder of Advance Synergy Berhad. He has had no convictions for any offences within the past 10 years.

Sng Ngiap Koon, 58, a Malaysian, is an Executive Director of Advance Synergy Berhad. He was appointed to the Board on 28 October 2003. Mr Sng Ngiap Koon is an Associate Member of the Institute of Chartered Accountants in England and Wales. Prior to 1984, he was working in London, England. Between 1984 to 1985, he was the Group Accountant of Innovest Berhad. He joined Advance Synergy Berhad in 1986 as the Group Accountant. In 1987, he was appointed the Group Financial Controller of Advance Synergy Berhad and assumed an additional position as Company Secretary in 1989. Prior to his appointment as the Executive Director of Advance Synergy Berhad, he held the positions of Senior Group General Manager and Company Secretary. He was also a Director of Advance Synergy Berhad from 1988 until early 1991.

Mr Sng Ngiap Koon currently sits on the Board of various subsidiaries of Advance Synergy Berhad including Alangka-Suka Hotels & Resorts Berhad and Cherating Holiday Villa Berhad, which are non-listed public companies.

Mr Sng Ngiap Koon is a member of the Audit Committee of Advance Synergy Berhad.

He does not have any family relationship with any director and/or major stockholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has had no convictions for any offences within the past 10 years.

Aznan Bin Haji Ismail, 59, a Malaysian, is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 25 May 1988. He was educated at the Royal Military College in Sungei Besi and is an Associate of the Institute of Bankers, Malaysia. After leaving General Electric Company in 1971, Encik Aznan Bin Haji Ismail started his own private contracting business. In 1982, he was appointed as the coordinator for the Land Rehabilitation Project in the Prime Minister's Department. He was also a Director of Kampung Lanjut Tin Dredging Berhad and Sim Lim Holding from 1988 to early 1991.

Encik Aznan Bin Haji Ismail is the Chairman of the Remuneration Committee of Advance Synergy Berhad.

He does not have any family relationship with any director and/or major stockholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has had no convictions for any offences within the past 10 years.

Datin Masri Khaw Binti Abdullah, 53, a Malaysian, is a Non-Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 6 January 1995. Datin Masri Khaw Binti Abdullah was one of the first Asians to complete the General Manager's Programme at the Holiday Inn University in Memphis, USA in 1976. In 1982, she completed a summer course on Hotel Development & Design at Cornell University, USA and had undergone Hotel training in Singapore and Canada. She was awarded the Best Marketing Person of the Year for Holiday Inn Hotels Asia Pacific in 1985. Datin Masri Khaw Binti Abdullah played a key role when Antara Holiday Villas Sdn Bhd won a special award for Quality Management in the Industry Excellence Award 1997 organised by the Ministry of International Trade and Industry. She received the prestigious award from the former Prime Minister Tun Dr. Mahathir Mohamad on 18 December 1997. Her experience in the hotel industry dates back to 1969 and she has since contributed significantly to the development of new hotels. She initiated the Holiday Villa chain in 1987 with the opening of Holiday Villa Cherating.

She is presently the Managing Director and Chief Executive Officer of Antara Holiday Villas Sdn Bhd and Holiday Villas International Limited, subsidiaries of Advance Synergy Berhad. She also sits on the Board of other subsidiaries of Advance Synergy Berhad, including Alangka-Suka Hotels & Resorts Berhad and Mayor Hotels Berhad, which are non-listed public companies.

Datin Masri Khaw Binti Abdullah is a member of the Remuneration Committee and Nomination Committee of Advance Synergy Berhad.

She does not have any family relationship with any director and/or major stockholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has had no convictions for any offences within the past 10 years.

Wong Ah Nam @ Wong Joon Tuang, 60, a Malaysian, is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 10 January 1994. Mr Wong Joon Tuang obtained his Bachelor in Science degree from Malaya University. He was a Business Consultant with Hak Niaga Sdn Bhd and has been in the profession since 1985. He was the Marketing Director of EMC (M) Sdn Bhd from 1980 to 1984 and Area Manager of General Electric Co. (M) Sdn Bhd from 1976 to 1980. He was with Matsushita Sales & Services Sdn Bhd as Product Manager from 1974 to 1975. Prior to 1974, he held the position of Marketing Executive of Matsushita Elektrik Co (M) Bhd and had worked for Ames Laboratory (Australia) Pte Ltd.

Mr Wong Joon Tuang is the Chairman of the Audit Committee and a member of the Nomination Committee of Advance Synergy Berhad.

He does not have any family relationship with any director and/or major stockholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has had no convictions for any offences within the past 10 years.

Chim Wai Khuan, 55, a Malaysian, is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 12 December 2001. Mr Chim Wai Khuan is a member of the Malaysian Institute of Accountants. He has vast experience in auditing, taxation and management consultancy services while he was attached to several accounting firms in Malaysia and the United Kingdom from 1974 to 1985. Currently, he manages his own practice under the name WKC & Co., an audit firm.

He is also an independent non-executive director of Advance Synergy Capital Berhad, Ganad Corporation Berhad and United U-Li Corporation Berhad.

Mr Chim Wai Khuan is the Chairman of the Nomination Committee as well as a member of the Audit Committee and Remuneration Committee of Advance Synergy Berhad.

He does not have any family relationship with any director and/or major stockholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has had no convictions for any offences within the past 10 years.

Management Information

CORPORATE OFFICE

Dato' Ahmad Sebi Bakar
Executive Chairman

Sng Ngiap Koon
Executive Director

Lee Su Nie
Chief Executive Officer

Gary Chan Kian Heoi
General Manager
Corporate Services

Anton Syazi Dato' Ahmad Sebi
General Manager
Corporate Development

James Wong Jee Mun
Manager
Finance

Ho Tsae Feng
Manager
Secretarial

Zuhaida Zainuddin
Manager
Internal Audit

Advance Synergy Berhad Group

HEADS OF KEY GROUP DIVISIONS

FINANCIAL SERVICES & TRANSPORTATION

Advance Synergy Capital Berhad
Wong Joon Hian
Managing Director

HOTELS & RESORTS

Alangka-Suka Hotels & Resorts Berhad
Datin Masri Khaw binti Abdullah
Chief Executive Officer

CARD & PAYMENT SERVICES

iSynergy Sdn Bhd
Ng King Kau
Managing Director

MANUFACTURING, MARKETING & DISTRIBUTION

Advansa Pty Ltd
Anton Syazi Dato' Ahmad Sebi
Executive Director

PROPERTY DEVELOPMENT

Advance Synergy Realty Sdn Bhd
Alice Kong Hui Yiin
Assistant General Manager

Sadong Development Sdn Bhd
Liew Chaw Thai
Manager

TRAVEL & TOURS

Orient Escape Travel Sdn Bhd
Fabio Delisi
General Manager

INFORMATION & COMMUNICATIONS TECHNOLOGY

Unified Communications Holdings Limited
Wong Tze Leng
Chief Executive Officer

Statement on Corporate Governance

The Board of Directors fully subscribes to the recommendations of the Malaysian Code on Corporate Governance (”the Code”) and is committed in ensuring that the Company and its subsidiaries (“the Group”) practises the highest standard of Corporate Governance as a fundamental part of discharging its responsibilities to protect and enhance long-term stockholder value and the financial performance of the Group.

The disclosure statement describes the manner in which the Group has applied the Code’s Principles and the extent of compliance with the Best Practices advocated therein.

BOARD OF DIRECTORS

The direction and control of the Group rest firmly with the Board as it effectively assumes the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments and operations of the Group.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. During the financial year ended 31 December 2005, six (6) meetings were held. Details of attendance of each Director at Board Meetings held during the financial year are set out in the Statement Accompanying Notice of Annual General Meeting on page 6 of this Annual Report.

The Board of Directors has established three standing committees: an Audit Committee, a Nomination Committee and a Remuneration Committee, the details of which are set out in this Statement and Annual Report. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for decisions on all matters, however, lies with the Board.

BOARD BALANCE

The Board currently consists of an Executive Chairman, an Executive Director and four (4) Non-Executive Directors, three (3) of whom are independent. The current Directors bring a wide range of business and financial experience, skills and knowledge necessary for the effective stewardship of the Group. Profiles of the Directors are set out on pages 8 to 9 of this Annual Report.

The Executive Chairman is entrusted with the task of running the business of the Group and implementation of the policies and strategies adopted by the Board.

The presence of three (3) Independent Non-Executive Directors representing 50% of the total number of Directors fulfil a pivotal role in ensuring that there is balance of power and authority. Although all the Directors have an equal responsibility for the Group’s operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully deliberated upon, and take into account the long term interests of the shareholders, employees, customers, suppliers and the many communities in which the Group conduct its business. Together, their representation on the Board fairly reflect the investment of the minority stockholders of the Company and in addition carry sufficient weight for decision making.

SUPPLY OF INFORMATION

Each Director has unrestricted access to senior management, all information within the Company and is entitled to the advice and services of the Company Secretary. The Directors whether as full Board or in their individual capacity, may in furtherance of their duties, take independent professional advice at the Company’s expense, if required.

Prior to Board meetings, the Agenda for each meeting together with reports and papers containing information relevant to the business of the meetings (including information on major financial, operational and corporate matters as well as activities and performance of the Group and minutes of Committees of the Board and Board meetings) are circulated to the Board members to provide time for the Board members to read and contemplate the issues. During Board meetings, management provides further details on each issue raised for discussion or as supplementary information.

APPOINTMENTS TO THE BOARD

With the establishment of the Nomination Committee, a formal procedure is in place for the appointment of new Directors to the Board. Candidates for directorship will be identified and recommended to the Board by the Committee.

Nomination Committee

The Nomination Committee consists of three (3) Non-Executive Directors. Members of the Nomination Committee are:-

- ❖ Chim Wai Khuan *(Chairman, Independent Non-Executive Director)*
- ❖ Wong Ah Nam @ Wong Joon Tuang *(Member, Independent Non-Executive Director)*
- ❖ Datin Masri Khaw Binti Abdullah *(Member, Non-Independent Non-Executive Director)*

The Nomination Committee is responsible for making recommendations on any nomination to the Board and to Committees of the Board. In making these recommendations, due consideration is given to the required mix of skills and experience that the proposed directors should bring to the Board and to the respective Board Committees. The actual decision as to who shall be nominated is the responsibility of the full Board after considering the Nomination Committee's recommendations.

The Nomination Committee will also assess annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director. The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

The Nomination Committee shall meet once a year and additional meetings can be scheduled if the Chairman of the Committee considers necessary.

All Directors have attended the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors will also undergo relevant training programmes as a continuing effort to train and equip themselves to effectively discharge their duties and the Board shall evaluate and determine the training needs of its directors on continuous basis pursuant to the Listing Requirements of Bursa Securities.

RE-ELECTION

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors retire from office at each Annual General Meeting but shall be eligible for re-election. Directors who are appointed by the Board during each financial year are subject to election by stockholders at the first Annual General Meeting following their appointments. The Articles of Association of the Company provide that all Directors shall submit themselves for re-election at least once every three (3) years.

DIRECTORS' REMUNERATION

The remuneration for all Directors are determined at levels so as to ensure that the Company attracts and retains the right calibre of Directors needed to run the Group successfully. The Remuneration Committee reviews and recommends to the Board, the Company's remuneration policy for Executive Directors to ensure that they are appropriately rewarded for their contribution to the Group.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

No Director shall take part in decisions pertaining to his or her own remuneration.

Remuneration Committee

The Remuneration Committee consists of three (3) Non-Executive Directors. Members of the Remuneration Committee are:-

- ❖ Aznan Bin Haji Ismail *(Chairman, Independent Non-Executive Director)*
- ❖ Chim Wai Khuan *(Member, Independent Non-Executive Director)*
- ❖ Datin Masri Khaw Binti Abdullah *(Member, Non-Independent Non-Executive Director)*

The Remuneration Committee shall meet at least once a year and additional meetings can be scheduled if the Chairman of the Committee considers necessary.

Details of the aggregate remuneration for the Directors of the Company (including remuneration earned as Executive Directors of subsidiaries) for the year ended 31 December 2005 are as follows:-

1. Aggregate remuneration of Directors categorised into appropriate components:-

Category of Director	Fees RM'000	Salaries & Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors	276	769	87	1,132
Non-Executive Directors	443	174	12	629

2. Range of Aggregate Remuneration:-

	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	2
50,001 - 100,000	-	1
350,001 - 400,000	1	-
450,001 - 500,000	-	1
700,001 - 750,000	1	-

STOCKHOLDERS

The Board acknowledges the importance of establishing a direct line of communication with stockholders and investors through timely dissemination of information on the Group's performance and operations via distribution of annual reports and relevant circulars, release of quarterly financial results, press releases and announcements.

The Annual General Meeting ("AGM") is the principal forum for dialogue with stockholders. There is an open question and answer session in which stockholders may pose questions regarding the resolutions being proposed at the meeting and also on matters relating to the Group's businesses and affairs. The Board members are in attendance to provide explanations to all stockholders' queries and stockholders are encouraged to participate in discussions and to give their views to the Directors.

To enhance the quality and value of the AGM, the Board ensures that, for re-election of Directors, the Notice of AGM identifies the Directors standing for re-election or election with a brief description to include matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in Board Committees and whether the particular Director is independent. In addition, each item of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution.

It is also the practice of the Board to hold a press conference with journalists upon request after an AGM.

FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcement of results, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators. The Audit Committee assists the Board in scrutinizing such reports to ensure accuracy and adequacy.

Statement on Directors' Responsibility for Preparing 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 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 the Company for the financial year.

In preparing the financial statements, the Directors have:-

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- 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 the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enables them to ensure 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 and to prevent and detect fraud and other irregularities.

INTERNAL CONTROL

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard stockholders' investments, the Company's assets, and the need to review the adequacy and integrity of those systems regularly. In establishing and reviewing the system of internal control, the Directors recognise that the system of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. The effectiveness of the Group's system of internal controls is reviewed periodically by the Audit Committee and such review covers the financial, operational and compliance controls as well as risk management.

The Statement on Internal Controls as set out on pages 20 to 21 of this Annual Report provides an overview of the state of internal control within the Group.

RELATIONSHIP WITH AUDITORS

Through the Audit Committee of the Board, the Company has established a transparent and appropriate relationship with the Company's auditors. The external auditors are invited to attend Audit Committee Meetings at least once a year to discuss the nature and scope of the audit and problems and reservations arising from the final audit.

This statement is made in accordance with a resolution of the Board of Directors dated 27 April 2006.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

Unified Communications Holdings Limited ("UCHL"), a 58.3%-owned subsidiary of Worldwide Matrix Sdn Bhd ("WMSB") which in turn is a wholly-owned subsidiary of the Company was listed on the Singapore Exchange Securities Trading Limited on 19 February 2004. The total net proceeds of approximately SGD9.3 million raised by UCHL from the public issue of its new shares to members of the public and institutional investors in Singapore have been fully utilised for the purposes as set out in UCHL's prospectus dated 10 February 2004.

2. SHARE BUY-BACK

During the financial year ended 31 December 2005, the Company's subsidiary, Advance Synergy Capital Berhad ("ASC") repurchased a total of 3,861,990 units of its own shares for a total consideration of RM1,743,380 from the open market. All the shares bought back were retained as treasury shares as at 31 December 2005.

The details of the share buy-back carried out by ASC are set out in the 2005 Annual Report of ASC.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 1 May 2000, the Company had issued RM185,874,269 nominal value of 7% Redeemable Loan Stocks 2000/2005 ("RLS") and RM183,460,787 nominal value of 7% Convertible Loan Stocks 2000/2005 ("CLS") together with 168,896,809 detachable warrants.

The 168,896,809 warrants were issued on 29 August 2000. The original expiry date of 28 August 2003 of these warrants was extended to 28 August 2008. Thereafter, there is an option to extend the duration and exercise period for a further two (2) years expiring on 28 August 2010. Details of the aforesaid extension are as disclosed in Note 26(a) of the financial statements. As at 31 December 2005, none of these warrants have been exercised.

During the financial year ended 31 December 2005, the Company had redeemed all the outstanding RM74,978,552 equivalent nominal value of RLS and repurchased all the outstanding RM182,761,429 equivalent nominal value of CLS for a settlement sum of approximately RM263 million (inclusive of any outstanding interest) to be paid in tranches at mutually agreed upon dates between the Company and the respective loan stock holders.

The Company has not issued any options, warrants or convertible securities during the financial year ended 31 December 2005.

4. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR STOCKHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major stockholders' interests, either still subsisting at the end of the financial year ended 31 December 2005 or entered into since the end of the previous financial year.

5. REVALUATION POLICY ON LANDED PROPERTIES

The revaluation policy of the Group on landed properties is as disclosed in Note 5.4 to the financial statements.

6. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

In accordance with Paragraph 10.09(1)(b), Part E, Chapter 10 of the Listing Requirements of Bursa Securities, the details of the recurrent related party transactions conducted during the financial year ended 31 December 2005 pursuant to the stockholders' mandate were as follows:-

Nature of transaction	Vendor / Provider	Purchaser / Recipient	Aggregate value of recurrent transactions (RM'000)	Nature of relationship with Advance Synergy Berhad ("ASB") – interested directors, major stockholders and persons connected
Rental of office premise located at B-16-8 Megan Phileo Avenue, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, covering an area of 3,708 sq. ft.	ASH Holdings Sdn Bhd ("ASH")	Antara Holiday Villas Sdn Bhd ("Antara")	98	Datin Masri Khaw Binti Abdullah is a director of ASB and Antara, a wholly-owned subsidiary company of Alangka-Suka Hotels & Resorts Berhad ("ASHR") (a 99.63%-owned subsidiary company of ASB). She holds 0.25% interest in ASHR and 50% interest in ASH.

MEMBERSHIP AND ATTENDANCE

The members of the Audit Committee during the financial year ended 31 December 2005 and details of attendance of each member at the five (5) meetings held during the year are as follows:-

Name	No. of Meetings	
	Held	Attended
Wong Ah Nam @ Wong Joon Tuang Chairman / Independent Non-Executive Director	5	5
Chim Wai Khuan Member / Independent Non-Executive Director	5	5
Sng Ngiap Koon Member / Executive Director	5	5

ACTIVITIES

The Audit Committee carried out its duties as set out in the terms of reference for activities related to the year 2005.

INTERNAL AUDIT FUNCTION

The Board, with the assistance of the Audit Committee and Group Risk Management Committee, is actively monitoring the risk management and internal controls of the Group.

The Audit Committee has adopted a top down, risk based approach to the implementation and monitoring of internal controls of the Group. This was achieved via the critical and in depth review and deliberation of the management reports and relevant issues presented during the regular Audit Committee meetings held. This top down, risk based approach will enable the Audit Committee to identify any major breakdown in the risk management and internal controls of the Group and to take necessary steps to address the issues.

The Audit Committee endorses the importance of the internal audit function to assist in maintaining a sound system of internal control to safeguard stockholders' investment. The Internal Audit Department is responsible for undertaking regular and systematic reviews of the system of controls and reports directly and independently to the Audit Committee.

During the financial year, the Internal Audit Department had carried out various operational, system and risk assessment reviews in accordance with the Internal Audit Plan approved by the Audit Committee. Follow-up audits have also been performed by the Internal Audit Department to ensure that audit recommendations and corrective action plans have been implemented accordingly.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

OBJECTIVE

The Audit Committee assists the Board in fulfilling its responsibility for overseeing and ensuring the quality and integrity of the accounting, auditing, internal control, and financial reporting practices of the Group and the Company.

MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee:-

(i) Must be a member of the Malaysian Institute of Accountants; or

(ii) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years working experience and:-

(a) He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;

(b) He/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(c) Fulfils such other requirements as prescribed by Bursa Securities.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.

The appointment of an Audit Committee member terminates when the member ceases to be a Director.

MEETINGS

A quorum shall be two (2) members present, both of whom must be Independent Directors.

The Audit Committee shall meet at least four (4) times a year, or more frequently as the Audit Committee considers necessary.

The Chief Financial Officer, Internal Audit Manager and a representative of the external auditors shall normally be invited to attend the meetings. Other Board members may attend meetings upon the invitation of the Audit Committee. The Secretary to the Audit Committee shall be the Company Secretary.

MINUTES

The Secretary of the Audit Committee will prepare the minutes, which shall be signed by the Chairman of the meeting and distributed to each member of the Audit Committee and of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

AUTHORITY

The Audit Committee is authorised by the Board:-

(i) To investigate any activity within its terms of reference;

(ii) To have the resources required to perform its duties;

(iii) To have full and unrestricted access to any information pertaining to the Company and the Group;

(iv) To have direct communication channels with the internal and external auditors;

(v) To obtain external legal or other independent advice as necessary; and

(vi) To convene meetings with the external auditors, excluding the attendance of executive members of the Group, whenever deemed necessary.

FUNCTIONS AND DUTIES

The functions and duties of the Audit Committee shall be:-

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

(a) with the external auditor, the audit plan;
(b) with the external auditor, his evaluation of the system of internal controls;
(c) with the external auditor, his audit report;
(d) the assistance given by the employees of the Company and the Group to the external auditor;
(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 investigations 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:-
- changes in or implementation of major accounting policy changes;
- significant and unusual events;
- compliance with accounting standards and other legal requirements;
- major judgmental areas;
- the going concern assumption;
- compliance with Bursa Securities requirements;

(h) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(i) any letter of resignation from the external auditors of the Company;
(j) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
(k) external auditors management letter and management's response;
(l) whether they are satisfied that the Corporate Risk Management procedure used within the Company and the Group provides reasonable assurance that all known risks are identified, evaluated and effectively managed;

(ii) To prepare the Audit Committee Report for the annual report as established by paragraph 15.16 of the Bursa Securities Listing Requirements;

(iii) Where the Audit Committee is of the view that any matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements, the Audit Committee must promptly report such matters to Bursa Securities;

(iv) To make recommendations to the Board of Directors on the appointment of external auditors and their remuneration;

(v) To review any appraisal or assessment of the performance of the members of the internal audit functions;

(vi) To approve any appointment or termination of senior staff members of the internal audit functions;

(vii) To inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(viii) To discuss problems and reservations arising from the interim and final audits, their evaluation of the system of internal controls, and any matters the external auditor may wish to discuss (in the absence of management where necessary);

(ix) To consider the major findings of internal investigations and management's response; and

(x) To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board.

This report is made in accordance with a resolution of the Board of Directors dated 27 April 2006.

Statement on Internal Control

Paragraph 15.27(b) of the Listing Requirements of Bursa Securities requires the Board of Directors of public listed companies to include in its Annual Report a “statement about the state of internal control of the listed issuer as a group”. The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its ultimate responsibility for the Group’s system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity on a regular basis. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss. The Group's system of internal control covers risk management and financial, operational and compliance controls. Except for insurable risks where insurance covers are purchased, other significant risks faced by the Group (excluding associated companies) are reported to, and managed by the respective Boards within the Group.

RISK MANAGEMENT

The Board fully supports the content of the publication on “Statement on Internal Control – A Guidance for Directors of Public Listed Companies”. In 2003 an independent consultancy firm was engaged to put in place a structured risk management framework, Enterprise Risk Management (“ERM”) for the Group to reinforce the tone of risk awareness and control consciousness. The subsequent rollout of the risk management exercise was carried out by the Internal Audit Department.

Apart from that, the Board and its various sub-committees have taken the necessary steps to address the need for risk management within the Group and have tasked Management with developing and maintaining the necessary systems to give effect to this responsibility which include the following:-

- Rolling out the ERM review to the other companies in the Group;
- Formally adopting the risk management policy and procedure document, which outlines the risk framework for the Group and offers practical guidance to all employees on risk assessment and their upward reporting;
- Establishing a Group Risk Management Committee, with responsibility to identify and communicate to the Board, on an ongoing basis, the critical risks the Group faces, their changes and the management action plans to manage risks; and
- Appointed a Risk Officer, to update the risk profile of the Group according to the risk management policy and procedure document.

The Group has established and formalised the risk management reporting framework and is presently developing a consolidating risk profile for the Group.

The effectiveness of the Group’s system of internal controls will continue to be reviewed in the light of changes in the operating environment. The Board also seeks assurance on the continuity and effectiveness of the internal control system through independent appraisals by both the Internal and External Auditors.

INTERNAL AUDIT FUNCTION

During the year, the internal audit function carried out the various audit assessments in accordance with the internal audit plan. The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. Adapting a risk based approach, it conducts independent reviews of the key activities within the Group's operating units based on detailed annual internal audit plans which are approved by the Audit Committee.

All audit findings are deliberated and resolved with management. The Audit Committee, on behalf of the Board, reviews the internal control issues identified, and the recommendations made by internal and external auditors on a regular basis.

OTHER RISK AND CONTROL PROCESSES

Apart from internal audit and risk management, the Board has put in place the following processes to provide a certain degree of assurance to the Board as to the operation and validity of the system on internal control within the Group:-

- Rigorous review of the quarterly financial results and reports and evaluating the reasons for unusual variances noted thereof by the Board and Audit Committee;

- The Executive Director is closely involved in the running of the business and operations of the Group and reports to the Board on significant changes in the business and external environment, which affect the operations of the Group at large; and

- The Board has in place an organizational structure with formally defined lines of responsibility, proper segregation of duties and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on health and safety, training and development, equality of opportunity, staff performance and serious misconduct. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of management and, finally to the Board.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board, together with Management, continues to take measures to strengthen the control environment.

This statement is issued in accordance with a resolution of the Directors dated 27 April 2006.

"On behalf of the Board of Directors, I am pleased to present the Annual Report and Accounts of the Company and the Group for the financial year ended December 31, 2005."

INTRODUCTION

For the Group, 2005 was a year focused on diligently executing development and operational strategies that were first initiated in 2004. The year can most appropriately be described as one in which everyone simply hunkered down to the business of executing established plans and executing them well.

With a mixed global and local economic environment in which we witnessed pockets of industry strength against a backdrop of escalating fuel prices, our businesses delivered results ranging from fair to outstanding. Certain business segments within our Group which are significantly exposed to extraneous factors such as fuel costs, suffered; other segments meanwhile, continued to go from strength to strength.

Testament to the strength of our hotels and resorts management team – Holiday Villa Malaysia/International – admirably managed to continue its profitable growth in 2005 in spite of adverse industry conditions in the aftermath of the tsunami in the early part of the year. Our manufacturing, marketing and distribution operation in Australia, Advansa Pty Ltd, also extended its upward growth trend during the year as it successfully gained further market share in both of its lifting and pulling equipment division, and builder's hardware products.

Our Group's information and communications technology business segment, represented by Unified Communications Holdings Limited, unfortunately continued to face challenging conditions in 2005 as it persisted with the execution of the strategy to focus on higher quality and recurrent-type revenue from Tier 1 telecommunications network operators.

Advance Synergy Realty Sdn Bhd, our property development subsidiary operating in East Malaysia once again reported respectable returns for the year. Our travel and tours division, Orient Escape Travel Sdn Bhd, shared the adverse industry conditions suffered by the Hotels and Resorts business segment, but nevertheless delivered satisfactory performance.

During the year, our Card and Payment Services segment, represented by iSynergy Sdn Bhd, received conditional approval from Bank Negara Malaysia to re-launch its credit card business and during the year, the company carried out extensive preparatory work in the lead up to securing final Bank Negara Malaysia approval to launch its credit card operations.

The Group's public transportation services segment, operated under the Triton brand continued to scale up rapidly during the year, growing by 60% against the preceding year. Our property and casualty insurance associate business, ACE Synergy Insurance Berhad, also extended its already exemplary track record by reporting strong growth in premiums written and another stellar increase in profitability.

FINANCIAL RESULTS

The Group recorded total revenue of RM246.73 million for the financial year ended 31 December 2005, as compared to RM227.04 million for the previous year, an increase of 8.7%.

The improvements in both the Group's revenue and the contribution from associated companies have resulted in a favourable net profit of RM6.59 million compared to a net profit of RM5.49 million for the previous year.

Our Group's earnings per stock unit increased from 1.62 sen to 1.95 sen per stock unit for the financial year ended 31 December 2005.

GROUP OPERATIONS

Hotel And Resorts

Our Hotel and Resorts business segment – operating under the brand name Holiday Villa – had also performed well under challenging industry conditions.

In spite of the adverse effects of the tsunami disaster in the first quarter of 2005, our Hotel and Resorts business segment managed to achieve total turnover of RM73.8 million, representing a 2.6% increase on the preceding year. While cost of sales and other expenses for the year remained stable, a reduction of 7.5% in financial costs was achieved as compared to 2004. For the full year 2005, our Hotel and Resorts division turned in another good performance by achieving a gross operating profit of RM28.3 million, an increase of 2.0% year-on-year.

Among the other achievements of the Holiday Villa team during the year were:

- The establishment of Holiday Villa's own central reservation system for room bookings - with this new system implemented in 2005, our guests could make on-line reservations for rooms in any of our hotels and resorts. A new website www.holidayvillahotels.com was also introduced to complement the online reservation system.

- The signing of a hotel management agreement with Xiongsen Construction Company Ltd, China, to manage and operate a 5-star hotel named Xiongsen Holiday Villa Hotel & Residence, Chenzhou. This 380-room hotel is slated for opening in 2007.

- The signing of a hotel management agreement with the Taleb Group of Companies, Qatar - to manage and operate a 769-room Holiday Villa Hotel & Residence in Doha.

- Winning the National Human Resources Award – an award conferred by ASPAC Executive Search and the Ministry of Human Resources, Malaysia. The award presented by the Deputy Prime Minister, Dato' Seri Mohd Najib Tun Abdul Razak on September 22, 2005, recognises the company's good practices in the development of human resources.

- The opening of a third Amoaras Spa, in Langkawi (after Bali and London), coinciding with the renaming of Holiday Villa Langkawi to Holiday Villa Beach Resort & Spa Langkawi.

- The upgrading of the multi-purpose hall at Holiday Villa Beach Resort in Cherating - this hall was renamed Pavilion Ballroom during the year and is now equipped with new lighting and fittings to better meet the needs and comfort of up to 400 guests.

- The opening of the 'Beach Restaurant', a new restaurant at Holiday Villa Beach Resort in Cherating, serving local and international cuisine.

Information And Communications Technology

Our ICT business achieved total revenue of SGD21.0 million for 2005, an improvement of SGD3.2 million or an 18% increase year-on-year. This business however, registered a net loss of SGD2.3 million for the year, an improvement of 27% over the net loss of SGD3.2 million in 2004.

The improvement in revenue and bottom line performance during the year was driven by increased revenue from mobile data and value-added-services (VAS) solutions - in line with its change in market focus initiated in 2004 - and the positive effect of operating expense rationalisation strategies executed during the year.

During the year our ICT business continued to focus on the strongly growing mobile communications market – primarily on mobile data and VAS solutions delivered to mobile network operators in Malaysia, Indonesia and Greater China. Numerous implementations were carried out, including: a Missed Call Notification solution for Maxis, Malaysia, a USSD Gateway and USSD Menu Browser solution for PT Indosat, Indonesia and a Personalised Ring Back Tone (PRBT) expansion solution for Far East Tone, Taiwan.

Revenue-sharing VAS projects continued to grow in 2005, especially our Location-Based Service and PRBT solutions. The location-based 'Friend Finder' service was launched for both Maxis and DiGi Telecommunications in Malaysia. The PRBT service for New World Mobility, Hong Kong had also continued to deliver encouraging growth month-on-month. Further afield, our ICT business had also implemented the first PRBT service in the Gulf region for MTC-Vodafone, Bahrain.

During the year, we had also developed and deployed several new solutions to address opportunities within the mobile communications market. These new solutions being:

- Premium SMS: This solution recognizes keywords in plain SMS text messages and automatically transforms them into a picture message for SMS phones or full-colour animated graphics and music for MMS capable phones. In November 2005, we launched this service on a revenue sharing basis for Maxis, Malaysia, under the brand name 'Colour SMS'.

- Background Music: This solution allows subscribers to activate a song from their preferred music channel during phone conversations. It allows subscribers not only to adjust the music volume but also to navigate freely between songs while they speak. In February 2006, we unveiled this revenue sharing project, a first-of-its-kind mobile value-added service for Maxis, Malaysia.

- Operation Support Systems: In November 2005, we formed a team to provide mobile roaming quality of service monitoring and management solutions and has rolled-out its first Global Roamer quality of service monitoring system for DiGi Telecommunications, Malaysia allowing them to test and improve on the quality of their inbound roaming network. In March 2006, we established GlobeOSS Sdn Bhd, a subsidiary, to undertake this new business.

The future for our ICT business segment involves developing business areas that are capable of delivering sustainable growth and profits. With its changed focus – initiated in 2004 – towards mobile communications solutions beginning to deliver significant results in 2005, our ICT business is expected to show further improvement over the coming year.

Manufacturing, Marketing And Distribution

The Manufacturing, Marketing and Distribution (MMD) business in Australia, represented by Advansa Pty Ltd, had also spent the year on executing its ongoing development strategies.

Our MMD business achieved revenue of AUD10.2 million (2005) compared to AUD8.5 million (2004), an increase of 18% year-on-year. This growth was achieved through further market share acquisition in the Queensland and Victorian markets for our Tuff Hardware range of builders' hardware and construction products.

During the year, steadfast focus was applied on expanding our presence in the fast growing Eastern State markets for the Tuff Hardware products. Revenue generated from our hardware products brand increased 24% year-on-year as a result of increased market penetration in the direct channels for both Queensland and Victoria. The business' Jarrett Winches and Cranes brand of products meanwhile enjoyed 4% year-on-year growth.

In spite of the double-digit growth achieved by the business, an operating loss of AUD85,000 was suffered in 2005 against an operating profit in 2004. Much like the Public Transportation business, our MMD business, for which freight and transportation costs represent a significant proportion of operating expenses, was significantly affected during the year by the sharp increase in fuel prices. The rapid rise in fuel costs contributed to a 34% increase in freight expenses for the business, which in turn, had led to significantly diminished operating profit margins for the year.

Much of the second half of 2005 was devoted to expanding the business' sales territory coverage and revisiting fulfilment strategies to contain escalating delivery costs. Throughout the coming year, the Advansa team intends to consolidate its business interstate, to intensify cost rationalisation measures in light of rising fuel costs, and to sharpen the business' focus on delivering profitable growth.

Card And Payment Services

During the year, iSynergy Sdn Bhd ("iSynergy") obtained conditional approval from Bank Negara Malaysia to re-launch its credit card business. As part of the exercise to re-launch credit card operations, a new subsidiary company of the Group, Synergy Cards Sdn Bhd ("Synergy Cards"), was established for the purpose of taking over the payment card business from iSynergy. iSynergy is then intended to focus primarily on the loyalty card and data processing services.

Throughout 2005, iSynergy was engaged in the process of transferring payment card business and operations to Synergy Cards. There were some delays during this process due to requirements associated with the implementation of EMV chips on credit cards. As such, our credit card operation is now expected to launch its credit card business by the later part of the year.

In addition to Mastercard, Synergy Cards would also be issuing Visa cards, licensing arrangements for which were successfully secured from Visa International in 2005.

Property Development

Advance Synergy Realty Sdn Bhd ("ASR") meanwhile, continued to strengthen its foothold in growing East Malaysian property market.

During the year, the ASR team had launched two new projects. The first of which, called Muara Tuang Park, consists of 276 units of various types of residential houses. Since this project was launched in October 2005, the ASR team has secured sales for more than 60% of the project, courtesy of the successful implementation of an aggressive marketing strategy. The second project launched in 2005 was the Telipok Commercial Centre, a development comprising 65 double-storey shop-offices in Kota Kinabalu.

In 2005 our Property Development business achieved RM37.6 million in revenue, a marginal increase from RM36.9 million generated in the preceding year. Profit before tax delivered by this business for the year was RM3.4 million compared to RM6.2 million for 2004. This decline in profit relates primarily to a different sales mix for the year when compared to the preceding year, and slower than expected take-up of our Telipok Commercial Centre properties.

Travel And Tours

Orient Escape Travel Sdn Bhd devoted the year to strengthening its market position as a provider of corporate ticketing and Incentive Conference Management (ICM) services. Much progress was made during the year as this business rationalised its operating cost base to deliver a considerable improvement in profitability.

The currency exchange division meanwhile had also made a strong contribution in 2005 to the business' overall performance, by delivering double-digit growth in net profit for the year.

ADVANCE SYNERGY CAPITAL BERHAD

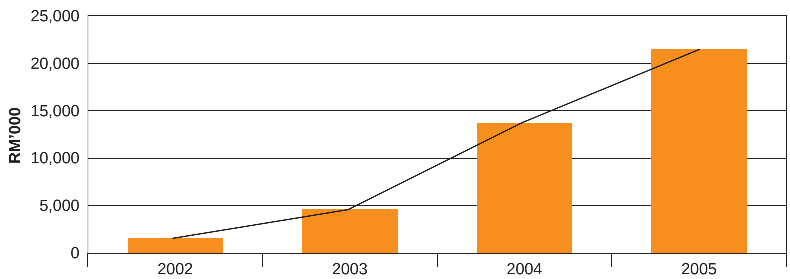
Public transportation

Our Public Transportation business operating under the Triton Group made significant progress in acquiring further market share. This business grew at a rapid pace during the year which saw revenue increasing from RM13.4 million (2004) to RM21.5 million, a growth rate of 60%. The growth was partly assisted by an overall increase in bus fares of 20% beginning May 2005.

However, operating costs also continued to increase due to escalating diesel prices which rose from 108.1 sen per litre in early 2005 to 128.1 sen in May 2005. And in May 2006, diesel price stood at 158.1 sen per litre. As a result, operating margins were eroded causing both the intercity and intracity bus companies to incur losses.

However with the supporting infrastructure being added to support the continuing growth, Triton bus services are expected to continue its growth momentum in 2006 and beyond.

Bus Transportation Revenue (2002-2005)



The refurbishment programme of the business' key operating assets delivered an increase in its operational fleet to some 238 buses. The Triton Group also acquired 5 new intercity buses which were built by Quality Bus & Coach (M) Sdn Bhd ("QBC"), a subsidiary company of the Group. These buses were built to international safety standards to provide a safe and comfortable travelling environment for passengers. The new buses were designated as Platinum Class buses and they were introduced to the routes serving Alor Setar, Penang and Singapore from Shah Alam and Kuala Lumpur.

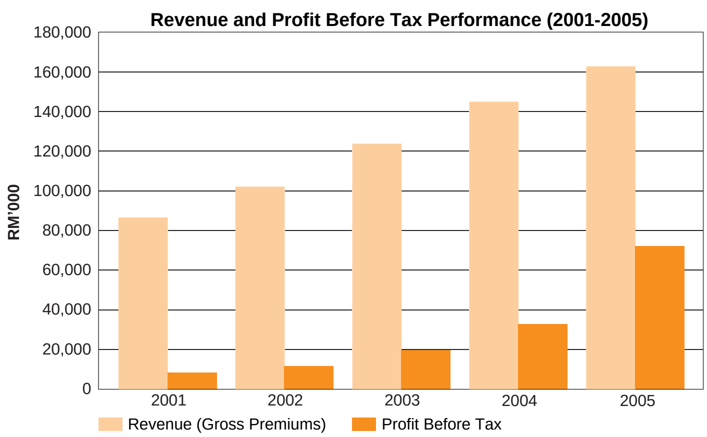
In addition to the repair and refurbishment of buses for the Triton Group, QBC is also building buses for sale to external customers. During the year, 5 buses were built and sold to local companies and 2 buses are in the course of construction for export to Australia. Meanwhile, QBC has been actively seeking suitable technical partners to acquire chassis building capabilities for Malaysia. This will enable QBC to design and build complete buses with predominantly locally sourced materials and skills.

Property and casualty insurance

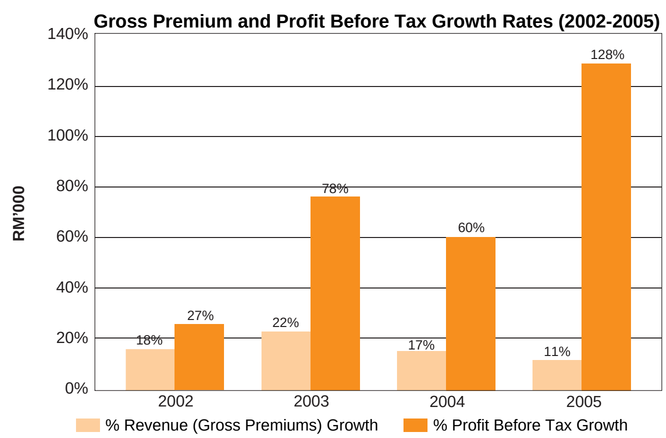
Our other business segment under Advance Synergy Capital Berhad, represented by associate company ACE Synergy Insurance Berhad ("ACE Synergy"), also continued to deliver exemplary performance.

For the financial year ended 31 December 2005, ACE Synergy produced a profit before tax of RM70.9 million, an increase of 127.9% on the prior year and grew gross written premiums to RM162.7 million, up by 10.8%.

The result achieved for 2005 demonstrated once again that the ACE Synergy team outperforms its peers in the insurance industry. Over a five-year period, ACE Synergy recorded a respectable compounded annual growth rate of 13% for revenue and an impressive 52% for corresponding growth in profit before tax.



During this period, revenue in absolute terms had grown from RM87.1 million (2001) to RM162.7 million (2005) while profit before tax increased from RM8.6 million (2001) to RM70.9 million (2005).



The ACE Synergy team plans to continue to grow the business by concentrating on core competencies, promoting its risk management expertise, improving technical capabilities and at the same time, reinforcing and building strategic alliances.

THE FUTURE

2005 was another year of progress for the Group - one which saw good to outstanding performances being turned in by our various business segments. The people behind our businesses performed exceptionally well to deliver the results achieved this year, given what were in some industries, difficult conditions or adverse external cost pressures.

Our efforts to execute certain development strategies at several businesses are unlikely to deliver immediate results, but will provide us with improvements in growth rates and profitability in longer-run. Some of the fruits of our labour in developing new resources of growth, or in improving the profitability of our businesses were realised in 2005, and I certainly believe that we are well on track to deliver more of such progress. Barring any unforeseen circumstances, I am confident that our Group will be able to accelerate the improvements in performance of our businesses in the coming years.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2005.

APPRECIATION

To all shareholders, customers and associates our deepest gratitude for their confidence, trust and continued support. To the Regulatory Authorities, our appreciation for their continued guidance and support, and to the management and staff: my appreciation for your perseverance and dedication in helping achieve the goals of the Group.

DATO' AHMAD SEBI BAKAR
Executive Chairman

27 April 2006

FINANCIAL

ANNUAL REPORT 2005

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and providing full corporate and financial support to its subsidiary companies. The principal activities of the subsidiary companies are set out in Note 43 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after tax	4,110	1,800
Minority interests	2,479	-
Net profit for the financial year	6,589	1,800

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the financial year ended 31 December 2005.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year ended 31 December 2005.

WARRANTS 2000/2008

On 1 May 2000, the Company had issued RM185,874,269 nominal value of 7% Redeemable Loan Stocks 2000/2005 and RM183,460,787 nominal value of 7% Convertible Loan Stocks 2000/2005 together with 168,896,809 detachable warrants ("Warrants").

The Warrants were issued to the entitled stockholders of the Company at an offer price of 20 sen per Warrant on the basis of one (1) Warrant for every two (2) existing stock units held in the Company.

Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new stock unit of RM1.00 each at the exercise price of RM1.00 per stock unit during the original exercise period which had expired on 28 August 2003.

On 9 July 2003 and 23 July 2003, the stockholders and the warrantholders of the Company had respectively approved the extension of the duration and exercise period of the Warrants by five (5) years from 28 August 2003 up to and including 28 August 2008 ("First Extension") and thereafter an option to extend the duration and the exercise period for a further period of two (2) years expiring on 28 August 2010 ("Further Extension"). Following the First Extension, the Further Extension will be implemented by the Company if the weighted average price of the Company's stock units quoted on the Main Board of Bursa Malaysia Securities Berhad is not more than twenty percent (20%) over the exercise price of RM1.00 per stock unit for any period of thirty (30) consecutive days during the six (6)-month period from 29 November 2007 to 28 May 2008.

The registered holders have no right to participate by virtue of the Warrants in any other share issue of the Company and its subsidiary companies.

Upon expiry of the exercise period, any unexercised Warrants will lapse and cease to be valid for any purpose.

As at the end of the current financial year, no exercise of Warrants had taken place.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 31 December 2005 other than those as disclosed in the financial statements.

DIRECTORS

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

Dato' Ahmad Sebi Bakar
Aznan Bin Haji Ismail
Wong Ah Nam @ Wong Joon Tuang
Datin Masri Khaw Binti Abdullah
Chim Wai Khuan
Sng Ngiap Koon

In accordance with Article 102 of the Company's Articles of Association, Wong Ah Nam @ Wong Joon Tuang and Chim Wai Khuan retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

	Number of stock units/ordinary shares of RM1.00 each			
	Balance as at 1.1.2005	**Bought**	**Sold**	**Balance as at 31.12.2005**
Direct Interests				
Interests of:				
Dato' Ahmad Sebi Bakar in:				
- Advance Synergy Berhad	15,203,509	-	-	15,203,509
Datin Masri Khaw Binti Abdullah in:				
- Advance Synergy Berhad	936,000	64,000	-	1,000,000
- Alangka-Suka Hotels & Resorts Berhad	308,000	-	308,000	-
Indirect Interests				
Interests of:				
Dato' Ahmad Sebi Bakar in:				
- Advance Synergy Berhad	27,451,109	-	-	27,451,109
Datin Masri Khaw Binti Abdullah in:				
- Advance Synergy Berhad	1,600,000	1,500,000	-	3,100,000
Sng Ngiap Koon in:				
- Advance Synergy Berhad	500,000	-	-	500,000

DIRECTORS' INTERESTS (continued)

	---------- Number of Warrants 2000/2008 ----------			
	Balance as at 1.1.2005	Bought	Sold	Balance as at 31.12.2005
Direct Interests				
Interests of:				
Dato' Ahmad Sebi Bakar	7,510,005	-	-	7,510,005
Datin Masri Khaw Binti Abdullah	3,000	-	-	3,000
Indirect Interests				
Interests of:				
Dato' Ahmad Sebi Bakar	13,727,000	-	-	13,727,000
Datin Masri Khaw Binti Abdullah	350,000	-	-	350,000
Sng Ngiap Koon	80,000	-	-	80,000

No other Directors holding office at the end of the financial year had any beneficial interests in the stock units or warrants of the Company and shares of its related corporations during the financial year ended 31 December 2005.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit, other than the benefits as disclosed in Note 7 to the financial statements, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements made or entered into during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of stock units/shares in or debentures of the Company or any other body corporate except for the Warrants as disclosed in Note 26(a) to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

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

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

(ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (continued)

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

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

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

....
Dato' Ahmad Sebi Bakar
Director

....
Wong Ah Nam @ Wong Joon Tuang
Director

Selangor Darul Ehsan
27 April 2006

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 36 to 101 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

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

(ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2005.

On behalf of the Board,

....
Dato' Ahmad Sebi Bakar
Director

....
Wong Ah Nam @ Wong Joon Tuang
Director

Selangor Darul Ehsan
27 April 2006

Statutory Declaration

I, Sng Ngiap Koon, being the Director primarily responsible for the financial management of Advance Synergy Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 101 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Selangor Darul Ehsan this)
27 April 2006)

Before me:

E. Radakrishnan
AMN, PPN, PK, PPM, PPA, PKB, PJP (Sel)
No. B 008
Commissioner for Oaths
Malaysia

Report Of The Auditors To The Members Of Advance Synergy Berhad

We have audited the financial statements set out on pages 36 to 101.

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

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

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

In our opinion:

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

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

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

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

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 43 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

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

BDO Binder
AF : 0206
Chartered Accountants

Siew Kah Toong
1045/03/08 (J)
Partner

Kuala Lumpur
27 April 2006

Income Statements FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	NOTE	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Revenue	6	246,733	227,040	2,620	3,657
Cost of sales		(164,506)	(127,454)	-	-
Gross profit		82,227	99,586	2,620	3,657
Other operating income		38,564	34,452	27,178	26,753
Distribution costs		(12,353)	(13,936)	-	-
Administration expenses		(45,923)	(49,785)	(358)	(444)
Other operating expenses		(55,007)	(59,617)	(10,491)	(3,738)
Profit from operations		7,508	10,700	18,949	26,228
Finance costs		(21,540)	(23,755)	(17,149)	(17,965)
Share of profits in associated companies		34,254	17,002	-	-
Profit before tax	7	20,222	3,947	1,800	8,263
Tax expenses	8				
Company and subsidiary companies		7,155	3,121	-	-
Share of tax expenses in associated companies		8,957	5,291	-	-
		(16,112)	(8,412)	-	-
Profit/(Loss) after tax		4,110	(4,465)	1,800	8,263
Minority interests		2,479	9,950	-	-
Net profit for the financial year		6,589	5,485	1,800	8,263
Earnings per stock unit (sen)					
Basic	9	1.95	1.62		

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

Balance Sheets AS AT 31 DECEMBER 2005

		Group		Company	
		2005	2004	2005	2004
ASSETS EMPLOYED	NOTE	RM'000	RM'000	RM'000	RM'000
Non current assets					
Property, plant and equipment	10	428,834	415,236	639	698
Investment in subsidiary companies	11	-	-	419,841	419,841
Investment in associated companies	12	82,798	65,829	-	-
Land held for development	13	5,893	13,774	-	-
Investment securities	14	77,863	69,210	35,175	35,175
Goodwill on consolidation	15	103,349	111,511	-	-
Purchased goodwill	16	1,342	1,554	-	-
Intangible assets	17	4,923	4,922	-	-
Deferred tax assets	31	1,753	1,443	-	-
Current assets					
Property development costs	18	40,166	21,641	-	-
Accrued progress billings		17,909	20,040	-	-
Inventories	19	44,941	49,073	-	-
Receivables	20	80,114	105,464	118,032	206,991
Tax recoverable		12,978	12,229	11,205	10,474
Marketable securities	21	3,742	3,000	-	-
Short term deposits	22	11,928	82,696	-	640
Cash and bank balances		33,384	54,532	23	213
		245,162	348,675	129,260	218,318
Less: Current liabilities					
Progress billings		-	58	-	-
Payables	23	75,411	94,363	163,013	86,464
Bank overdrafts	24	7,168	2,567	-	-
Short term borrowings	25	106,224	32,805	77,229	-
Taxation		7,234	8,990	4,931	4,931
		196,037	138,783	245,173	91,395
Net current assets/(liabilities)		49,125	209,892	(115,913)	126,923
		755,880	893,371	339,742	582,637

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

		Group		Company	
FINANCED BY	**NOTE**	**2005 RM'000**	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Share capital	26	337,794	337,794	337,794	337,794
Reserves	27	58,898	52,325	(11,097)	(12,897)
Stockholders' equity		396,692	390,119	326,697	324,897
Minority interests		173,901	182,972	-	-
Non current and deferred liabilities					
7% redeemable loan stocks 2000/2005	28	-	74,979	-	74,979
7% convertible loan stocks 2000/2005	28	-	182,761	-	182,761
Term loans	29	175,022	55,868	13,045	-
Hire purchase and lease creditors	30	1,305	1,216	-	-
Deferred tax liabilities	31	8,665	5,197	-	-
Retirement benefits	32	262	225	-	-
Deferred income	33	33	34	-	-
		755,880	893,371	339,742	582,637

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

Statements of Changes in Equity FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Reserve on consolidation RM'000	Accumulated losses RM'000	Total RM'000
Group								
Balance as at 1 January 2004	337,794	430,437	(1,792)	46,724	11,956	10,897	(454,120)	381,896
Translation gain	-	-	-	-	3,577	-	-	3,577
Net gain not recognised in the income statements	-	-	-	-	3,577	-	-	3,577
Amortisation of reserve on consolidation	-	-	-	-	-	(839)	-	(839)
Net profit for the financial year	-	-	-	-	-	-	5,485	5,485
Balance as at 31 December 2004	337,794	430,437	(1,792)	46,724	15,533	10,058	(448,635)	390,119
Translation loss	-	-	-	-	(3,319)	-	-	(3,319)
Net loss not recognised in the income statements	-	-	-	-	(3,319)	-	-	(3,319)
Surplus on revaluation of properties	-	-	-	4,142	-	-	-	4,142
Amortisation of reserve on consolidation	-	-	-	-	-	(839)	-	(839)
Net profit for the financial year	-	-	-	-	-	-	6,589	6,589
Balance as at 31 December 2005	337,794	430,437	(1,792)	50,866	12,214	9,219	(442,046)	396,692

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Accumulated losses RM'000	Total RM'000
Company					
Balance as at 1 January 2004	337,794	430,437	69	(451,666)	316,634
Net profit for the financial year	-	-	-	8,263	8,263
Balance as at 31 December 2004	337,794	430,437	69	(443,403)	324,897
Net profit for the financial year	-	-	-	1,800	1,800
Balance as at 31 December 2005	337,794	430,437	69	(441,603)	326,697

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

		Group		Company	
	NOTE	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from operating activities					
Profit before tax		20,222	3,947	1,800	8,263
Adjustments for:					
Allowance for doubtful debts		420	13,960	3,049	-
Amortisation of goodwill on consolidation		4,382	3,317	-	-
Amortisation of reserve on consolidation		(839)	(839)	-	-
Amortisation of intangible assets		1,179	1,163	-	-
Amortisation of purchased goodwill		118	113	-	-
Bad debts written off		573	231	-	-
Bad debts recovered		-	(105)	-	-
Depreciation/amortisation		17,471	13,691	120	108
Deferred income recognised		(1)	(2)	-	-
Gain on disposal of marketable securities		-	(231)	-	-
Gain on redemption/repurchase of redeemable loan stocks and convertible loan stocks		-	(378)	-	(378)
Gross dividend income		(3,073)	(1,784)	(2,610)	(3,521)
Impairment loss on marketable securities		180	248	-	-
Impairment loss in associated companies		2,000	-	-	-
Impairment loss on goodwill in a subsidiary company		532	-	-	-
Interest expenses		21,540	23,755	17,149	17,965
Interest income		(2,305)	(6,134)	(10)	(136)
Inventories written off		1,892	665	-	-
Loss on disposal of certain shares in a subsidiary company		-	391	-	-
Net loss on disposal of quoted investment securities		1,315	-	-	-
Net (gain)/loss on disposal of property, plant and equipment		(3,130)	4,396	-	(42)
Other receivables written off		-	168	-	-
Other payables written back		(26)	(190)	-	-
Provision for retirement benefits plan		40	36	-	-
Property, plant and equipment written off		1,242	637	-	-
Share of profit in associated companies		(34,254)	(17,002)	-	-
Balance carried forward		29,478	40,053	19,498	22,259

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

Cash Flow Statements FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005 (continued)

	NOTE	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Balance brought forward		29,478	40,053	19,498	22,259
Allowance for doubtful debts no longer required		(582)	(419)	-	(412)
Net unrealised (gain)/loss on foreign exchange		(466)	19	(271)	-
Waiver of interest expenses		(26,907)	(25,922)	(26,907)	(25,922)
Waiver of debts		-	(1,708)	-	-
Write back of provision for damages		(78)	(70)	-	-
Operating profit/(loss) before working capital changes		1,445	11,953	(7,680)	(4,075)
Decrease in land held for development		7,881	-	-	-
(Increase)/Decrease in property development costs		(18,524)	1,374	-	-
Decrease/(Increase) in inventories		755	(9,528)	-	-
Decrease/(Increase) in receivables		7,203	6,094	79,024	9,091
(Increase)/Decrease in marketable securities		(922)	92	-	-
Decrease in short term deposits		112	96	-	-
Increase/(Decrease) in payables		5,233	(27,007)	98,924	13,722
Cash generated from/(used in) operations		3,183	(16,926)	170,268	18,738
Retirement benefit paid		(3)	(4)	-	-
Tax paid		(6,415)	(6,370)	-	-
Net cash (used in)/from operating activities		(3,235)	(23,300)	170,268	18,738
Cash flows from investing activities					
Purchase of investment securities		-	(10,274)	-	-
Proceeds from disposal of investment securities		11,174	-	-	-
Proceeds from disposal of certain shares in a subsidiary company		-	6,289	-	-
Additional investment in a subsidiary company		-	-	-	(305)
Acquisition of intellectual properties		(1,180)	(719)	-	-
Dividend received		8,365	6,684	1,879	2,534
Interest received		2,305	6,134	10	136
Balance carried forward		20,664	8,114	1,889	2,365

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

		Group		Company	
	NOTE	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Balance brought forward		20,664	8,114	1,889	2,365
Proceeds from disposal of property, plant and equipment		4,255	12,254	-	42
Purchase of property, plant and equipment	34	(37,604)	(40,125)	(61)	(38)
Additional investment in an associated company		-	(152)	-	-
Acquisition of subsidiary companies net of cash and cash equivalents acquired	35	-	(525)	-	-
Repayment from an associated company		-	12,000	-	-
Net cash (used in)/from investing activities		(12,685)	(8,434)	1,828	2,369
Cash flows from financing activities					
Acquisition of treasury shares by a subsidiary company		(1,743)	(722)	-	-
Dividend paid		-	(593)	-	-
Drawdown of short term borrowings		22,781	24,091	-	-
Drawdown of term loans		141,751	24,300	10,784	-
Interest paid		(25,358)	(16,165)	(12,527)	(11,378)
Shares issued and listing expenses paid		-	(2,697)	-	-
Proceeds from issuance of shares by a subsidiary company		-	23,857	-	-
Redemption/repurchase of redeemable loan stocks and convertible loan stocks		(155,081)	(18,409)	(155,081)	(18,409)
Repayment of hire purchase and lease creditors		(626)	(1,350)	-	-
Repayment of short term borrowings		(24,339)	(17,450)	-	-
Repayment of term loans		(39,373)	(10,423)	(16,102)	-
Net cash (used in)/from financing activities		(81,988)	4,439	(172,926)	(29,787)
Effect of exchange rate changes		2,755	(409)	-	-
Net decrease in cash and cash equivalents		(95,153)	(27,704)	(830)	(8,680)
Cash and cash equivalents at beginning of financial year					
As previously reported		130,816	157,582	853	9,533
Effect of exchange rate changes		(1,254)	938	-	-
As restated		129,562	158,520	853	9,533
Cash and cash equivalents at end of financial year	36	34,409	130,816	23	853

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 3, Wisma ASCAP - QBC, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and providing full corporate and financial support to its subsidiary companies. The principal activities of the subsidiary companies are set out in Note 43. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

3.1 Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of the Group's transactions with foreign trade receivables and payables. The Group monitors the movement in foreign currency exchange rates closely to ensure its exposures are minimised.

3.2 Interest rate risk

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

3.3 Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. Loss will be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis and perform credit evaluation on customers requiring credit to ensure that the Group is exposed to minimal credit risk.

3.4 Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to secure the requisite funding at acceptable terms. It is the Group's policy to ensure continuity in serving its cash obligation in the future by way of measures and forecasts of its cash commitments and monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's requirements. The Group also aims at maintaining flexibility in funding by keeping committed credit lines available.

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

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

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

5.2 Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The Group adopts the acquisition method of consolidation, as appropriate.

When the acquisition method is adopted, the difference between the purchase consideration and the fair value of the net assets of each subsidiary company at the date of acquisition is treated as goodwill or reserve on consolidation. Except for a quoted subsidiary company, goodwill and reserve on consolidation arising from other subsidiary companies is amortised over 20 years or over the expected useful life, whichever is shorter. Goodwill on consolidation is stated at cost less impairment losses, if any.

All intercompany transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

The difference between the proceeds from the disposal of a subsidiary company and the carrying amount of its assets less liabilities, together with any goodwill or reserve on consolidation, as of the date of disposal is recognised in the consolidated income statements as the gain or loss on the disposal of the subsidiary company.

Minority interests are measured on the basis of the minorities' share of the post-acquisition fair values of the identifiable assets and liabilities of the acquiree.

5.3 Revenue recognition

Revenue

Revenue of the Company consists of dividend and interest income.

Revenue of the Group includes the following:
- trading sales at invoiced value and services rendered.
- management fees, dividend, interest and rental income.
- membership fees in respect of vacation investment timesharing facilities.
- income earned from hotel and resort operations net of discounts.
- sales value of completed development properties sold and proportionate sales value of development properties to stage of completion.
- billing of card fees, cash advance fees, interest revenue and discount revenue.
- contract revenue from information and telecommunications technology related services.
- bus fare collections.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 Revenue recognition (continued)

Sales of goods and rendering of services

Revenue is recognised upon delivery of products and customer's acceptance, if any, or performance of services, net of sales taxes and discounts.

Dividend income

Dividends from investments in subsidiary companies, associated companies and other investments are recognised when the shareholders' right to receive payment is established.

Development properties and contract work in progress

Revenue from sale of development properties and contract work in progress are recognised based on stage of completion. The stage of completion is based on the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs where the outcome of the project can be reliably estimated. Foreseeable losses, if any, are recognised immediately in the income statement.

Discount and cash advance fees

Revenue from discount and cash advance fees are recognised upon receipt of billings from merchants. Revenue from joining fees is recognised upon issuance of cards to approved members.

Membership fees

Membership fees in respect of vacation investment timesharing facilities are recognised on the basis of 50% in the first year and the balance over the period of 30 years.

Information and telecommunications technology related services

Revenue and profit from contracts are recognised on an individual contract basis using the stage of completion, when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the total contract revenue to be received and costs to complete can be reliably estimated. The stage of completion is estimated by the management of the subsidiary companies with reference to the stage of completion of the obligations under the service contract with the customer. Where it is probable that a loss will arise from a contract, the excess of total estimated costs over revenue is recognised as an expense immediately.

Revenue from maintenance contracts is recognised on a straight line basis over the period of the respective contract.

Bus fares

Revenue from bus fare is recognised on the collection basis.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 Property, plant and equipment

The gross carrying amounts of property, plant and equipment are initially measured at cost. Hotel properties which have been subsequently revalued, are stated at valuation less impairment losses except for leasehold hotel properties which are carried at valuation less accumulated depreciation and impairment losses. All other property, plant and equipment are stated at cost or valuation, less accumulated depreciation or amortisation and impairment losses.

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

The surplus arising from such valuations is credited to the respective companies' shareholders equity as a revaluation reserve and any subsequent deficit is charged against such surplus to the extent of the surplus credited from the previous revaluations. In all other cases, the deficit will be charged to the income statement. Subsequent to the date of valuation, additions to the hotel properties are stated at cost.

Freehold land, freehold hotel properties, system in progress and construction in progress are not depreciated. Depreciation on buses under refurbishment commences when the buses are ready for their intended use.

It is the Group's practice to maintain all its hotel properties in high standard and condition in order to maintain their image and market share. As such, no depreciation is provided on freehold hotel properties and long leasehold hotel properties as the depreciation would be insignificant. The related maintenance expenditure is dealt with in the income statements.

Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold hotel properties	Over remaining lease period of 30- 60 years
Leasehold land	Over lease period of 25 to 99 years
Buildings	0.5% - 5%
Plant and machinery	10% - 20%
Motor vehicles	15% - 20%
Furniture, fittings and equipment	2% - 20%
Renovation	10% - 20%
Computer equipment and software	20% - 33.33%
Buses in operation	Over 7 years
Telecommunications and research and development equipment	20%

Crockery, glassware, cutleries, linen and kitchen utensils are capitalised at the minimum level required for normal operations. Replacements are written off to the income statement in the financial year in which they are incurred.

Interest incurred on external borrowings to finance assets under construction is capitalised until the assets are ready for their intended use after which such expense is charged to the income statement.

5.5 Assets acquired under lease and hire purchase agreements

5.5.1 Finance leases and hire purchase

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

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

5.5.2 Operating leases

Leases other than finance leases are classified as operating leases. Lease payments under operating leases are recognised as an expense in the income statement on a straight line basis over the lease period.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.6 Finance lease and factoring receivables

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the terms of the lease using the net investment method so as to reflect a constant periodic rate of return of the balance outstanding.

Factoring receivables are carried at the factored amount including the interest receivable. Factoring income is recognised on the effective yield basis.

An estimate is made for doubtful debts upon the review of outstanding amounts. Bad debts are written off when identified.

5.7 Investments

5.7.1 Subsidiary companies

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

5.7.2 Associated companies

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

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

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

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

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

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

5.7.3 Investment securities

Investment securities are stated at cost unless in the opinion of the Directors there is a decline other than temporary in the value of such investments. Such decline is recognised as an expense in the period in which the decline is identified.

5.8 Land held for development

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

5.9 Property development activities

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.9 Property development activities (continued)

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

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

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

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

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

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

5.10 Purchased goodwill

Goodwill arising on the acquisition of a business which represents the excess of the acquisition cost over the fair value of the underlying net assets acquired is stated at cost and amortised over a period of 20 years on the straight line basis.

5.11 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

5.11.1 Software development expenditure

Software development expenditure relates to development projects carried out in designing and testing of new or improved products and recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development and research expenditure are recognised as an expense when incurred. Development cost previously recognised as an expense is not recognised as an asset in subsequent period.

Development cost that have been capitalised are amortised from the commencement of commercial production of the product to which they relate on a straight line basis over the period of their useful life, not exceeding a period of five years.

5.11.2 Intellectual properties

Expenditure on acquired intellectual property is capitalised and amortised using the straight line method over their estimated useful life, not exceeding a period of five years.

5.12 Contract work-in-progress

Contract work-in-progress is stated at the aggregate of contract costs incurred to date plus profits recognised based on the value of work completed less progress billings and provision for foreseeable losses.

Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on contracts, under trade and other receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on contracts, under trade and other payables.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.13 Inventories

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

Cost is determined on the first-in, first-out basis. The cost of raw materials comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads. The cost of completed properties comprises the cost of land and the related development expenditure.

Allowance is made where necessary for obsolete, slow moving and defective inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

5.14 Receivables

Receivables, other than finance lease receivables, are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

5.15 Marketable securities

Marketable securities are acquired and held with the intention of resale in the short-term, and are stated at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis.

5.16 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than financial assets (other than investment in associated companies and subsidiary companies), inventories, amount due from customers for contract works and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

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

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

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

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

5.17 Payables

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

5.18 Provisions

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.19 Employee benefits

5.19.1 Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

5.19.2 Defined contribution plans

The Company and its subsidiary companies incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiary companies make contributions to their respective countries' statutory pension schemes and recognise the contributions payable:

(a) after deducting contributions already paid as a liability; and

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

5.19.3 Defined benefits plans

Certain subsidiary companies operate an unfunded retirement benefits plan for rank and file employees in accordance with an article contained in the collective union agreement. The liabilities in respect of the retirement benefits plan are determined by an actuarial valuation for its defined benefit obligations under the Projected Unit Credit Method. Under this method, the current service cost is calculated as the present value of benefits that will accrue on valuation date (by reference to the number of employees providing the service in that year and projected final salaries). The liabilities will be recognised immediately in the year they are incurred.

5.20 Income tax

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

5.20.1 Current tax expense

Current tax expense includes all domestic and foreign taxes which are based on taxable profits. Current tax expense also includes other taxes, which are payable by foreign subsidiary companies or associated companies on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

5.20.2 Deferred tax

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.21 Foreign currency transactions and translations

5.21.1 Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange at the balance sheet date.

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

5.21.2 Translation of foreign currency financial statements

For consolidation purpose, the assets and liabilities of foreign entities are translated into Ringgit Malaysia at the rates ruling at the balance sheet date. Income statement items are translated at the average exchange rates for the financial year. The translation differences arising therefrom are taken up and reflected in the exchange fluctuation reserve.

Goodwill arising on the acquisition of a foreign entity and fair value adjustments to the carrying amounts of assets and liabilities acquired are translated at the exchange rate at the date of transaction.

5.21.3 Principal closing rates

The principal closing rates used in the translation of foreign currency amounts to RM1.00 are as follows:

	2005	2004
Singapore Dollar	0.437	0.430
US Dollar	0.264	0.262
Australian Dollar	0.357	0.334
Pound Sterling	0.153	0.137
Sudanese Dinar	66.667	66.667
Indonesia Rupiah	2,597.000	2,225.000
Hong Kong Dollar	2.051	2.045
Thai Baht	10.864	10.211
Renminbi	2.137	2.179

5.22 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short-term, highly liquid investments which are readily convertible into cash and which are subject to insignificant risk of changes in value.

5.23 Segment information

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

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

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.24 Financial instruments

5.24.1 Financial instruments recognised in the balance sheets

(a) Ordinary shares

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

Dividends are recognised under shareholders' equity in the period in which they are payable.

Where the Company purchases its equity share capital, the consideration paid, including any attributable transaction costs is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are reissued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

(b) Loan stocks

7% Redeemable Loan Stocks 2000/2005 and 7% Convertible Loan Stocks 2000/2005 are recognised in the financial statements based on the nominal value of the loan stocks.

(c) Interest bearing borrowings

Other interest bearing borrowings are recorded at the amount of proceeds received.

(d) Other financial instruments

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

5.24.2 Financial instruments not recognised in the balance sheets

There were no financial instruments not recognised in the balance sheets.

5.25 Borrowing costs

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

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

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

6. REVENUE

	Group		Company	
	2005 RM'000	**2004 RM'000**	**2005 RM'000**	**2004 RM'000**
Sales of goods	63,878	58,540	-	-
Hotel and resort services	46,204	44,880	-	-
Bus transportation services	21,526	13,368	-	-
Information, telecommunication technology and related services	47,738	40,494	-	-
Travel and tours	23,553	15,337	-	-
Card and payment services	1,259	10,095	-	-
Interest and financing income	1,581	5,046	10	136
Property development	37,098	36,364	-	-
Rental income	849	1,143	-	-
Gross dividend income	3,047	1,773	2,610	3,521
	246,733	227,040	2,620	3,657

7. PROFIT BEFORE TAX

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Profit before tax is arrived at:				
After charging:				
Allowance for doubtful debts	420	13,960	3,049	-
Amortisation of goodwill on consolidation				
- subsidiary companies	3,345	3,257	-	-
- associated companies	60	60	-	-
Amortisation of intangible assets	1,179	1,163	-	-
Amortisation of purchased goodwill	118	113	-	-
Auditors' remuneration				
- statutory				
- holding company	75	75	75	75
- subsidiary companies	633	614	-	-
- under provision in prior year	108	72	-	-
- non-statutory				
- subsidiary companies	34	80	-	-
Bad debts written off	573	231	-	-
Depreciation/amortisation	17,471	13,691	120	108
Directors' remuneration				
- fees	719	721	250	250
- other emoluments	943	970	269	314
Impairment loss on goodwill in				
- a subsidiary company	532	-	-	-
- an associated company	977	-	-	-
Impairment loss on marketable securities	180	248	-	
Impairment loss on associated companies	2,000	-		-
Interest expenses				
- advances from subsidiary companies	-	-	3,323	1,795
- advances to a subsidiary company	-	-	(3,119)	(2,798)
- bank overdrafts	70	74	-	-
- convertible loan stocks	4,329	12,793	4,329	12,793
- hire purchase and lease	103	108	-	-
- term loans	14,871	4,591	4,149	-
- redeemable loan stocks	1,785	5,667	1,785	5,667
- others	382	522	6,682	508
Inventories written off	1,892	665	-	-
Lease rental	241	484	-	-
Loss on disposal of certain shares in a subsidiary company	-	391	-	-
Loss on disposal of investment securities	1,356	-	-	-
Loss on disposal of property, plant and equipment	-	4,878	-	-
Loss on foreign exchange			-	-
- realised	1,598	203	1,504	195
- unrealised	-	23	-	-
Other receivables written off	-	168	-	-
Property, plant and equipment written off	1,242	637	-	-
Rental expenses				
- equipment	249	286	-	-
- premises	6,360	5,941	253	336
- others	62	165	-	-

7. PROFIT BEFORE TAX (continued)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
And crediting:				
Allowance for doubtful debts no longer required	582	419	-	412
Amortisation of reserve on consolidation	839	839	-	-
Bad debts recovered	-	105	-	-
Gain on disposal of investment securities	41	-	-	-
Gain on redemption/repurchase of redeemable loan stocks and convertible loan stocks	-	378	-	378
Gain on disposal of property, plant and equipment	3,130	482	-	42
Gross dividend income from Malaysia				
- quoted subsidiary company	-	-	796	796
- unquoted subsidiary company	-	-	1,814	2,722
- unquoted investments	5	11	-	-
- quoted investments	175	75	-	3
Outside Malaysia				
- unquoted investments	2,893	1,698	-	-
Gain on disposal of marketable securities	-	231	-	-
Interest income				
- short term deposits	1,871	3,948	10	136
- others	434	2,186	-	-
Gain on foreign exchange				
- realised	266	733	-	-
- unrealised	466	4	271	-
Other payables written back	26	190	-	-
Rental income	2,204	2,498	-	-
Waiver of interest expenses	26,907	25,922	26,907	25,922
Waiver of debts	-	1,708	-	-
Write back of provision for damages	78	70	-	-

The estimated monetary value of other benefits, not included in the above, received by Directors of the Company and its subsidiary companies were RM35,200 (2004: RM31,820) for the Company and RM99,100 (2004: RM81,737) for the Group.

8. TAX EXPENSES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expenses based on the profit for the financial year:				
Malaysian income tax	2,650	4,583	-	-
Foreign income tax	949	148	-	-
	3,599	4,731	-	-
Deferred tax (Note 31(a))	3,323	(1,453)	-	-
	6,922	3,278	-	-
Under/(over) provision in prior years				
Income tax	373	(514)	-	-
Deferred tax	(140)	357	-	-
	7,155	3,121	-	-
Share of tax expenses in associated companies	8,957	5,291	-	-
	16,112	8,412	-	-

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

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Applicable tax rate	28	28	28	28
Tax effect in respect of:				
Non allowable expenses	22	152	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(2)	(20)	-	-
Unutilised tax losses and capital allowances not recognised in loss making subsidiary companies	48	149	-	-
Higher tax rates in foreign jurisdiction	1	8	-	-
Income not subject to tax	(21)	(116)	(28)	(28)
Tax incentives and allowance	(3)	(7)	-	-
Others	3	23	-	-
	76	217	-	-
Under/(Over) provision in prior years	4	(4)	-	-
Average effective tax rate	80	213	-	-

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Arising from utilisation of previously unrecognised tax losses	335	775	-	-

9. EARNINGS PER STOCK UNIT

(a) Basic earnings per stock unit

The basic earnings per stock unit for the financial year has been calculated based on the consolidated profit after tax and minority interests divided by the number of stock units in issue during the financial year.

	Group	
	2005	**2004**
Consolidated profit after tax and minority interests (RM'000)	6,589	5,485
Weighted average number of stock units in issue ('000)	337,794	337,794
Basic earnings per stock unit (sen)	1.95	1.62

(b) Diluted earnings per stock unit

The diluted earnings per stock unit for 2005 is not presented as the average market value of the stock unit of the Company is lower than the exercise price for the outstanding Warrants.

The diluted earnings per stock unit for 2004 was not presented as the average market value of the stock unit of the Company was lower than the exercise price for the outstanding Warrants and the conversion of the 7% Convertible Loan Stocks would result in an anti-dilutive situation.

10. PROPERTY, PLANT AND EQUIPMENT

Group 2005 Cost unless otherwise stated	Balance as at 1.1.2005 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Revalua-tion RM'000	Reclassi-fication RM'000	Exchange translation adjustments RM'000	Balance as at 31.12.2005 RM'000
Freehold land	31,496	16,409	(239)	-	-	(1,116)	-	46,550
Freehold hotel properties								
- at valuation	155,800	-	-	-	(2,491)	2,241	-	155,550
- at cost	56,959	556	-	-	-	(2,241)	(6,000)	49,274
Leasehold hotel properties								
- at valuation	-	-	-	-	(213)	94,455	(632)	93,610
- at cost	94,908	674	-	-	-	(94,455)	(600)	527
Long term leasehold land	1,511	-	(93)	-	-	1,041	-	2,459
Buildings	6,503	-	-	-	-	-	-	6,503
Plant and machinery	5,368	776	-	(90)	-	-	(75)	5,979
Furniture, fittings and equipment	56,636	3,987	(49)	(39)	-	(17)	(947)	59,571
Renovation	6,342	2,970	(12)	(1,809)	-	75	(12)	7,554
Motor vehicles	10,263	1,081	(3,193)	(2)	-	17	(61)	8,105
Buses								
- operation	34,645	1,161	-	-	-	(9,742)	-	26,064
- under refurbishment	-	866	-	-	-	9,742	-	10,608
Computer equipment and software	17,049	787	(269)	(1)	-	(9)	(32)	17,525
Crockeries, glassware, cutleries, linen and kitchen utensils	5,225	180	(15)	(325)	-	-	(35)	5,030
Telecommunications and research and development equipment	13,925	2,507	(178)	-	-	(279)	(65)	15,910
System in progress	2,516	5,815	-	-	-	(1,243)	-	7,088
Construction in progress	-	605	-	-	-	-	-	605
	499,146	38,374	(4,048)	(2,266)	(2,704)	(1,531)	(8,459)	518,512

Group 2005 Accumulated Depreciation	Balance as at 1.1.2005 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Revalua-tion RM'000	Reclassi-fication RM'000	Exchange translation adjustments RM'000	Balance as at 31.12.2005 RM'000
Freehold hotel properties								
- at valuation	-	-	-	-	-	-	-	-
- at cost	-	-	-	-	-	-	-	-
Leasehold hotel properties								
- at valuation	-	188	-	-	-	-	(7)	181
- at cost	5,842	1,178	-	-	(6,944)	-	(66)	10
Long term leasehold land	354	43	(29)	-	-	-	-	368
Buildings	3,155	211	-	-	-	-	-	3,366
Plant and machinery	4,355	438	-	(90)	-	-	(52)	4,651
Furniture, fittings and equipment	36,368	4,816	(33)	(28)	-	60	(429)	40,754
Renovation	2,148	752	(5)	(580)	-	(51)	(6)	2,258
Motor vehicles	5,986	1,222	(2,718)	-	-	(9)	(20)	4,461
Buses								
- operation	3,906	3,662	-	-	-	-	-	7,568
- under refurbishment	-	-	-	-	-	-	-	-
Computer equipment and software	15,136	1,826	(123)	(1)	-	(4)	(12)	16,822
Crockeries, glassware, cutleries, linen and kitchen utensils	2,075	91	-	(325)	-	-	(21)	1,820
Telecommunications and research and development equipment	4,585	3,044	(15)	-	-	(198)	3	7,419
	83,910	17,471	(2,923)	(1,024)	(6,944)	(202)	(610)	89,678

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2004 Cost unless otherwise stated	Balance as at 1.1.2004 RM'000	Additions RM'000	Disposals RM'000	Subsidiary companies acquired RM'000	Written off RM'000	Reclassi-fication RM'000	Exchange translation adjustments RM'000	Balance as at 31.12.2004 RM'000
Freehold land	34,511	1,041	(5,131)	800	-	-	275	31,496
Freehold hotel properties								
- at valuation	155,800	-	-	-	-	-	-	155,800
- at cost	51,918	691	-	-	-	-	4,350	56,959
Leasehold hotel properties								
- at cost	85,331	9,446	-	-	-	(536)	667	94,908
Long term leasehold land	1,274	197	-	-	-	40	-	1,511
Buildings	13,561	1,025	(9,435)	700	-	-	652	6,503
Plant and machinery	10,189	149	(5,240)	-	-	-	270	5,368
Furniture, fittings and equipment	49,117	7,261	(952)	514	(12)	72	636	56,636
Renovation	4,239	2,279	-	212	(816)	435	(7)	6,342
Motor vehicles	9,896	1,490	(909)	353	(248)	(364)	45	10,263
Buses								
- operation	12,364	792	-	-	-	21,489	-	34,645
- under refurbishment	20,779	5,045	-	-	-	(25,824)	-	-
Computer equipment and software	14,902	2,232	(48)	34	-	(83)	12	17,049
Crockeries, glassware, cutleries, linen and kitchen utensils	4,866	355	-	-	-	-	4	5,225
Telecommunications and research and development equipment	6,029	6,388	(15)	-	-	1,353	170	13,925
System in progress	-	2,516	-	-	-	-	-	2,516
	474,776	40,907	(21,730)	2,613	(1,076)	(3,418)	7,074	499,146

Group 2004 Accumulated Depreciation	Balance as at 1.1.2004 RM'000	Charge for the financial year RM'000	Disposals RM'000	Subsidiary companies acquired RM'000	Written off RM'000	Reclassi-fication RM'000	Exchange translation adjustments RM'000	Balance as at 31.12.2004 RM'000
Leasehold hotel properties								
- at valuation	-	-	-	-	-	-	-	-
- at cost	4,457	1,371	-	-	-	-	14	5,842
Long term leasehold land	331	23	-	-	-	-	-	354
Buildings	2,952	206	(36)	36	-	(3)	-	3,155
Plant and machinery	7,101	299	(3,300)	-	-	-	255	4,355
Furniture, fittings and equipment	32,462	4,293	(831)	336	(12)	(136)	256	36,368
Renovation	1,583	633	-	84	(357)	201	4	2,148
Motor vehicles	6,064	1,094	(870)	208	(70)	(454)	14	5,986
Buses								
- operation	1,269	2,655	-	-	-	(18)	-	3,906
- under refurbishment	-	-	-	-	-	-	-	-
Computer equipment and software	13,792	1,391	(39)	4	-	(25)	13	15,136
Crockeries, glassware, cutleries, linen and kitchen utensils	1,985	90	-	-	-	-	-	2,075
Telecommunications and research and development equipment	2,900	1,636	(4)	-	-	-	53	4,585
	74,896	13,691	(5,080)	668	(439)	(435)	609	83,910

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2005 Cost	**Balance as at 1.1.2005 RM'000**	**Additions RM'000**	**Balance as at 31.12.2005 RM'000**
Computer equipment	-	36	36
Motor vehicles	5	-	5
Furniture, fittings and equipment	890	25	915
Renovation	849	-	849
	1,744	61	1,805

Accumulated depreciation	**Balance as at 1.1.2005 RM'000**	**Charge for the financial year RM'000**	**Balance as at 31.12.2005 RM'000**
Computer equipment	-	12	12
Motor vehicles	5	-	5
Furniture, fittings and equipment	788	23	811
Renovation	253	85	338
	1,046	120	1,166

Company 2004 Cost	**Balance as at 1.1.2004 RM'000**	**Additions RM'000**	**Disposals RM'000**	**Balance as at 31.12.2004 RM'000**
Motor vehicles	195	-	(190)	5
Furniture, fittings and equipment	861	29	-	890
Renovation	840	9	-	849
	1,896	38	(190)	1,744

Accumulated depreciation	**Balance as at 1.1.2004 RM'000**	**Charge for the financial year RM'000**	**Disposals RM'000**	**Balance as at 31.12.2004 RM'000**
Motor vehicles	195	-	(190)	5
Furniture, fittings and equipment	765	23	-	788
Renovation	168	85	-	253
	1,128	108	(190)	1,046

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Net book value				
Freehold land	46,550	31,496	-	-
Freehold hotel properties				
- at valuation	155,550	155,800	-	-
- at cost	49,274	56,959	-	-
Leasehold hotel properties				
- at valuation	93,429	-	-	-
- at cost	517	89,066	-	-
Long term leasehold land	2,091	1,157	-	-
Buildings	3,137	3,348	-	-
Plant and machinery	1,328	1,013	-	-
Furniture, fittings and equipment	18,817	20,268	104	102
Renovation	5,296	4,194	511	596
Motor vehicles	3,644	4,277	-	-
Buses				
- Operation	18,496	30,739	-	-
- Under refurbishment	10,608	-	-	-
Computer equipment and software	703	1,913	24	-
Crockeries, glassware, cutleries, linen and kitchen utensils	3,210	3,150	-	-
Telecommunications and research and development equipment	8,491	9,340	-	-
System in progress	7,088	2,516	-	-
Construction in progress	605	-	-	-
	428,834	415,236	639	698

(a) Net book value of property, plant and equipment held under hire purchase and lease arrangements are as follows:

	Group	
	2005 RM'000	2004 RM'000
Furniture, fittings and equipment	6	23
Motor vehicles	2,210	2,175
Computer equipment and software	17	97
	2,233	2,295

(b) The carrying amounts of certain hotel properties and buildings of the Group which are charged to financial institutions for credit facilities granted to the Group and the Company are as follows:

	Group	
	2005 RM'000	2004 RM'000
Hotel properties	235,838	242,327
Buildings	1,456	1,507
	237,294	243,834

(c) The strata title for a hotel property of the Group amounting to RM31.014 million (2004: RM29.568 million) has yet to be issued by the relevant authorities.

(d) The hotel properties of the Group were revalued by the Directors in year 2005 based on the valuation carried out by independent professional firms of valuers using the open market value basis.

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

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
2005			
Freehold hotel properties	81,908	-	81,908
Leasehold hotel properties	94,776	(6,104)	88,672
	176,684	(6,104)	170,580
2004			
Freehold hotel properties	79,667	-	79,667

11. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2005 RM'000	Company 2004 RM'000
Quoted shares - at cost	450,302	450,302
Less: Impairment losses	(207,570)	(207,570)
	242,732	242,732
Unquoted shares - at cost	212,775	212,775
Less: Impairment losses	(35,666)	(35,666)
	177,109	177,109
	419,841	419,841
Market value of quoted shares	34,235	45,779

(a) The details of the subsidiary companies are set out in Note 43.

(b) Some of the shares of a quoted subsidiary company and an unquoted subsidiary company with the cost of RM432.59 million (2004: RM435.155 million) and RM111.633 million (2004: RM117.774 million) respectively, have been charged to financial institutions as security for credit facilities granted to the Group and the Company.

(c) During the financial year, the following transactions were completed:

(i) On 1 April 2005, Unified Communications Sdn. Bhd. ("UCSB") had received the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the People's Republic of China for the establishment of a wholly-owned subsidiary, Unified Communications (Shenzhen) Private Limited. ("UCSZ") in Shenzhen, People's Republic of China with a registered share capital of USD500,000. UCSB is required to pay up the registered share capital fully within a period of 12 months from the date of establishment of UCSZ. The paid-up share capital of UCSZ as at 31 December 2005 was USD209,000 (equivalent to RM790,020). UCSB has subsequently in 2006 obtained an extension of time up to 23 September 2006 to pay up the remaining registered share capital. This capital commitment is disclosed in Note 39 to the financial statements.

(ii) On 15 June 2005, the Company had acquired 100% equity interest in Super Odyssey Sdn. Bhd. ("SOSB") comprising 2 issued and fully paid-up ordinary shares of RM1.00 each for a cash consideration of RM2.00. On 8 July 2005, SOSB changed its name to Synergy Cards Sdn. Bhd.

The above transactions have no significant financial impact to the Group and the Company.

(d) As at the balance sheet date, the carrying value of the quoted investment in one of the subsidiary companies is stated after taking into consideration impairment loss to reflect the recoverable amount which is determined in accordance with Financial Reporting Standard ("FRS") 136_{2004} - Impairment of Assets.

(e) During the financial year, a quoted subsidiary company, Advance Synergy Capital Berhad ("ASC"), repurchased a total of 3,861,990 (2004: 1,170,300) units of its own shares for a total consideration of RM1,743,380 (2004: RM722,122) from the open market. All the shares bought back were retained as treasury shares in ASC. Accordingly, the Group's interest in ASC has increased from 51.42% to 52.74% as at the balance sheet date.

11. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(f) In the previous financial year, the following transactions were completed:-

(i) On 5 January 2004, the Group had completed the subscription of 784,000 new ordinary shares of RM1.00 each in Transit Vision Holdings Sdn. Bhd. (formerly known as BTV Productions Sdn. Bhd.) ("TVH") representing 70% of the equity interest in TVH for a purchase consideration of RM784,000 pursuant to the Share Subscription Agreement dated 19 November 2003.

(ii) On 15 January 2004, Unified Communications Sdn. Bhd. ("UCSB") and Unified Communications Pte. Ltd. ("UCPL") became wholly-owned subsidiary companies of Unified Communications Holdings Limited ("UCH"), a 70%-owned subsidiary company of Worldwide Matrix Sdn. Bhd. ("WMSB"), which in turn is wholly-owned by the Company, upon the completion of the share transfer agreement dated 12 January 2004.

Following the listing of UCH on the Singapore Exchange Securities Trading Limited on 19 February 2004, which included an offer for sale of 10,777,991 UCH shares by WMSB, UCH became a 58.3%-owned subsidiary company of the Company via WMSB.

(iii) On 23 March 2004, the Group had acquired 100% equity interest in Edenbridge Resources Limited ("ERL") comprising 2 issued and fully paid-up ordinary shares of USD1.00 each. On 6 April 2004, ERL changed its name to Holiday Villa China Limited ("HVCL"). Subsequent to the increase in HVCL's paid-up share capital to USD100.00 on 10 May 2004, the Group's effective interest in HVCL was reduced to 69.74%.

(iv) On 17 May 2004, UCPL had subscribed for 90,000 ordinary shares of Thai Baht 10.00 each in the share capital of Unified (Thailand) Ltd. ("UTL"), representing 45% of the total issued and paid-up share capital of UTL for an aggregate consideration of Thai Baht 900,000. UTL has two classes of shares, i.e. 110,000 preference shares of Thai Baht 10.00 each forming 55% of the total issued and paid-up share capital with a voting right of one vote for every ten shares held and 90,000 ordinary shares of Thai Baht 10.00 each forming 45% of the total issued and paid-up share capital with a voting right of one vote for every share held. By virtue of UCPL controlling effectively 89% of the voting rights via the ordinary shares held in UTL, UTL is regarded as a subsidiary company of UCPL with an effective interest of 89%.

(v) HVCL had on 14 June 2004 received the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the People's Republic of China for the establishment of a wholly-owned subsidiary, Changshu Holiday Villa Hotel Management Co. Ltd. in Changshu, People's Republic of China.

(vi) On 9 July 2004, the Company had completed the acquisition of the remaining 50% equity interest comprising 3,000,000 ordinary shares of RM1.00 each in Diversified Gain Sdn. Bhd. ("DGSB") for a cash consideration of RM300,000. Consequently, DGSB became a wholly-owned subsidiary company of the Company.

(vii) On 13 December 2004, the Group had acquired the entire equity interest comprising 2 ordinary shares of SGD1.00 each in SN Services Pte. Ltd. for a total cash consideration of SGD2.00.

Goodwill arising on these acquisitions amounting to RM4.26 million has been accounted for using the acquisition method of accounting.

The effect of these acquisitions on the financial results of the Group in the previous financial year was as follows:

	RM'000
Revenue	16,843
Operating costs	(15,723)
Profit before tax	1,120
Tax expense	(1)
Profit after tax	1,119
Minority interests	209
Increase in Group's net profit	1,328

11. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The effect of these acquisitions on the financial position of the Group at the end of the previous financial year was as follows:

	RM'000
Property, plant and equipment	1,080
Investment securities	19
Inventories	451
Trade receivables	1,902
Other receivables, deposits and prepayments	272
Short term deposits	882
Cash and bank balances	3,255
Trade payables	(1,294)
Other payables and accruals	(804)
Bank overdrafts	(1,793)
Borrowings	(141)
Taxation	(51)
Inter-company balances	(5,484)
Minority interests	(24)
Decrease in Group's net assets	(1,730)

12. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2005 RM'000	2004 RM'000
At cost:		
Quoted shares	12,758	12,758
Less: Impairment losses	(2,000)	-
	10,758	12,758
Unquoted shares	27,360	27,360
	38,118	40,118
Group's share of post acquisition retained profits less losses	44,680	25,711
	82,798	65,829
Market value of quoted shares	3,721	5,581

The Group's investment in associated companies are represented by:

	2005 RM'000	2004 RM'000
Group's share of net assets other than goodwill of associates	82,798	64,792
Goodwill on acquisition	-	1,037
	82,798	65,829

The details of the associated companies are set out in Note 43.

As at the balance sheet date, the carrying value of the quoted investment in an associated company is stated after taking into consideration the impairment loss to reflect the recoverable amount which is determined in accordance with FRS 136_{2004} - Impairment of Assets.

13. LAND HELD FOR DEVELOPMENT

	Group	
	2005 RM'000	2004 RM'000
Long term leasehold land		
- at valuation	3,868	9,296
- at cost	327	327
Development expenditure	1,698	4,151
	5,893	13,774

The entire long term leasehold land is charged to financial institutions for credit facilities granted to the Group.

Long term leasehold land at valuation were revalued by the Directors on an open market value basis in 1981 and 1983 based on valuations carried out by independent professional firms of valuers. As allowed by the transitional provision of FRS 201_{2004} - Property Development Activities, the carrying amounts of these land shown at valuation have been retained on the basis of their previous revaluations as their surrogate costs.

14. INVESTMENT SECURITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Quoted Securities				
In Malaysia:				
Shares stated at cost (Note 20(c))	20,289	19	-	-
Outside Malaysia:				
Shares stated at cost	24,573	27,558	-	-
Less: Impairment losses	(22,079)	(23,448)	-	-
	2,494	4,110	-	-
	22,783	4,129	-	-
Unquoted Securities				
In Malaysia:				
Shares stated at cost	57,662	67,663	52,658	52,658
Less: Impairment losses	(17,483)	(17,483)	(17,483)	(17,483)
	40,179	50,180	35,175	35,175
Outside Malaysia:				
Shares stated at cost	14,901	14,901	-	-
	55,080	65,081	35,175	35,175
	77,863	69,210	35,175	35,175
Market value:				
Quoted shares in Malaysia	6,353	5	-	-
Quoted shares outside Malaysia	1,400	6,054	-	-

As at the balance sheet date, the carrying values of the investment securities are stated after taking into consideration the impairment losses to reflect the recoverable amounts which are determined in accordance with FRS 136_{2004} - Impairment of Assets.

The quoted securities of the Group at cost amounting to RM24.573 million (2004: RM27.558 million) have been pledged to financial institutions as security for credit facilities granted to the Company.

15. GOODWILL ON CONSOLIDATION

	Group 2005 RM'000	Group 2004 RM'000
Balance as at 1 January	111,511	125,904
Acquisition of subsidiary companies	-	4,260
Disposal of certain shares in a subsidiary company	-	(3,406)
Dilution of shareholdings in a subsidiary company	-	(8,408)
Profit guarantee received	-	(2,452)
Acquisition of treasury shares by a subsidiary company	(4,285)	(1,130)
	107,226	114,768
Less: Amortisation during the financial year	(3,345)	(3,257)
Impairment loss on goodwill	(532)	-
Balance as at 31 December	103,349	111,511

16. PURCHASED GOODWILL

	Group 2005 RM'000	Group 2004 RM'000
Balance as at 1 January	1,554	1,569
Exchange translation adjustment	(94)	98
	1,460	1,667
Less: Amortisation during the financial year	(118)	(113)
Balance as at 31 December	1,342	1,554

17. INTANGIBLE ASSETS

	Group 2005 RM'000	Group 2004 RM'000
Intellectual property		
Balance as at 1 January	3,787	7,837
Returned to supplier of intellectual property	-	(3,000)
Amortisation during the financial year	(1,049)	(1,050)
Balance as at 31 December	2,738	3,787
Software development expenditure		
Balance as at 1 January	1,135	529
Additions during the financial year	1,180	719
Amortisation during the financial year	(130)	(113)
	2,185	1,135
Balance as at 31 December	4,923	4,922

17. INTANGIBLE ASSETS (continued)

Intellectual property comprises the cost of acquisition of the rights and titles to certain intellectual property relating to mobile solutions. In the previous financial year, a subsidiary of the Group had returned RM3.0 million worth of rights and titles of certain intellectual property that did not meet the technical requirements, with a corresponding reduction in outstanding payables to the supplier of the intellectual property.

18. PROPERTY DEVELOPMENT COSTS

	Group	
	2005 RM'000	2004 RM'000
Property development costs at 1 January		
- leasehold land	16,945	13,741
- development costs	32,905	76,682
	49,850	90,423
Cost incurred during the financial year		
- leasehold land	14,330	6,602
- development costs	27,646	20,288
	41,976	26,890
Less: Cost recognised in the income statement		
As at 1 January	28,209	67,409
Recognised during the financial year	21,457	28,262
As at 31 December	(49,666)	(95,671)
Less: Transfer to inventories	(1,994)	(1)
Property development costs at 31 December	40,166	21,641

Included in the property development costs incurred during the financial year are:

	Group	
	2005 RM'000	2004 RM'000
Interest expense	344	-
Plant hire expenses	65	32

Certain leasehold land under development have been charged to financial institutions as security for credit facilities granted to a subsidiary company.

19. INVENTORIES

	Group 2005 RM'000	Group 2004 RM'000
At cost:		
Completed development properties	10,561	10,379
Raw materials	43	43
Work-in-progress	6,010	5,567
Finished goods	21,857	28,064
Food and beverages	325	522
Operating supplies	6,042	4,393
	44,838	48,968
At net realisable value:		
Finished goods	103	105
	44,941	49,073

In the previous financial year, certain completed development properties at cost amounting to RM6.901 million were charged to financial institutions as security for the 7% redeemable and convertible loan stocks as disclosed in Note 28.

20. RECEIVABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Amounts owing by subsidiary companies	-	-	245,658	332,343
Less: Allowance for doubtful debts	-	-	(128,782)	(125,733)
	-	-	116,876	206,610
Trade receivables	69,891	70,197	-	-
Less: Allowance for doubtful debts	(6,140)	(7,911)	-	-
	63,751	62,286	-	-
Amount due from customers for contract works	3,675	6,684	-	-
Other receivables, deposits and prepayments	19,093	22,605	1,661	886
Deposit for acquisition of Malpac shares (c)	-	30,000	-	-
	19,093	52,605	1,661	886
Less: Allowance for doubtful Debts	(6,405)	(16,111)	(505)	(505)
	12,688	36,494	1,156	381
	80,114	105,464	118,032	206,991

20. RECEIVABLES (continued)

(a) The credit terms offered by the Group in respect of trade receivables range from payment in advance to 90 days from date of invoice.

(b) Amounts owing by subsidiary companies represent advances and payments made on their behalf and are unsecured, interest-free and have no fixed terms of repayment except for balances amounting to RM41.646 million (2004: RM33.887 million) which bear interest at the rate of 9% (2004: 9%) per annum.

(c) On 14 August 1997, ASC entered into a conditional share sale and purchase agreement with the vendors of Malpac Holdings Berhad ("Malpac") to acquire a 32.9% equity interest comprising 24,675,000 ordinary shares of RM1.00 each in Malpac for a cash consideration of RM166,556,250 or RM6.75 per ordinary share. Approvals from the relevant authorities namely the Ministry of Finance, the Securities Commission and the Foreign Investment Committee were obtained on 20 November 1997, 20 December 1997 and 26 December 1997 respectively.

A deposit of RM30 million was paid to the vendors of the shares of Malpac pursuant to the sale and purchase agreement for the said shares.

During the previous financial year, ASC and the vendors held a number of meetings with a view to settle the matter amicably. As a result of the meetings, all the parties agreed to appoint a mediator to assist in the resolution of this long outstanding matter. Subsequently, on 28 April 2005, ASC announced that an amicable agreement had been reached with the vendors to settle the proposed acquisition of the Malpac shares. The deposit was exchanged for 8,037,500 ordinary shares of RM1.00 each in Malpac (representing approximately 10.72% of Malpac's paid-up share capital).

An allowance for doubtful debts of RM9,730,000 had been made against the deposit for the estimated loss arising from this arrangement based on the Directors of ASC's estimation of the fair value at the previous balance sheet date of the Malpac shares.

The carrying amount has been reclassified to investment securities.

(d) Amount due from/(to) customers for contract works

	Group	
	2005 **RM'000**	**2004** **RM'000**
Aggregate costs incurred and attributable profits recognised to date	4,628	6,921
Less: Progress billings	(953)	(279)
	3,675	6,642
Amount due from customers for contract works	3,675	6,684
Amount due to customers for contract works (Note 23)	-	(42)
	3,675	6,642

(e) The allowance for doubtful debts is net of bad debts written off as follows:

	Group		Company	
	2005 **RM'000**	**2004** **RM'000**	**2005** **RM'000**	**2004** **RM'000**
Bad debts written off	1,652	971	-	-

21. MARKETABLE SECURITIES

	Group	
	2005 RM'000	2004 RM'000
Quoted securities:		
Shares in Malaysia	3,742	3,000
Market value of shares quoted in Malaysia	3,766	3,000

22. SHORT TERM DEPOSITS

Included in the short term deposits of the Group is an amount of RM3.735 million (2004: RM3.845 million) charged to licensed banks as security for banking facilities granted to certain subsidiary companies.

23. PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	33,760	28,662	-	-
Amount due to customers for contract works (Note 20(d))	-	42	-	-
Other payables and accruals	41,077	65,139	6,416	27,829
Amounts owing to subsidiary companies	-	-	156,597	58,635
Portion of hire purchase and lease creditors payable not later than one year (Note 30)	574	520	-	-
	75,411	94,363	163,013	86,464

(a) The credit terms available to the Group in respect of trade payables range from 30 to 90 days from date of invoice.

(b) The breakdown of other payables and accruals is as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other payables	14,511	16,446	753	116
Accruals	24,182	20,691	4,113	286
Accrued interest	1,550	27,427	1,550	27,427
Deposit received	318	71	-	-
Dividend payable	104	104	-	-
Initial franchise and technical service fee	412	400	-	-
	41,077	65,139	6,416	27,829

(c) An amount owing to a quoted subsidiary company of RM48.897 million (2004: RM45.770 million) has no fixed terms of repayment and interest is charged by reference to the applicable fixed deposit rate of 3% (2004: 3.20%) per annum.

24. BANK OVERDRAFTS

	Group 2005 RM'000	Group 2004 RM'000
Bank overdrafts:		
- Secured	7,087	773
- Unsecured	81	1,794
	7,168	2,567

The bank overdrafts are secured by the following:

(a) fixed charge over the property and a floating charge over the assets of a subsidiary company;

(b) legal charge over certain landed properties of subsidiary companies; and

(c) guarantee and indemnity from the Company and subsidiary companies.

The bank overdrafts bear interest at an average rate of 8.13% (2004: 7.03%) per annum.

25. SHORT TERM BORROWINGS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Secured:				
Term loans (Note 29)	97,563	10,273	77,229	-
Bankers' acceptance and trust receipts	8,661	10,532	-	-
	106,224	20,805	77,229	-
Unsecured:				
Term loans (Note 29)	-	12,000	-	-
	106,224	32,805	77,229	-

The short term borrowings are secured by:

(i) registered fixed and floating charges over the assets of certain subsidiary companies;

(ii) floating charge and negative covenant over all the assets of certain subsidiary companies;

(iii) first party first legal charge over certain landed properties under development; and

(iv) short term deposit and corporate guarantee by a subsidiary company.

The securities for term loan facilities are disclosed in Note 29.

The interest rates on the borrowings ranged from 6.90% to 7.50% (2004: 7.20% to 8.40%) per annum.

26. SHARE CAPITAL

	Group and Company			
	2005		2004	
	Number of shares/stock units '000	RM'000	Number of shares/stock units '000	RM'000
Authorised	800,000	800,000	800,000	800,000
Issued and fully paid-up	337,794	337,794	337,794	337,794

(a) Warrants 2000/2008

As at 31 December 2005, the Company has 168,896,809 outstanding warrants ("Warrants") which were originally issued to the entitled stockholders in conjunction with the restructuring of bank borrowings of the Company. Each Warrant entitles the registered holder to subscribe for one new stock unit of RM1.00 each at the exercise price of RM1.00 per stock unit during the original exercise period which had expired on 28 August 2003.

On 9 July 2003 and 23 July 2003, the stockholders and the warrantholders of the Company had respectively approved the extension of the duration and exercise period of the Warrants by five (5) years from 28 August 2003 up to and including 28 August 2008 ("First Extension") and thereafter an option to extend the duration and the exercise period for a further period of two (2) years expiring on 28 August 2010 ("Further Extension"). Following the First Extension, the Further Extension will be implemented by the Company if the weighted average price of the Company's stock units quoted on the Main Board of Bursa Malaysia Securities Berhad is not more than twenty percent (20%) over the exercise price of RM1.00 per stock unit for any period of thirty (30) consecutive days during the six (6)-month period from 29 November 2007 to 28 May 2008.

The Warrants are constituted by a Deed Poll dated 28 April 2000 and a Supplemental Deed Poll dated 24 July 2003.

As at the end of the current financial year, no exercise of Warrants had taken place.

(b) 7% Convertible Loan Stocks 2000/2005 ("CLS")

All the outstanding CLS had been repurchased by the Company pursuant to settlement arrangements made between the Company and the respective loan stock holders in 2005 as disclosed in Note 28.

27. RESERVES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Share premium	430,437	430,437	430,437	430,437
Capital reserve	(1,792)	(1,792)	69	69
Revaluation reserve	50,866	46,724	-	-
Exchange fluctuation reserve	12,214	15,533	-	-
Reserve on consolidation	9,219	10,058	-	-
Total non-distributable reserves	500,944	500,960	430,506	430,506
Accumulated losses	(442,046)	(448,635)	(441,603)	(443,403)
	58,898	52,325	(11,097)	(12,897)

The movements in reserves are shown in the Statements of Changes in Equity.

The revaluation reserve represents surplus on the revaluation of certain hotel properties of the Group.

28. 7% REDEEMABLE AND CONVERTIBLE LOAN STOCKS 2000/2005

Group and Company	Secured		Unsecured	
	7% RLS	7% CLS	7% CLS	Total
Balance as at 1 January 2004	93,676	172,242	10,519	276,437
Redemption during the year	(18,697)	-	-	(18,697)
Balance as at 31 December 2004	74,979	172,242	10,519	257,740
Redemption/ repurchase during the year	(74,979)	(172,242)	(10,519)	(257,740)
Balance as at 31 December 2005	-	-	-	-

On 1 April 2005, the Company had announced that it is in the midst of negotiation with the respective loan stock holders to finalise the terms and conditions for the Company to undertake the proposed early redemption of RM74,978,552 equivalent nominal value of 7% Redeemable Loan Stocks 2000/2005 ("RLS") and repurchase of RM182,761,429 equivalent nominal value of CLS, being the balance of the respective loan stocks in issue, by 30 April 2005 ("Proposed Settlement"). With the Proposed Settlement, the aforesaid RLS and CLS would be cancelled.

On 29 April 2005, the Company had announced that it has entered into settlement arrangements with the respective loan stock holders of the Company for the redemption of the RLS and repurchase of the CLS as provided for in the respective Deed Polls. Under the terms of the settlement, the Company will redeem all the outstanding RM74,978,552 equivalent nominal value of RLS and repurchased all the outstanding RM182,761,429 equivalent nominal value of CLS for a settlement sum of approximately RM263 million (inclusive of any outstanding interest) to be paid not later than 31 July 2005 in tranches.

On 5 August 2005, the Company had announced that the balance settlement sum of approximately RM106 million (excluding any outstanding interest) pursuant to the redemption of the RLS and repurchase of the CLS shall be paid at mutually agreed upon later dates between the Company and the respective loan stock holders.

The redemption and repurchase exercise were part financed by bank borrowings as disclosed in Note 29.

The main features of the RLS and CLS are as follows:

(i) The redemption of the RLS will be in proportions of up to 20%, 30% and the balance of 50% at the end of the third, fourth and fifth year respectively from 1 May 2000. The CLS may be converted in proportions of up to 20% and 30% commencing from the end of the third and fourth year respectively from 1 May 2000 and the balance of 50% at the end of the fifth year from 1 May 2000. Both the RLS and CLS bear interest at the rate of 7% per annum to be satisfied to the registered holders as follows:

   (a) 3% coupon to be satisfied by cash annually in arrears;

   (b) the remaining 4% coupon in respect of the RLS shall be cumulative up to the date of redemption of the proportion of RLS to be redeemed and will be satisfied by cash at the redemption price of:
      (i) RM0.95 per RLS for the portion of 20%;
      (ii) RM0.98 per RLS for the portion of 30%;
      (iii) RM1.01 per RLS for the balance redeemed; and

   (c) the remaining 4% coupon in respect of the CLS shall be cumulative up to the date of conversion and will be satisfied by way of conversion into new stock units of RM1.00 each in the Company at the conversion price of RM1.20 per stock unit.

(ii) Prior to the redemption of the RLS and repurchase of the CLS, the RLS and CLS were secured by:

   (a) certain shares of a quoted subsidiary company and an unquoted subsidiary company at cost of RM435.155 million and RM117.774 million respectively;

   (b) the entire quoted securities of the Group outside Malaysia at cost amounting to the equivalent of RM27.558 million;

   (c) certain quoted shares beneficially owned by a Director of the Company; and

   (d) certain properties of the Group.

29. TERM LOANS

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Term loans:				
Secured	256,429	66,141	90,274	-
Unsecured	16,156	12,000	-	-
	272,585	78,141	90,274	-
Repayable as follows:				
Within the next 12 months included under short term borrowings (Note 25)	97,563	22,273	77,229	-
After next 12 months included under non-current liabilities				
- later than 1 year but not later than 5 years	112,147	35,076	13,045	-
- later than 5 years	62,875	20,792	-	-
	175,022	55,868	13,045	-
	272,585	78,141	90,274	-

As mentioned in Note 28, new term loans were obtained to part finance the redemption of the RLS and repurchase of the CLS during the financial year. Accordingly, certain securities previously charged to secure the RLS and CLS were utilised to secure the new term loans.

The term loans are secured by:

(i) fixed charges over the freehold land and certain hotel properties of the Group;

(ii) the entire issued and paid up share capital of certain subsidiary companies;

(iii) certain shares of a quoted subsidiary company and an unquoted subsidiary company at cost of RM432.59 million and RM111.63 million respectively;

(iv) quoted investment securities of the Group and certain quoted shares beneficially owned by a Director of the Company;

(v) debenture of RM21.06 million by way of first fixed and floating charges on the assets of a subsidiary company;

(vi) fixed and floating charges over the assets of certain subsidiary companies; and

(vii) corporate guarantee by the Company.

29. TERM LOANS (continued)

The above term loans are repayable as follows:

Group

	2005 RM'000	2004 RM'000
Term loan I repayable by 144 equal monthly instalments of RM225,000 per month commencing July 2002	15,844	17,247
Term loan II repayable by 40 quarterly instalments of approximately RM560,431 (£83,150) per quarter and a final bullet payment of approximately RM11,208,620 (£1,663,000) with the first instalment commencing December 2002	27,107	32,868
Term loan III repayable by 120 equal monthly instalments of RM2,779 commencing June 2003	186	204
Term loan IV repayable over a period of 10 years in quarterly instalments of approximately RM40,548 (£6,219) commencing October 1995	-	122
Term loan V full repayment by 31 December 2007	4,156	4,200
Term loan VI full repayment by February 2007	12,000	12,000
Term loan VII repayable by 7 quarterly instalments with the initial 4 instalments of RM400,000 per quarter and the next 3 instalments of RM500,000 per quarter, followed by 12 equal monthly instalments of RM600,000 per month and a final instalment of RM2,000,000 with the first instalment commencing September 2004	-	11,500
Term loan VIII repayable by 60 equal monthly instalments of RM156,530 per month commencing September 2005	7,551	-
Term loan IX repayable by 32 equal quarterly instalments of RM3,750,000 per quarter commencing August 2005	112,500	-
Term loan X repayable over a period of 10 years in equal monthly instalments of approximately RM33,309 (£5,109) commencing January 2006	2,967	-
Other term loans disclosed as below	90,274	-
	272,585	78,141

29. TERM LOANS (continued)

Company

The repayment terms of other term loans are as follows:-

	2005 RM'000	2004 RM'000
(i) repayable in full by one lump sum payment by January 2008	10,584	-
(ii) repayable by December 2006 with instalments ranging from RM1.0 million to RM4.4 million	11,907	-
(iii) repayable by January 2008 with 24 monthly instalments of RM222,634 commencing January 2006	4,922	-
(iv) repayable by June 2006 with instalments ranging from RM0.5 million to RM3.5 million	5,500	-
(v) repayable by September 2006 with 4 quarterly instalments of RM810,269 (USD214,357) commencing from December 2005	2,432	-
(vi) repayable by March 2006	6,309	-
(vii) repayable by December 2006 with instalments ranging from RM22.39 million to RM26.23 million commencing February 2006	48,620	-
	90,274	-

The weighted average annual effective interest rates are in the range of between 6.60% to 8.25%.

30. HIRE PURCHASE AND LEASE CREDITORS

	Group 2005 RM'000	Group 2004 RM'000
Hire purchase and lease payments:		
- not later than 1 year	650	648
- later than 1 year and not later than 5 years	1,314	1,295
- later than 5 years	111	65
	2,075	2,008
Less: Future interest charges	(196)	(272)
Present value of hire purchase and lease liabilities	1,879	1,736
Repayable as follows:		
Current liabilities		
- not later than 1 year (Note 23)	574	520
Non-current liabilities		
- later than 1 and not later than 5 years	1,209	1,162
- later than 5 years	96	54
	1,305	1,216
	1,879	1,736

31. DEFERRED TAX ASSETS AND LIABILITIES

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

	Group 2005 RM'000	Group 2004 RM'000
Balance as at 1 January	3,754	4,876
Recognised in the income statement (Note 8)		
- current year	3,323	(1,453)
- (over)/under provision in prior years	(140)	357
	3,183	(1,096)
Arising from revaluation of hotel properties	(53)	-
Exchange translation adjustments	28	(26)
Balance as at 31 December	6,912	3,754
Presented after appropriate offsetting:		
Deferred tax assets	(1,753)	(1,443)
Deferred tax liabilities	8,665	5,197
	6,912	3,754

31. DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

	Group	
	2005 RM'000	**2004 RM'000**
Deferred tax assets		
Balance as at 1 January	1,443	-
Recognised in the income statement		
- Unabsorbed tax losses and unutilised capital allowances	310	1,443
Balance as at 31 December	1,753	1,443
Deferred tax liabilities		
Balance as at 1 January	5,197	4,876
Recognised in the income statement		
- excess of capital allowances over corresponding depreciation	4,058	328
- realisation of revaluation surplus	(602)	(35)
- other taxable temporary differences	65	28
	3,521	321
Arising from revaluation of hotel properties	(53)	-
Balance as at 31 December	8,665	5,197

(c) The components of deferred tax assets and liabilities as at the end of the financial year are comprised of the following tax effects:

	Group	
	2005 RM'000	**2004 RM'000**
Deferred tax assets		
Unabsorbed tax losses and unutilised capital allowances	1,753	1,443
Deferred tax liabilities		
Revaluation reserve	3,387	4,089
Excess of capital allowances over corresponding depreciation	5,389	1,331
Other taxable temporary differences	(111)	(223)
	8,665	5,197

31. DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

	Group 2005 RM'000	Group 2004 RM'000
Unabsorbed tax losses	41,499	34,885
Unutilised capital allowances	6,967	5,851
	48,466	40,736

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits of certain subsidiary companies will be available against which the deductible temporary differences can be utilised.

32. RETIREMENT BENEFITS

The Group operates unfunded defined retirement benefit plans for certain of its employees.

The amounts recognised in the balance sheet are as follows:

	Group 2005 RM'000	Group 2004 RM'000
Present value of unfunded obligations	262	225

The movements during the financial year on the amount recognised in the balance sheet in respect of the retirement benefit plans are as follows:

	Group 2005 RM'000	Group 2004 RM'000
Balance as at 1 January	225	193
Provision made in the current financial year	40	36
Paid during the financial year	(3)	(4)
Balance as at 31 December	262	225

The principal actuarial assumptions used were:

	Group 2005 %	Group 2004 %
Discount rate	7.0	7.0
Expected rate of salary increase	5.0	5.0

33. DEFERRED INCOME

This represents the remaining 50% of the timeshare membership subscription fee received which is to be recognised as income over the validity period of the timeshare membership agreement, i.e. 30 years, from the admission date of the members.

34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Purchase of property, plant and equipment (Note 10)	38,374	40,907	61	38
Financed by hire purchase and lease arrangements	(770)	(782)	-	-
Cash payments on purchase of property, plant and equipment	37,604	40,125	61	38

35. ACQUISITION OF SUBSIDIARY COMPANIES

In the previous financial year, the Group acquired DGSB, TVH and UTL as disclosed in Note 11(f). The fair values of the assets acquired and the liabilities assumed were as follows:

	RM'000
Property, plant and equipment	1,945
Investment securities	19
Inventories	319
Trade receivables	2,532
Other receivables, deposits and prepayment	560
Short term deposits	150
Cash and bank balances	2,554
Trade payables	(3,598)
Other payables and accruals	(807)
Bank overdrafts	(1,904)
Borrowings	(179)
Taxation	(51)
Inter-company balances	(4,308)
Minority interests	(317)
Net liabilities acquired	(3,085)
Goodwill on consolidation	4,260
Total cost of acquisition	1,175
Less: Cash and cash equivalents of the subsidiary company acquired	(650)
Cash flow on acquisition, net of cash acquired	525

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements as at the end of the financial year comprise the following balance sheet amounts:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Short term deposits	11,928	82,696	-	640
Cash and bank balances	33,384	54,532	23	213
Bank overdrafts	(7,168)	(2,567)	-	-
	38,144	134,661	23	853
Less: Deposits pledged to licensed banks	(3,735)	(3,845)	-	-
	34,409	130,816	23	853

37. CONTINGENT LIABILITIES - UNSECURED

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Guarantees given on behalf of subsidiary companies	-	-	146,450	38,406

38. LEASE COMMITMENTS

The Group has lease commitments under non-cancellable operating leases, which are payable as follows:

	Group	
	2005 RM'000	2004 RM'000
Not later than one year	813	1,052
Later than one year but not later than five years	119	744
	932	1,796

39. COMMITMENTS

(i) Capital commitments in respect of:

	Group 2005 RM'000	Group 2004 RM'000
Capital expenditure:		
- authorised and contracted for	4,222	136,601
- approved but not contracted for	130	-
	4,352	136,601
Analysed as follows:		
- purchase of property, plant and equipment	697	45
- proposed acquisition of shares of Malpac	-	136,556
- subscription of new shares in a subsidiary company	1,111	-
- property under construction	2,544	-
	4,352	136,601

(ii) A subsidiary company entered into a lease agreement on 31 January 1996 with the Municipality Council of Phnom Penh which stipulated that the subsidiary company has an obligation to construct a new hotel building and carry out renovation and refurbishment works on the existing hotel building. The expected date of completion is within 36 months from 1 October 1999. The amount contracted shall not be less than USD3 million for both buildings. An extension of time has been granted for the subsidiary company to commence the construction of the new hotel building not later than 1 October 2002 and to be completed by 1 October 2004. The refurbishment work on the existing hotel building has since been completed but construction of the new hotel building has not begun as at todate.

The subsidiary company was granted approval from the municipality for a further deferment on the commencement of the construction of the new building to 2007.

40. SEGMENT REPORTING

(i) Business segments

The Group's operations comprise the following business segments:

Investment holding	: Investment income and providing full corporate and financial support to the Group.
Property development	: Development of residential and commercial properties.
Hotels and resorts	: Operate and manage hotels and resorts and other related services.
Information and communications technology	: Provision of telecommunications products and customised solutions for the telecommunications industry and distribution of third party telecommunications products and components.
Bus transportation services	: Provision of stage bus, express bus and bus maintenance and related services.
Others	: Businesses involving manufacturing, trading, travel and tour agent, licensed money changer and the provision of travel related services and card and payment related services.

40. SEGMENT REPORTING (continued)

(i) Business segments (continued)

2005	**Invest-ment holding RM'000**	**Property develop-ment RM'000**	**Hotels and resorts RM'000**	**Information and communica-tions technology RM'000**	**Bus trans-portation services RM'000**	**Others RM'000**	**Elimina-tions RM'000**	**Total RM'000**
Revenue								
External	5,783	37,619	73,832	47,738	21,526	60,235	-	246,733
Inter-segment	4,676	38	-	212	-	179	(5,105)	-
Total revenue	10,459	37,657	73,832	47,950	21,526	60,414	(5,105)	246,733
Results								
Segment results	(2,635)	3,388	17,093	(8,502)	(20,875)	(8,577)	6,076	(14,032)
Share of profits in associated companies	34,254	-	-	-	-	-	-	34,254
Profit before tax								20,222
Tax expenses								(16,112)
Profit after tax								4,110
Minority interests								2,479
Net profit for the financial year								6,589
Other information								
Segment assets	197,552	86,213	356,754	139,963	50,042	23,864	-	854,388
Investment in associated companies	82,798	-	-	-	-	-	-	82,798
Unallocated corporate assets								14,731
Total assets								951,917
Segment liabilities	109,002	25,389	168,491	17,835	6,754	37,954	-	365,425
Unallocated corporate liabilities								15,899
Total liabilities								381,324
Capital expenditure	19,991	141	4,339	9,482	3,413	1,008	-	38,374
Depreciation	1,120	192	4,896	4,851	4,862	1,550	-	17,471
Non-cash expenses other than depreciation	7,125	-	567	4,263	-	1,921	-	13,876

40. SEGMENT REPORTING (continued)

(i) Business segments (continued)

2004	**Invest-ment holding RM'000**	**Property develop-ment RM'000**	**Hotels and resorts RM'000**	**Information and communica-tions technology RM'000**	**Bus trans-portation services RM'000**	**Others RM'000**	**Elimina-tions RM'000**	**Total RM'000**
Revenue								
External	8,722	36,896	71,988	40,494	13,368	55,572	-	227,040
Inter-segment	5,409	24	-	-	-	-	(5,433)	-
Total revenue	14,131	36,920	71,988	40,494	13,368	55,572	(5,433)	227,040
Results								
Segment results	(5,230)	6,187	16,638	(15,999)	(11,420)	(2,741)	(490)	(13,055)
Share of profits in associated companies	17,002	-	-	-	-	-	-	17,002
Profit before tax								3,947
Tax expenses								(8,412)
Loss after tax								(4,465)
Minority interests								9,950
Net profit for the financial year								5,485
Other information								
Segment assets	267,492	80,508	371,582	152,611	47,435	33,025	-	952,653
Investment in associated companies	65,829	-	-	-	-	-	-	65,829
Unallocated corporate assets								13,672
Total assets								1,032,154
Segment liabilities	287,383	11,458	76,738	21,467	3,292	44,538	-	444,876
Unallocated corporate liabilities								14,187
Total liabilities								459,063
Capital expenditure	2,921	403	14,669	11,907	9,507	1,500	-	40,907
Depreciation	1,013	183	4,664	2,994	3,564	1,273	-	13,691
Non-cash expenses other than depreciation	13,422	183	432	9,429	-	2,566	-	26,032

40. SEGMENT REPORTING (continued)

(ii) Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical locations of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The composition of each geographical segment is as follows:

Malaysia	:	Investment income and providing full corporate and financial support to the Group, property development, operate and manage hotels and resorts, travel and tour related services, card and payment related services, provision of project management and support services, provision of telecommunications products, customised solutions for the telecommunications industry and distribution of third party telecommunications products and components, provision of stage bus, express bus and bus maintenance and related services.
Singapore	:	Provision of telecommunications products and customised solutions for the telecommunications industry, distribution of third party telecommunications products and components, provision of management services and investment holdings.
Africa and Middle East	:	Operate and manage hotels and resorts.
Europe	:	Operate and manage hotels and resorts.
Australia	:	Operate and manage hotels and resorts, manufacturing, and marketing of builder hardware products and trading of home entertainment products.
Others	:	Operate and manage hotels and resorts.

	Revenue		Segment assets		Capital expenditure	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Malaysia	146,191	135,028	610,019	707,769	26,721	21,037
Singapore	24,017	23,868	41,372	41,334	8,592	6,417
Africa and Middle East	24,217	21,273	56,096	44,870	869	1,011
Europe	11,467	11,939	73,990	90,794	348	901
Australia	38,056	32,424	27,661	34,978	1,566	10,725
Others	2,785	2,508	45,250	32,908	278	816
	246,733	227,040	854,388	952,653	38,374	40,907

41. FINANCIAL INSTRUMENTS

(a) Foreign currency risk

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

Group	Ringgit Malaysia RM'000	US Dollar RM'000	Singapore Dollar RM'000	HK Dollar RM'000	Thai Baht RM'000	Total RM'000
Functional currencies 31 December 2005						
Investment securities						
Australian Dollar	-	2,494	-	-	-	2,494
Trade receivables						
US Dollar	21,524	-	12,637	2,479	646	37,286
Brunei Dollar	326	-	-	-	-	326
	21,850	-	12,637	2,479	646	37,612
Other receivables						
US Dollar	306	-	21	130	-	457
Thai Baht	-	-	550	-	-	550
Philippine Peso	61	-	-	-	-	61
	367	-	571	130	-	1,068
Cash and bank balances						
US Dollar	30	-	59	20	-	109
Australian Dollar	2	-	-	-	-	2
Pound Sterling	-	199	-	-	-	199
Philippine Peso	-	-	105	-	-	105
Others	-	-	-	-	534	534
	32	199	164	20	534	949
Term loans						
Pound Sterling	-	2,967	-	-	-	2,967
Australian Dollar	-	16,156	-	-	-	16,156
	-	19,123	-	-	-	19,123

41. FINANCIAL INSTRUMENTS (continued)

(a) Foreign currency risk (continued)

Group	Ringgit Malaysia RM'000	US Dollar RM'000	Singapore Dollar RM'000	HK Dollar RM'000	Thai Baht RM'000	Total RM'000
Functional currencies 31 December 2004						
Investment securities						
Australian Dollar	-	4,110	-	-	-	4,110
Trade receivables						
US Dollar	19,172	-	11,146	1,816	316	32,450
Brunei Dollar	305	-	-	-	-	305
	19,477	-	11,146	1,816	316	32,755
Other receivables						
US Dollar	306	-	44	59	-	409
Thai Baht	-	-	94	-	-	94
Philippine Peso	40	-	-	-	-	40
	346	-	138	59	-	543
Cash and bank balances						
US Dollar	29	-	2,622	11	289	2,951
Australian Dollar	-	3,955	-	-	-	3,955
Pound Sterling	-	54	-	-	-	54
Singapore Dollar	-	9	-	-	-	9
Philippine Peso	52	-	-	-	-	52
Others	-	-	-	117	-	117
	81	4,018	2,622	128	289	7,138
Term loans						
Pound Sterling	-	122	-	-	-	122
Australian Dollar	-	16,200	-	-	-	16,200
	-	16,322	-	-	-	16,322

41. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk

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

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Financial assets				
Short term deposits	3.2	3.2	-	2.3
Financial liabilities				
Bank overdrafts	8.1	7.0	-	-
Hire purchase creditors	7.5	7.5	-	-
Term loans	7.8	7.6	7.5	-
7% redeemable loan stocks 2000/2005	-	7.0	-	7.0
7% convertible loan stocks 2000/2005	-	7.0	-	7.0

(c) Credit risk

Credit period in respect of trade receivables ranges from payment in advance to an average of 90 days. Concentration of credit risk in respect of trade receivables are limited due to the Group's large number of customers, who are internationally dispersed. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk amounts for collection losses is inherent to the Group's trade receivables.

(d) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at the balance sheet date approximate their fair values except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 December 2005				
Investment securities				
- quoted shares in Malaysia	20,289	6,353	-	-
- quoted shares outside Malaysia	2,494	1,400	-	-
- unquoted shares in Malaysia	40,179	*	35,175	*
- unquoted shares outside Malaysia	14,901	*	-	-

41. FINANCIAL INSTRUMENTS (continued)

(d) Fair values (continued)

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 December 2004				
Investment securities				
- quoted shares in Malaysia	19	5	-	-
- quoted shares outside Malaysia	4,110	6,054	-	-
- unquoted shares in Malaysia	50,180	*	35,175	*
- unquoted shares outside Malaysia	14,901	*	-	-
Deposit (Note 20(c))	20,270	19,032	-	-
7% redeemable loan stocks 2000/2005				
- nominal value	74,979	-	74,979	-
- interest accrued	8,431	-	8,431	-
	83,410	74,340	83,410	74,340
7% convertible loan stocks 2000/2005				
- nominal value	182,761	-	182,761	-
- interest accrued	18,996	-	18,996	-
	201,757	179,859	201,757	179,859

* It is not practical to estimate the fair value of the unquoted investment securities due to the excessive costs involved. The Directors believe that the carrying amount represents the recoverable value.

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

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

(ii) The fair values of quoted investments are their quoted market prices at the balance sheet date.

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

42. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

(b) Significant related party transactions and balances

In the normal course of business, the Group undertakes transactions with certain related parties. Set out below are the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

42. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions and balances (continued)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
(a) Income				
(i) Interest receivable from a subsidiary company				
- iSynergy Sdn. Bhd.	-	-	3,119	2,798
(ii) Interest receivable from an associated company, Southern Investment Bank Berhad ("SIBB") on:				
- Unsecured Subordinated Loan	-	784	-	-
- placements	5	10	-	-
(iii) Rental receivable from an associated company				
- Kumpulan Powernet Berhad	86	-	-	-
(iv) Advertisement income receivable from an associated company				
- ACE Synergy Insurance Berhad	54	-	-	-

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
(b) Expenses				
(i) Interest payable to a subsidiary company				
- ASC	-	-	3,323	1,795
(ii) Corporate advisory fees paid to an associated company, SIBB	6	33	-	11
(iii) Management fees payable to an associated company, SIBB	54	45	-	-
(iv) Directors' emoluments payable to Directors:				
- fees	719	712	250	250
- salaries and bonuses	943	970	269	314
- benefit-in-kind	99	82	35	32

Individually significant outstanding balances arising during the financial year from transactions other than normal trade transactions with related parties are as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Amount owing by a subsidiary company:				
iSynergy Sdn. Bhd.				
- interest receivable	-	-	3,119	2,798
Amount owing to a subsidiary company, ASC				
- interest payable	-	-	3,323	1,795

42. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

Warrants 2000/2008 of the Company held by the Directors

The Warrants 2000/2008 of the Company held by the Directors of the Company during the financial year are as follows:

	Number of Warrants 2000/2008			
	Bought during the financial year		Unexercised warrants at end of financial year	
	2005	2004	2005	2004
Dato' Ahmad Sebi Bakar				
- direct interest	-	-	7,510,005	7,510,005
- indirect interest	-	-	13,727,000	13,727,000
Datin Masri Khaw Binti Abdullah				
- direct interest	-	-	3,000	3,000
- indirect interest	-	-	350,000	350,000
Sng Ngiap Koon				
- indirect interest	-	-	80,000	80,000

The terms and conditions of the Warrants 2000/2008 are detailed in the Directors' Report.

43. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary and associated companies which are incorporated in Malaysia (other than those specified otherwise), are as follows:

Name of company	Principal activities	Group's effective interest	
Subsidiary companies of the Company		2005	2004
Advance Synergy Capital Berhad	Investment holding	52.74%	51.04%
iSynergy Sdn. Bhd.	Provision of payment related products and services	51%	51%
Alangka-Suka Hotels & Resorts Berhad	Investment holding	99.63%	99.63%
Calmford Incorporated (Incorporated in the British Virgin Islands)	Investment holding	100%	100%
Advance Synergy Properties Sdn. Bhd.	Investment holding	100%	100%
*Advance Synergy Realty Sdn. Bhd.	Property development	100%	100%
*Ausborn Sawmill Sdn. Bhd.	Inactive	100%	100%
*Bornion Sawmill Sdn. Bhd.	Inactive	100%	100%
Excellent Arch Sdn. Bhd.	Investment holding	100%	100%
Excellent Display Sdn. Bhd.	Investment holding	100%	100%
Nagapura Management Corporation Sdn. Bhd.	Provision of management services	100%	100%
Sadong Development Sdn. Bhd.	Property development	100%	100%

43. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Name of company	Principal activities	Group's effective interest 2005	Group's effective interest 2004
Subsidiary companies of the Company (continued)			
Synergy Gold Incorporated (Incorporated in the British Virgin Islands)	Investment holding	100%	100%
Synergy Petroleum Incorporated (Incorporated in the British Virgin Islands)	Investment holding	100%	100%
Alam Samudera Corporation Sdn. Bhd.	Inactive	100%	100%
Advance Synergy Timber Sdn. Bhd.	Dormant	100%	100%
Worldwide Matrix Sdn. Bhd.	Investment holding	100%	100%
* P.T. Asbindo Infocitra (Incorporated in the Republic of Indonesia)	Inactive	51%	51%
Strategic Research & Consultancy Sdn. Bhd.	Inactive	100%	100%
Diversified Gain Sdn. Bhd.	Investment holding	100%	100%
Synergy Cards Sdn. Bhd. (formerly known as Super Odyssey Sdn. Bhd.)	Dormant	100%	-
Subsidiary companies of Advance Synergy Capital Berhad			
ASC Equities Sdn. Bhd.	Investment holding and venture capital	52.74%	51.42%
ASC Credit Sdn. Bhd.	Credit and leasing	52.74%	51.42%
Triton-K Sdn. Bhd.	Management services	52.74%	51.42%
Triton Khidmat Sdn. Bhd.	Provision of manpower management services	52.74%	51.42%
Triton Engineering Sdn. Bhd.	Provision of bus repair and maintenance services	52.74%	51.42%
Triton Commuter Sdn. Bhd.	Provision of stage bus services	52.74%	51.42%
Triton Express Sdn. Bhd.	Provision of express bus services	52.74%	51.42%
Triton Feeder Services Sdn. Bhd.	Dormant	52.74%	51.42%
Triton Terminal Management Sdn. Bhd.	Dormant	52.74%	51.42%
Triton Excursions Sdn. Bhd.	Dormant	52.74%	51.42%
Triton Synergy Holdings Sdn. Bhd.	Investment holding	52.74%	51.42%
Triton Express Holdings Sdn. Bhd.	Dormant	52.74%	51.42%
AESBI Power Systems Sdn. Bhd.	Property investment and management services	52.74%	51.42%
Quality Bus & Coach (M) Sdn. Bhd.	Design, building and fabrication of coaches	32.17%	31.37%

43. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Name of company	Principal activities	Group's effective interest 2005	Group's effective interest 2004
Subsidiary companies of Triton Express Sdn. Bhd.			
*SN Services Pte. Ltd. (Incorporated in Singapore)	Provision of express bus services	52.74%	51.42%
Subsidiary company of Triton Synergy Holdings Sdn. Bhd.			
Transit Vision Holdings Sdn. Bhd.	Production and marketing of electronic audio and visual media	36.92%	35.99%
Associated companies of Advance Synergy Capital Berhad			
* Southern Investment Bank Berhad	Merchant banking business	10.55%	10.28%
* Kumpulan Powernet Berhad	Investment holding	10.55%	10.28%
* ACE Synergy Insurance Berhad	General insurance business	25.84%	25.20%
* Hicom Australia Pty. Ltd. (Incorporated in Australia)	Design, building and fabrication of coaches	26.37%	25.71%
Subsidiary companies of iSynergy Sdn. Bhd.			
Cosmocourt.com (Malaysia) Sdn. Bhd.	Inactive	51%	51%
Rewardstreet.com (Malaysia) Sdn. Bhd.	Inactive	51%	51%
Datakey Sdn. Bhd.	Dormant	51%	51%
Subsidiary companies of Alangka-Suka Hotels & Resorts Berhad			
Asbina Hotel & Property Sdn. Bhd.	Leasehold owner of Monorom Holiday Villa, Phnom Penh	99.63%	99.63%
Alor Setar Holiday Villa Sdn. Bhd.	Owns and operates Alor Setar Holiday Villa	89.67%	89.67%
Cherating Holiday Villa Berhad	Owns and operates Cherating Holiday Villa Resort	99.63%	99.63%
Langkawi Holiday Villa Sdn. Bhd.	Owns and operates Langkawi Holiday Villa Resort	99.63%	99.63%
Mayor Hotels Berhad	Owns and operates City Villa Kuala Lumpur	99.63%	99.63%
Grand Hotel Sudan Limited (Incorporated in the British Virgin Islands)	Leasehold owner of Grand Holiday Villa, Khartoum	99.63%	99.63%
Alangka-Suka International Limited (Incorporated in the British Virgin Islands)	Investment holding	99.63%	99.63%

43. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Name of company	Principal activities	Group's effective interest 2005	Group's effective interest 2004
Subsidiary companies of Alangka-Suka Hotels & Resorts Berhad (continued)			
Antara Holiday Villas Sdn. Bhd.	Hotel management services	99.63%	99.63%
Holiday Villas International Limited (Incorporated in the British Virgin Islands)	Hotel management services	99.63%	99.63%
Holiday Villa Travel & Tours Sdn. Bhd.	Inactive	99.63%	99.63%
Holiday Villa Subang Sdn. Bhd.	Dormant	99.63%	99.63%
* Suntop Corporation Sdn. Bhd.	Inactive	99.63%	99.63%
Subsidiary company of Asbina Hotel & Property Sdn. Bhd.			
Asbina Hotel & Property (Cambodia) Pte. Ltd. (Incorporated in the Kingdom of Cambodia)	Operates Monorom Holiday Villa, Phnom Penh	99.63%	99.63%
Subsidiary companies of Alangka-Suka International Limited			
Asbina Shenzhen Limited (Incorporated in the British Virgin Islands)	Dormant	89.67%	89.67%
* Grand Holiday Villa Khartoum Co. Ltd. (Incorporated in the Republic of Sudan)	Operates Grand Holiday Villa, Khartoum	99.63%	99.63%
* Interwell International Limited (Incorporated in the British Virgin Islands)	Owns Holiday Villa, London	99.63%	99.63%
* P.T. Diwangkara Holiday Villa Bali (Incorporated in the Republic of Indonesia)	Operates and manages Diwangkara Holiday Villa Bali	89.67%	89.67%
* Larkswood Assets Limited (Incorporated in the British Virgin Islands)	Investment holding	99.63%	99.63%
* Interwell Management Limited (Incorporated in England and Wales)	Dormant	99.63%	99.63%
Subsidiary companies of Holiday Villas International Limited			
* Holiday Villa (UK) Ltd. (Incorporated in England and Wales)	Operates Holiday Villa, London	99.63%	99.63%
Holiday Villa China Limited (Incorporated in British Virgin Islands)	Hotel management services	69.74%	69.74%

43. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Name of company	Principal activities	Group's effective interest 2005	Group's effective interest 2004
Subsidiary companies of Larkswood Assets Limited			
* Alangka-Suka Australia Pty. Ltd. (Incorporated in Australia)	Owns Manor House Boutique Hotel, Australia	99.63%	99.63%
* Holiday Villa Australia Pty. Ltd. (Incorporated in Australia)	Hotel management services	99.63%	99.63%
Subsidiary company of Holiday Villa China Limited			
* Changshu Holiday Villa Hotel Management Co., Ltd. (Incorporated in the People's Republic of China)	Hotel management services	69.74%	69.74%
Subsidiary companies of Calmford Incorporated			
* Advansa Pty. Ltd. (Incorporated in Australia)	Manufacturing and marketing of builder hardware products	100%	100%
* Home Cinema Studio Pty. Ltd. (Incorporated in Australia)	Retailer of home entertainment products	100%	100%
Subsidiary company of Advance Synergy Properties Sdn. Bhd.			
Synergy Realty Incorporated (Incorporated in the British Virgin Islands)	Inactive	100%	100%
Subsidiary company of Synergy Realty Incorporated			
Builderworks Pty. Ltd. (formerly known as Synergy Investments Australia Pty. Ltd.) (Incorporated in Australia)	Inactive	100%	100%
Subsidiary company of Excellent Arch Sdn. Bhd.			
Advance Synergy Furniture Sdn. Bhd.	In liquidation	100%	100%
Subsidiary companies of Excellent Display Sdn. Bhd.			
Super Leisure Sdn. Bhd.	Operation and management of restaurants	100%	100%
Visage Synergy Sdn. Bhd.	Dormant	100%	100%

43. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Name of company	Principal activities	Group's effective interest 2005	2004
Subsidiary companies of Nagapura Management Corporation Sdn. Bhd.			
Xgo Technik Sdn. Bhd.	Inactive	100%	100%
Syarikat Fit and Weld Engineering (M) Sdn. Bhd.	In liquidation	70%	70%
Acrylic Synergy Sdn. Bhd.	Inactive	81%	81%
Subsidiary company of Sadong Development Sdn. Bhd.			
Hotel Golden Dragon Sdn. Bhd.	Property development	95%	95%
Subsidiary company of Hotel Golden Dragon Sdn. Bhd.			
Simpang Tiga Realty Sdn. Bhd.	Property development	95%	95%
Subsidiary company of Worldwide Matrix Sdn. Bhd.			
# Unified Communications Holdings Limited (Incorporated in Singapore)	Investment holding and provision of management services	58.30%	58.30%
Subsidiary companies of Unified Communications Holdings Limited			
Unified Communications Sdn. Bhd.	Research and development, software engineering, system integration, project management and maintenance and support services for telecommunications industry	58.30%	58.30%
# Unified Communications Pte. Ltd. (Incorporated in Singapore)	Distribution of telecommunications products, design and development of telecommunications solutions, project management and maintenance and support services for telecommunications industry	58.30%	58.30%
Subsidiary companies of Unified Communications Sdn. Bhd.			
AttrixTech Sdn. Bhd.	Distribution of telecommunications Products	58.30%	58.30%
* Unified Communications (Shenzhen) Private Limited (Incorporated in the People's Republic of China)	Distribution of telecommunications products, development of localised solutions and support and maintenance services for telecommunications industry	58.30%	-

43. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Name of company	Principal activities	Group's effective interest 2005	Group's effective interest 2004
Subsidiary companies of Unified Communications Pte. Ltd.			
# Attrix Technology Pte. Ltd. (Incorporated in Singapore)	Distribution of telecommunications products	58.30%	58.30%
* Unified Communications Limited (Incorporated in Hong Kong)	Distribution of telecommunications products, design and development of telecommunications solutions, project management and maintenance and support services for telecommunications industry	29.73%	29.73%
* Unified (Thailand) Ltd. (Incorporated in Thailand)	Distribution of telecommunications products, design and development of telecommunications solutions, project management and maintenance and support services for telecommunications industry	51.89%	51.89%
Associated company of Unified Communication Sdn. Bhd.			
Ahead Mobile Sdn. Bhd.	Software engineering, system integration, project management, and maintenance and support services for the telecommunications Industry	23.32%	23.32%
Subsidiary company of Diversified Gain Sdn. Bhd.			
Orient Escape Travel Sdn. Bhd.	Travel and tour agent and licensed money changer	100%	100%
Subsidiary companies of Orient Escape Travel Sdn. Bhd.			
Columbus Travel & Tours Sdn. Bhd.	Travel and tour agent	100%	100%
Motorsports Adventure Sdn. Bhd.	Event management, sports tourism and adventure travel	100%	100%
Marketing and Event Management Integrated Sdn. Bhd.	Inactive	100%	100%
Orient Escape Travel (Penang) Sdn. Bhd.	Inactive	100%	100%
Orient Escape Travel (Sabah) Sdn. Bhd.	Inactive	100%	100%

* Companies not audited by BDO Binder
\# Companies audited by BDO Raffles, Singapore

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Group

(i) On 31 October 2005, the Company had announced that Alangka-Suka International Limited ("ASIL"), had accepted an offer from Leeds Property Limited ("the Purchaser") to acquire ASIL's entire shareholding of 2 ordinary shares of USD1.00 each representing 100% of the total issued and paid-up share capital in Interwell International Limited ("IIL"), a company incorporated in the British Virgin Islands that owns a hotel property located at 37, Leinster Garden, London W23AN, England, United Kingdom.

The cash consideration for the said IIL shares is estimated to be approximately £5.6 million (equivalent to approximately RM37.7 million) based on a price of £10.1 million for the hotel property (equivalent to approximately RM68.0 million) less the amount of any loans outstanding to IIL's bankers at the date of completion (estimated to be approximately £4.5 million or equivalent to approximately RM30.3 million). Simultaneous with the completion of the disposal, the Purchaser will grant a leaseback of the aforesaid hotel to ASIL for a period of ten (10) years from the date of completion.

Subsequent to the signing of the relevant agreements to give effect to the aforesaid, the Company had on 13 February 2006 announced that the aforesaid disposal of IIL shares has been completed and accordingly, IIL has ceased to be a subsidiary of the Company.

(ii) On 13 December 2005, the Company had announced that its subsidiaries, Alor Setar Holiday Sdn. Bhd. ("ASHV"), Cherating Holiday Villa Berhad ("CHV") and Langkawi Holiday Villa Sdn. Bhd. ("LHV") had each accepted an offer from Amanah Raya Berhad ("Purchaser") to acquire Holiday Villa Alor Setar, Holiday Villa Cherating and Holiday Villa Langkawi ("the Hotels") respectively at a final cash purchase price to be agreed by the parties but subject always to a maximum amount of RM30 million, RM23 million and RM52 million for each of the respective Hotels and subject to the valuation by a Registered Valuer appointed by the Purchaser ("Proposed Sale").

Simultaneously, the Purchaser will leaseback each of the Hotels to ASHV, CHV and LHV separately for a period of ten (10) years with an option to extent for another period of five (5) years ("Leaseback"). The Leaseback is guaranteed by Alangka-Suka Hotels & Resorts Berhad, a subsidiary of the Company and the holding company for ASHV, CHV and LHV. The net rental per annum for the Leaseback shall range from 6.7% to 7.3% of the respective final purchase price over the lease period. The net rental of the Leaseback for the extended period of five (5) years will be at a rate to be mutually agreed by both parties.

ASHV, CHV and LHV each have an option to buy back from the Purchaser the respective Hotels at the same consideration paid by the Purchaser now for each of the Hotels amounting to a total consideration of up to RM105 million upon the expiry of the Leaseback period ("Option to Buy Back").

Subsequently, the Company had on 20 February 2006 announced that formal agreements had been executed in relation to the Proposed Sale, Leaseback and Option to Buy Back. The final cash purchase price agreed by the parties based on the valuation report by the Registered Valuer appointed by the Purchaser are RM28.0 million, RM21.872 million and RM50.0 million for each of the respective Hotels. Pursuant to the Proposed Sale and Leaseback, ASHV, CHV and LHV each have been granted an option at the end of the Leaseback period to purchase the Hotels at a price of RM29.0 million, RM23.0 million and RM53.0 million respectively. Upon the completion of the Proposed Sale, expected to be by the end of June 2006, the Leaseback will commence.

The Company had on 24 April 2006 further announced that supplemental agreements have been entered into with the Purchaser to vary certain terms and conditions of the Proposed Sale, Leaseback and Option to Buy Back of Holiday Villa Alor Setar and Holiday Villa Langkawi. The principal variations are as follows:-

(a) The purchase price of Holiday Villa Alor Setar shall be increased from RM28 million to RM31 million and the purchase price of Holiday Villa Langkawi shall be increased from RM50 million to RM55 million ("Purchase Price").

(b) The leaseback period of the two hotel properties shall be for an initial term of ten (10) years with an option to renew the lease for a further term of ten (10) years instead of a renewal term of five (5) years.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

Group (continued)

(c) The average rental of both leases shall be 7% per annum on the Purchase Price of the two hotel properties for the initial term of ten (10) years as compared to an average yield of 7.5% per annum.

(d) The price for the buyback of the two hotel properties shall be at the purchase price equivalent to the then prevailing market value of these two hotel properties and to the extent permitted by the Guidelines on Real Estate Investment Trusts issued by the Securities Commission, be based on the Discounted Cash Flow Method adopted by the said Registered Valuer in arriving at the Purchase Price.

Company

The Company had on 29 April 2005 announced that it has entered into settlement arrangements with the respective loan stockholders of the Company for the redemption of all the outstanding RM74.979 million equivalent nominal value of RLS and repurchase of all the outstanding RM182.761 million equivalent nominal value of CLS as provided for in the respective Deed Polls for a settlement sum of approximately RM263 million (inclusive of any outstanding interest). Additional information on the settlement arrangement is disclosed in Note 28.

45. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Group

On 10 April 2006, both the Company and ASC had announced their participation in the proposed restructuring plan of iSynergy Sdn. Bhd., a 51%-owned subsidiary of the Company. Under the proposed restructuring plan, the designated payment instruments business will be undertaken by Synergy Cards Sdn. Bhd. (“SCSB”). The equity participation of the Company and ASC in SCSB shall be 51% and 29% respectively. In addition, ASC will subscribe in cash for 8 million redeemable non-convertible preference shares of RM1.00 each to be issued at RM1.00 by SCSB.

Company

On 20 February 2006, the Company had announced the following proposals:

(i) Proposed reduction of the issued and paid-up share capital of the Company from a maximum of RM506,690,428 comprising 506,690,428 ordinary stock units in the Company (“ASB stock units”) of RM1.00 each (assuming all the Company’s warrants constituted by Deed Poll dated 28 April 2000 and Supplemental Deed Poll dated 24 July 2003 are exercised and the new ASB stock units arising therefrom are issued before the cut-off date for the Proposed Capital Reduction) to RM152,007,128 comprising 506,690,428 ASB stock units of RM0.30 each, by cancelling RM0.70 of par value from every ASB stock unit of RM1.00 each to reduce the accumulated losses in the Company;

(ii) Proposed reduction of the share premium account of the Company of up to RM206,949,328 to reduce the accumulated losses in the Company;

(Collectively, referred to as the “Proposed Capital Reduction”)

(iii) Proposed renounceable two (2)-call rights issue of up to RM266,012,475 nominal value of 2% 10-year irredeemable convertible unsecured loan stocks (“ICULS”) at 100% of the nominal amount of RM0.15 each on the basis of RM0.525 nominal value of ICULS (or equivalent to 3.5 ICULS) for every one (1) ASB stock unit of RM1.00 each held on an entitlement date and at a cash call amount to be determined and announced later. The ICULS are proposed to be implemented via two (2)-calls, the first being a cash call and the second call being a capitalisation from the Company’s share premium account;

(iv) Proposed increase in the authorised share capital of the Company from RM800,000,000 divided into 800,000,000 ordinary shares of RM1.00 each to RM900,000,000 divided into 3,000,000,000 ordinary shares of RM0.30 each after the Proposed Capital Reduction; and

(v) Proposed conversion of stock units to ordinary shares.

The Company is in the process of submitting the above proposals to the Securities Commission.

46. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group		Company	
	2005 RM’000	2004 RM’000	2005 RM’000	2004 RM’000
Number of employees, including Executive Directors at the end of the financial year	1,647	1,711	34	35

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

	Group		Company	
	2005 RM’000	2004 RM’000	2005 RM’000	2004 RM’000
Salaries and wages	48,426	41,625	1,955	1,933
Defined contribution plan	4,183	3,766	231	230
Other employee benefits	3,882	2,848	31	24
	56,491	48,239	2,217	2,187

47. COMPARATIVE FIGURES

The following comparative figures have been reclassified to be consistent with current year's presentation:

Group	As previously reported RM'000	Reclassi-fication RM'000	As restated RM'000
Balance Sheets			
Property, plant and equipment	419,028	(3,792)	415,236
Inventories	45,242	3,831	49,073
Property development costs	21,680	(39)	21,641
Receivables	117,464	(12,000)	105,464
Cash and bank balances	42,532	12,000	54,532
Income Statements			
Cost of sales	111,982	15,472	127,454
Gross Profit	115,058	(15,472)	99,586
Administration expenses	41,229	8,556	49,785
Other operating expenses	83,645	(24,028)	59,617

48. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 27 April 2006.

Statistics on Stockholdings as at 3 May 2006

AUTHORISED SHARE CAPITAL	:	RM800,000,000 divided into 800,000,000 ordinary shares of RM1.00 each.
ISSUED AND FULLY PAID-UP CAPITAL	:	RM337,793,619 divided into 337,793,619 ordinary shares and converted into stock units of RM1.00 each.
VOTING RIGHT	:	1 vote per stock unit.

ANALYSIS OF STOCKHOLDINGS

Size of stockholdings	No. of stockholders	% of stockholders	No. of stock units	% of issued stock capital
Less than 100 stock units	219	0.77	5,141	-
100 - 1,000 stock units	7,674	26.84	7,253,337	2.15
1,001 - 10,000 stock units	17,124	59.89	71,931,830	21.30
10,001 - 100,000 stock units	3,319	11.61	89,327,056	26.44
100,001 - less than 5% of issued stock units	257	0.89	169,276,255	50.11
5% and above of issued stock units	-	-	-	-
	28,593	100.00	337,793,619	100.00

LIST OF TOP 30 STOCKHOLDERS

No.	Name	No. of stock units held	Percentage
1.	SJ Sec Nominees (Tempatan) Sdn Bhd Suasana Dinamik Sdn Bhd	15,912,099	4.71
2	SJ Sec Nominees (Tempatan) Sdn Bhd Bright Existence Sdn Bhd	11,539,010	3.41
3.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged securities account for Malpac Management Sdn Bhd	10,314,782	3.05
4.	Dato' Ahmad Sebi Bakar	9,873,500	2.92
5.	Tan Pak Nang	6,447,000	1.90
6.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Eighth Review (M) Sdn Bhd	5,899,397	1.74
7.	Tan Boon Kang	5,589,000	1.65
8.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd	5,000,000	1.48
9.	Lim Hong Liang	4,874,050	1.44
10.	Zulkifli Bin Hussain	4,800,000	1.42
11.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged securities account for Chan Sai Kim	4,180,000	1.23
12.	Shoptra Jaya (M) Sdn Bhd	4,050,000	1.19
13.	ASH Holdings Sdn Bhd	3,100,000	0.91
14.	Growthfolio Sdn Bhd	2,751,800	0.81
15.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Hii Tiong Kuoh	2,320,000	0.68

LIST OF TOP 30 STOCKHOLDERS (Continued)

No.	Name	No. of stock units held	Percentage
16.	Inter-pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Lew Mee Choon	2,150,000	0.63
17.	Tan Kim Wah	2,072,000	0.61
18	Perbadanan Kemajuan Negeri Kedah	2,013,090	0.59
19.	HSBC Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Hong Liang	2,000,000	0.59
20.	Tay Teck Ho	1,606,200	0.47
21.	Neoh Choo Ee & Company, Sdn Berhad	1,580,000	0.46
22.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Gedong Bakti Sdn Bhd	1,567,003	0.46
23.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ngok Ming	1,379,600	0.40
24.	Lim Seng Chee	1,093,500	0.32
25.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Malpac Management Sdn Bhd	1,090,191	0.32
26.	EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for SJ Securities Sdn Bhd (SS2)	1,081,000	0.32
27.	Saw Chee Meng	1,000,000	0.29
28.	Masri Khaw Binti Abdullah	1,000,000	0.29
29.	Chua Kee Say	1,000,000	0.29
30.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Lim Hong Liang (Margim -10238A)	970,000	0.28
		118,253,222	34.86

SUBSTANTIAL STOCKHOLDER

Name of substantial stockholder	No. of stock units held		% of issued stock capital	
	Direct	Indirect	Direct	Indirect
Dato' Ahmad Sebi Bakar	15,203,509	27,451,109	4.50	8.13

Statistics on Warrantholdings as at 3 May 2006

NO. OF WARRANTS 2000/2008 ("WARRANTS") IN ISSUE	:	168,896,809
VOTING RIGHT	:	1 vote per Warrant in respect of Warrantholders' Meeting.

ANALYSIS OF WARRANTHOLDINGS

Size of warrantholdings	No. of warrantholders	% of warrantholders	No. of warrants	% of warrantholdings
Less than 100 warrants	14	0.12	587	-
100 - 1,000 warrants	4,163	34.74	3,955,466	2.34
1,001 - 10,000 warrants	6,382	53.25	25,854,813	15.31
10,001 - 100,000 warrants	1,277	10.65	38,536,427	22.82
100,001 - less than 5% of the warrants in issue	148	1.23	91,229,516	54.01
5% and above of the warrants in issue	1	0.01	9,320,000	5.52
	11,985	100.00	168,896,809	100.00

LIST OF TOP 30 WARRANTHOLDERS

No.	Name	Number of warrants	Percentage
1.	Tan Pak Nang	9,320,000	5.51
2	SJ Sec Nominees (Tempatan) Sdn Bhd Suasana Dinamik Sdn Bhd	7,957,000	4.71
3.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Eighth Review (M) Sdn Bhd	7,738,000	4.58
4.	Zulkifli Bin Hussain	6,400,000	3.78
5.	SJ Sec Nominees (Tempatan) Sdn Bhd Bright Existence Sdn Bhd	5,770,000	3.41
6.	Dato' Ahmad Sebi Bakar	4,845,000	2.86
7.	Shoptra Jaya (M) Sdn Bhd	4,004,000	2.37
8.	PM Nominess (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Dato' Ahmad Sebi Bakar	2,665,005	1.57
9.	Choo Keng Kit	2,500,900	1.48
10.	Lim Hong Liang	2,283,719	1.35
11.	Tay Teck Ho	2,200,000	1.30
12.	Shoptra Jaya (M) Sdn Bhd	2,000,000	1.18
13.	Ong Chong Tek	1,666,500	0.98
14.	Pak Cheow Koon Jason	1,580,600	0.93
15.	Mahmood Bin Abu Bakar	1,505,100	0.89
16.	Loi Kien Loon	1,439,600	0.85
17.	Young Pey Feei	1,375,400	0.81
18.	Chan Kim Gek	1,221,000	0.72
19.	Chan Sai Kim	1,141,000	0.67

LIST OF TOP 30 WARRANTHOLDERS (Continued)

No.	Name	Number of warrants	Percentage
20.	Yee Seng Keng	1,000,000	0.59
21.	SJ Securities Sdn Bhd	991,000	0.58
22.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lay Man Wan @ Lai Mun Wan	945,700	0.55
23.	HLB Nominess (Tempatan) Sdn Bhd Pledged securities account for On Boon Kai	900,000	0.53
24.	Syed Mohd Tahir Bin Syed Azman	900,000	0.53
25.	A. A. Assets Nominees (Tempatan) Sdn Bhd Pledged securities account for Chan Chai Kok	827,000	0.48
26.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged securities account for Chan Sai Kim	668,000	0.39
27.	Chia Ai Lan	617,000	0.36
28.	Khong Peck Fah	604,880	0.35
29.	Lee Chin Weng	599,400	0.35
30.	Lee Kwai	585,800	0.34
		76,251,604	45.00

Statement on Directors' Interests in the Company and related corporations as at 3 May 2006

	Stock units of RM1.00 each	
Direct Interest in the Company	**Number**	**Percentage**
Dato' Ahmad Sebi Bakar	15,203,509	4.50
Datin Masri Khaw Binti Abdullah	1,000,000	0.30
Indirect Interest in the Company		
Dato' Ahmad Sebi Bakar	27,451,109	8.13
Datin Masri Khaw Binti Abdullah	3,100,000	0.92
Sng Ngiap Koon	500,000	0.15

	Warrants 2000/2008	
Direct Interest in the Company	**Number**	**Percentage**
Dato' Ahmad Sebi Bakar	7,510,005	4.45
Datin Masri Khaw Binti Abdullah	3,000	0.002
Indirect Interest in the Company		
Dato' Ahmad Sebi Bakar	13,727,000	8.13
Datin Masri Khaw Binti Abdullah	350,000	0.21
Sng Ngiap Koon	80,000	0.05

List of Properties

The properties of the Group as at 31 December 2005 are as follows:-

Location	Description	Land Area	Approx. age of building (Years)	Tenure	Net Book Value (RM '000)	Date of last Revaluation / Acquistion
CL 135193725 Daerah Keningau Ulu Patikang Sabah	Land with timber shed and staff quarters	10.25 acres	23 1/2	Leasehold expiring in 2055	56	1977
CL 135326055 Daerah Keningau Ulu Patikang Sabah	Land with sawmill, timber shed, office building, quarters and generator set room	9.22 acres	23 1/2	Leasehold expiring in 2058	151	1980
Geran No. CL 0135326046 Daerah Keningau Ulu Patikang Sabah	Land with sawmill, timber shed, office building, quarters and generator set room	75.70 acres	15	Leasehold expiring in 2052	1,038	22.11.1989
Unit No. 103 & 302 Block B Jalan SS 12/1 47500 Subang Jaya Selangor	2 unit condominium	370 sq.m	10	Leasehold property expiring in 2089	541	07.08.1996
GM1126 Lot 1301, GM424 Lot 1302, GM857 Lot 1303, GM405 Lot 1305, HS(M) 1096 PT 1300 & HS(M) 1082 PT 1303 Mukim Sungai Karang Cherating Pahang Darul Makmur	Land with hotel building, recreational facilities, restaurants and apartment block	15 acres	12 1/2 - 18	Freehold	34,173	28.03.2005
CT 1320 Lot No. 2735 Mukim Kuala Kuantan Cherating Pahang Darul Makmur	Vacant land	16 acres / ekar	-	Freehold	179	07.09.1993

The properties of the Group as at 31 December 2005 are as follows:-

Location	Description	Land Area	Approx. age of building (Years)	Tenure	Net Book Value (RM '000)	Date of last Revaluation / Acquistion
Lot 1901, 1902, 1698, 1699 & PT 344 Mukim Kedawang Kedah Darul Aman	Land with hotel building, recreational facilities and restaurants	13.20 acres	13	Freehold	72,051	31.12.2000
Lot 1093 Mukim Semiling Daerah Kuala Muda Kedah Darul Aman	Vacant land	20 acres	-	Freehold	228	24.11.1991
Geran 85, Lot 2034 69, Jalan Haji Hussein 50300 Kuala Lumpur	18 storey hotel building	3,214 sq.m	30	Freehold	49,700	31.12.2000
H.S. (D) 1100 / 1985 Geran 7040, Lot 162 Bandar Alor Setar Daerah Kota Setar Kedah Darul Aman	21 storey hotel building	6,882 sq.m	10	Leasehold expiring in 2093	31,014	29.03.2005
35-39 Leinster Garden London W2 3AR United Kingdom	Hotel building	990 sq.m	155	Freehold	48,900	22.06.1999
89, Monivong Blvd. Sangkat Monorom Khan 7 Makara Phnom Penh Cambodia	Hotel building	750 sq.m	6	Leasehold expiring in 2066	18,000	30.12.2005
Nile Avenue Khartoum Sudan	Land with hotel building, recreational facilities, restaurants	30,550 sq.m	> 93	Leasehold expiring in 2039	35,300	30.12.2005
Unit 5A 225, Jalan Ampang 50450 Kuala Lumpur	Service apartment	1,080 sq.m	3	Freehold	338	03.07.2001

The properties of the Group as at 31 December 2005 are as follows:-

Location	Description	Land Area	Approx. age of building (Years)	Tenure	Net Book Value (RM '000)	Date of last Revaluation / Acquistion
Mukim of Pantai Timor Daerah Kota Tinggi Johor Darul Takzim	Vacant land	19.028 acres	-	Leasehold expiring in 2063	231	28.08.2003
No. BM02 & BG02 225, Jalan Ampang 50450 Kuala Lumpur	Shoplot with restaurant and pub	1,240 sq.ft	-	Freehold	989	31.05.2004
9, Evesham House Hereford Road London W2 4PD United Kingdom	Apartment	120 sq.m	15	Freehold	984	23.06.1995
86, Flinders Street Darlinghurst Sydney NSW 2010	Hotel building	771 sq.m	> 146	Freehold	9,632	02.12.2005
72, Persiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan	Industrial land and buildings	61,492 sq.m	12	Freehold	29,615	03.06.2003
Lot PT 4251 Kawasan Perusahaan Pengkalan Chepa II Kelantan Darul Naim	Industrial land	19,350 sq.m	-	Leasehold expiring in 2064	1,019	01.09.2004
Geran 25342 Lot No. 3786 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	Industrial land	38,388 sq.m	-	Freehold	8,114	26.04.2005
Geran 25343 Lot No. 3787 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	Industrial land	39,242 sq.m	-	Freehold	8,295	26.04.2005

ADVANCE SYNERGY BERHAD (Company No.: 1225-D)

Proxy Form

I/We ____
(full name in block letters)

NRIC/Company No. ____________________ **or CDS Account No.** ____________________
(for nominee companies only)

of ____
(full address)

being a stockholder/stockholders of ADVANCE SYNERGY BERHAD, hereby appoint ____________________

______________________________ **NRIC No.** ____________________
(full name in block letters)

of ____
(full address)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Mezzanine Floor, Synergy Com Centre, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 30 June 2006 at 9.30 a.m. and at any adjournment thereof and thereat to vote as indicated below:-

Please indicate with (✓) how you wish to cast your vote. If neither "FOR" nor "AGAINST" is indicated, the proxy will vote or abstain from voting at his/her discretion.

No.	RESOLUTION	FOR	AGAINST
1.	The adoption of the Financial Statements for the financial year ended 31 December 2005 and the Directors' and Auditors' reports thereon.		
2.	To approve the payment of Directors' fees.		
3.	The re-election of Directors:- Wong Ah Nam @ Wong Joon Tuang		
4.	Chim Wai Khuan		
5.	The re-appointment of Messrs BDO Binder as auditors of the Company and authorisation for the Directors to fix their remuneration.		
6.	Authorisation for Directors to allot and issue new shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Stockholders' Mandate for Recurrent Related Party Transactions.		

Dated this ________ day of ____________________ 2006

Number of stock units held	

____
Signature

Note:-

(1) A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

(2) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories Act), 1991 may appoint one (1) proxy in respect of each securities account it holds with stock units of the Company standing to the credit of the said securities account.

(3) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised and in the case of a corporation, the instrument appointing a proxy must be under its common seal or under the hand of an officer or attorney duly authorised.

(4) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 3, Wisma ASCAP-QBC, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof.

Fold here

STAMP

THE SECRETARY

ADVANCE SYNERGY BERHAD
LEVEL 3, WISMA ASCAP - QBC,
NO. 72, PESIARAN JUBLI PERAK,
SEKSYEN 22,
40000 SHAH ALAM, SELANGOR.

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HOTEL & RESORTS

HOLIDAY VILLA GROUP

INFORMATION & COMMUNICATIONS TECHNOLOGY

UNIFIED COMMUNICATIONS SDN BHD

MANUFACTURING, MARKETING & DISTRIBUTION

ADVANSA PTY LTD

CARD & PAYMENT SERVICES

ISYNERGY SDN BHD

PROPERTY DEVELOPMENT

ADVANCE SYNERGY REALTY SDN BHD

TRAVEL & TOURS

ORIENT ESCAPE TRAVEL SDN BHD

COLUMBUS TRAVEL & TOURS SDN BHD

FINANCIAL SERVICES & TRANSPORTATION

ADVANCE SYNERGY CAPITAL BERHAD

TRITON GROUP

QUALITY BUS & COACH (M) SDN BHD

ACE SYNERGY INSURANCE BERHAD

KUMPULAN POWERNET BERHAD

ADVANCE SYNERGY BERHAD (1225-D)
Level 3, Wisma ASCAP - QBC, No. 72, Pesiaran Jubli Perak, Seksyen 22,
40000 Shah Alam, Selangor Darul Ehsan, Malaysia.