

CONTENTS

Annual Report 2005

2	Corporate Information
3 - 5	Notice of Annual General Meeting
6 - 7	Statement Accompanying Notice of AGM
8	Corporate Structure
9	Financial Highlights
10 - 11	Board of Directors
12 - 14	Chairman's Statement
15 - 17	Penyata Pengerusi
18 - 24	Statement of Corporate Governance
25 - 28	Statement on Internal Control
29 - 32	Report of Audit Committee
33 - 34	Additional Compliance Information
35 - 36	Analysis of Shareholdings
37	Summary of Properties
38	Statement of Directors' Responsibilities
39 - 107	Financial Statements 2005
	Proxy Form

Corporate Information

BOARD OF DIRECTORS

Dato' Ir. Haji Harun bin Ahmad Saruji DPMP, AMP (<i>Chairman</i>)	Non-Independent Non-Executive
Datuk Haji Faisal bin Haji Siraj DMSM	Non-Independent Non-Executive
Encik Razidan bin Ghazalli	Non-Independent Non-Executive
Dr. Nawawi bin Mat Awin	Independent Non-Executive
Dato' Azian bin Osman DPMP, AMP	Independent Non-Executive
Puan Noor Asmah bt. Mohd Nawawi	Independent Non-Executive

MANAGEMENT TEAM

Dato' Samsudin bin Hashim DPMP, PMP, AMP	Group Chief Executive Officer
Encik Harbhajan Singh a/l Ujagar Singh AMP, PPT	Group Chief Financial Officer
Tuan Haji Ibrahim bin Yaacob AMP, PPT	Group GM, Township Development
Dato' Ismail Mokhtar bin Mohd Noor DPMP, PMP, AMP	Group GM, Hotel & Hospitality
Tuan Haji Hamsidi bin Haji Shaharah	Group Assistant GM, Business Development
Hajah Sharifah Nor Hashimah bt. Syed Kamaruddin AMP, PPT	Group Assistant GM, Land & Property
Puan Sharifah Hanizah bt. Syed Mustaffa	Group Manager, Finance

COMPANY SECRETARY

Cheai Weng Hoong (LS 05624)

SOLICITORS

Azman Davidson & Co.
Rusnah Loh Ng & Co.

REGISTRAR AND REGISTERED OFFICE

Shared Services & Resources Sdn Bhd
Room 305, 3rd Floor, Asia Life Building,
45 Jalan Tun Sambanthan,
30000 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: (05) 241 7762, 253 0760
Fax: (05) 241 6761

PRINCIPAL BANKERS

Southern Bank Berhad
Citibank Berhad
Malayan Banking Berhad

AUDITORS

Ernst & Young (AF : 0039)
Chartered Accountants

STOCK EXCHANGE LISTING

Main Board, Bursa Malaysia Securities Berhad
Name : PRKCORP
Stock Code : 8346

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Tuesday, 30 May 2006, at 12.00 noon to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2005 together with the Report of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of a first and final dividend of 2 sen per share less income tax for the year ended 31 December 2005. **Resolution 2**
3. To approve the payment of Directors' fees for the year ended 31 December 2005. **Resolution 3**
4. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association :
 - a) Dato' Ir. Haji Harun bin Ahmad Saruji **Resolution 4**
 - b) Datuk Haji Faisal bin Haji Siraj **Resolution 5**
5. To re-elect Encik Razidan bin Ghazalli who retires in accordance with Article 87 of the Company's Articles of Association. **Resolution 6**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

As special business:

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 8**

"THAT approval be and is hereby given pursuant to Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for day to day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 26 April 2006, subject to the following:

- (a) the transactions are carried out in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders during the financial year based on the following information:
 - (i) the type of the Recurrent Transactions made; and
 - (ii) the names of the Related Parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

Notice Of Annual General Meeting (continued)

THAT the approval given in the paragraph above shall only continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965, (“the Act”), but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

- 8. To transact any other business appropriate to an AGM of which due notice shall have been given in accordance with the Act and the Company’s Articles of Association.

By order of the Board

Cheai Weng Hoong
Company Secretary

Ipoh
26 April 2006

NOTICE OF FIRST AND FINAL DIVIDEND PAYMENT AND CLOSURE OF REGISTER

Subject to the approval of the shareholders, a first and final dividend of 2 sen per share less income tax will be paid on 18 July 2006.

Notice is hereby given that the Register of Members of the Company will be closed on 30 June 2006, to determine shareholders' entitlement to the dividend payment.

A depositor will qualify for entitlement only in respect of:

- a) Share transferred into the Depositors' Securities account before 4.00 p.m. on 30 June 2006 in respect of ordinary transfers; and
- b) Share bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

Notes:

1. *A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Act shall not apply.*
2. *When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Room 305, 3rd Floor, Asia Life Building, 45 Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.*
6. *The registration for the above Meeting will commence on Tuesday, 30 May 2006 at 11.30 a.m.*

Explanatory Note

Resolution 8

Please refer to the Circular to Shareholders dated 26 April 2006 which is enclosed together with the Annual Report of the Company.

Statement Accompanying Notice Of Annual General Meeting

1. DIRECTORS STANDING FOR RE-ELECTION AND THEIR DETAILS

Retiring Under Article 80 Of The Company's Articles Of Association:

(i) **Dato' Ir. Haji Harun bin Ahmad Saruji**

Non-Independent Non-Executive Director, 69 years of age, Malaysian. He was appointed to the Board on 19 February 1997.

Shareholdings in the Company: Direct — 23,750
Indirect — 20,000

Family relationship with any Director and/or major shareholder: None

He is a nominee Director of Perbadanan Kemajuan Negeri Perak, a major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

(ii) **Datuk Haji Faisal bin Haji Siraj**

Independent Non-Executive Director, 60 years of age, Malaysian. He was appointed to the Board on 16 January 2004.

Shareholdings in the Company: Direct — None
Indirect — None

Family relationship with any Director and/or major shareholder: None

He is a nominee Director of Permodalan Nasional Berhad which manages Skim Amanah Saham Bumiputera, a major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

Retiring Under Article 87 Of The Company's Articles Of Association:

(i) **Encik Razidan bin Ghazalli**

Non-Independent Non-Executive Director, 43 years of age, Malaysian. He was appointed to the Board on 15 November 2005.

Shareholdings in the Company: Direct — None
Indirect — None

Family relationship with any Director and/or major shareholder: None

He is a nominee Director of Golden Hope Plantations Berhad, a major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

Note: Further details on the above Directors are shown on pages 10 and 11.

2. DETAILS OF ANNUAL GENERAL MEETING TO BE HELD

The Fifteenth Annual General Meeting of the Company shall be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Tuesday 30 May 2006 at 12.00 noon.

3. DETAILS OF BOARD MEETINGS HELD

A total of four (4) Board of Directors' Meetings were held during the financial year ended 31 December 2005. All meetings were held at Bilik Gerakan, Tingkat 8, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan.

4. ATTENDANCE OF DIRECTORS FOR THE YEAR 2005 AT BOARD MEETINGS HELD IN THE FINANCIAL YEAR 2005

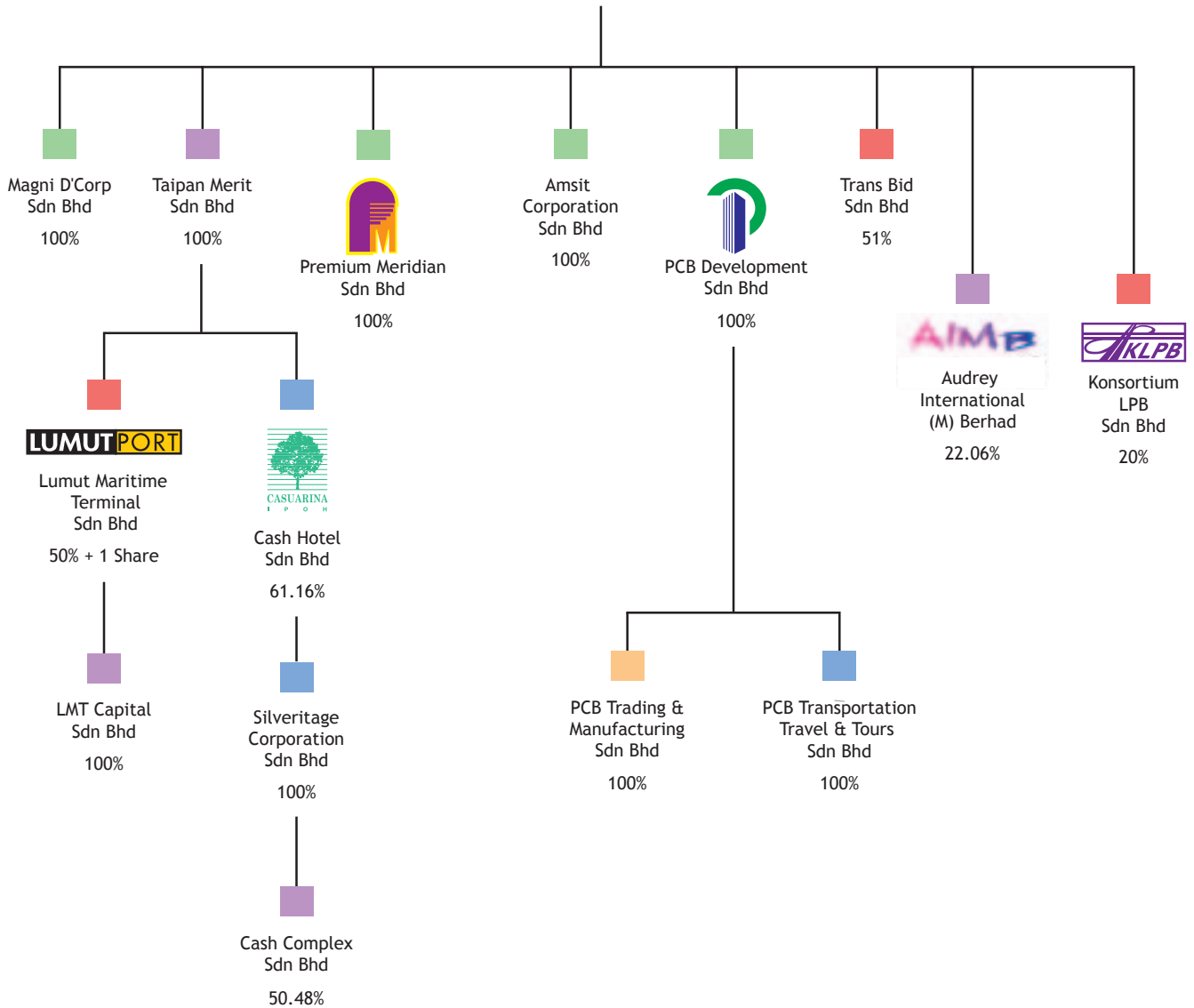
	<i>Date of Appointment</i>	<i>Attendance</i>
(i) Dato' Ir. Haji Harun bin Ahmad Saruji	19 February 1997	4/4
(ii) Datuk Haji Faisal bin Haji Siraj	16 January 2004	3/4
(iii) Tuan Haji Megat Dziauddin bin Megat Mahmud	4 June 2003 (resigned - 3/10/2005)	2/3
(iv) Encik Razidan bin Ghazalli	15 November 2005	0/1 *
(v) Dr. Nawawi bin Mat Awin	20 December 2001	4/4
(vi) Dato' Azian bin Osman	20 December 2001	4/4
(vii) Puan Noor Asmah bt. Mohd Nawawi	20 December 2001	4/4

Note: * Bursa Malaysia Securities Berhad (BMSB) via its letter dated 7 February 2006, has granted the Director a waiver from complying with 7.29(c) of the Listing Requirements of BMSB for the financial year ended 31 December 2005.

Corporate Structure as at 31 December 2005



PERAK CORPORATION BERHAD



TOWNSHIP AND PROPERTY DEVELOPMENT

PCB Development Sdn Bhd
Premium Meridian Sdn Bhd
Magni D'Corp Sdn Bhd
Amsit Corporation Sdn Bhd

MANAGEMENT SERVICES AND OTHERS

Taipan Merit Sdn Bhd
LMT Capital Sdn Bhd
Cash Complex Sdn Bhd
Audrey International (M) Berhad

INFRASTRUCTURE

Lumut Maritime Terminal Sdn Bhd
Trans Bid Sdn Bhd
Konsortium LPB Sdn Bhd

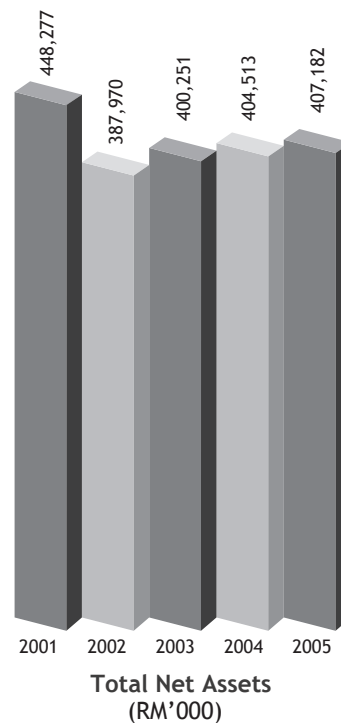
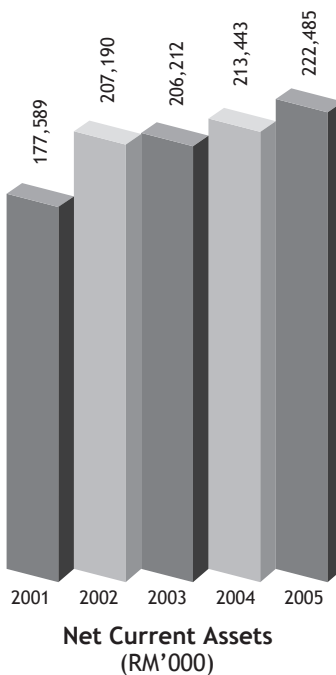
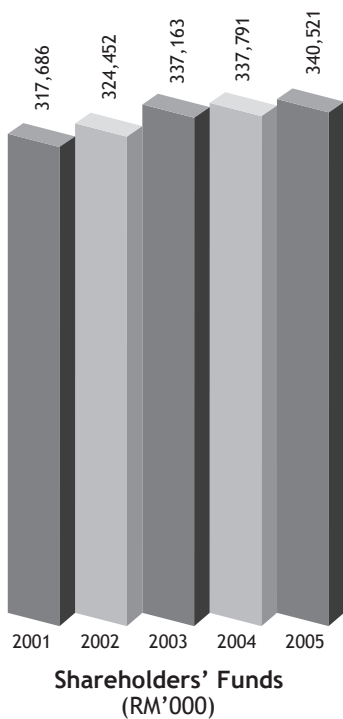
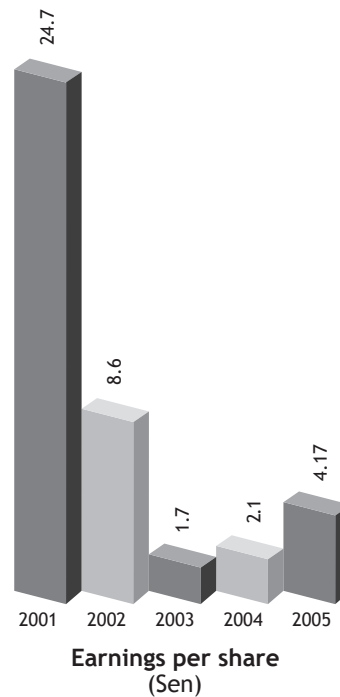
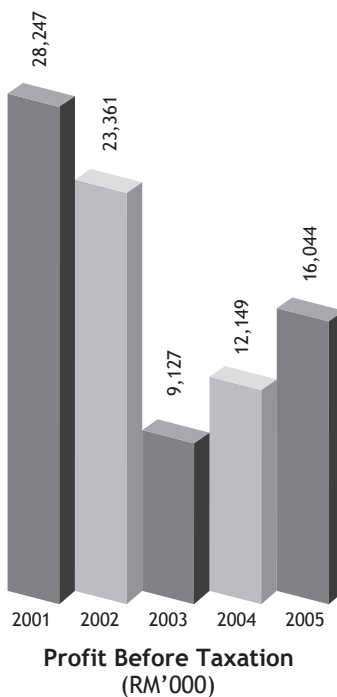
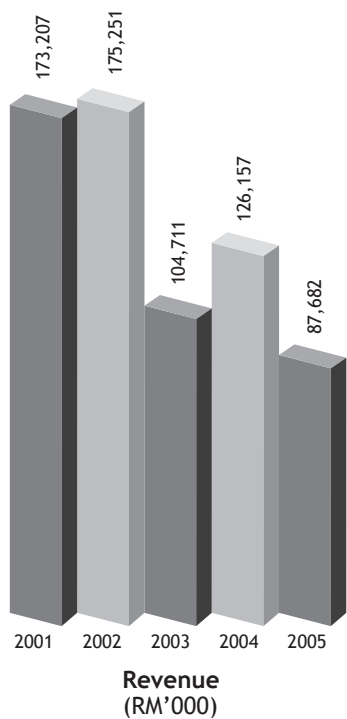
HOTEL, TOURISM AND RELATED SERVICES

Cash Hotel Sdn Bhd
Silveritage Corporation Sdn Bhd
PCB Transportation Travel & Tours Sdn Bhd

MANUFACTURING AND CONSUMER PRODUCTS

PCB Trading & Manufacturing Sdn Bhd

Financial Highlights



Board Of Directors



From left

Sitting: Dr. Nawawi bin Mat Awin, Dato' Ir. Haji Harun bin Ahmad Saruji, Datuk Haji Faisal bin Haji Siraj.
Standing: Dato' Azian bin Osman, Puan Noor Asmah bt. Mohd Nawawi, Encik Razidan bin Ghazalli.

DATO' IR. HAJI HARUN BIN AHMAD SARUJI Non-Independent Non-Executive Director

A Malaysian aged 69, was appointed to the Board on 19 February 1997. He serves as Chairman of the Board and he has been a member of the Audit Committee since 26 March 2004. He is a Civil Engineer by profession and has served in Government Departments and Statutory Bodies for over 35 years. Prior to his appointment to the Board, he was the Chief Executive Officer of Perbadanan Kemajuan Negeri Perak ("PKNP"). He is a nominee Director of PKNP, a major shareholder of the Company. He is also currently a member of the Board of Directors of KUB Malaysia Berhad ("KUB"), a company listed on the main board of Bursa Malaysia Securities Berhad ("BMSB"). In addition, he sits on the Board of Directors of a number of subsidiaries of PCB and KUB. He is an Executive Director of PCB Development Sdn Bhd, a wholly owned subsidiary of PCB. He has attended all 4 Board of Directors' meetings held during the financial year ended 31 December 2005. He does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

DR. NAWAWI BIN MAT AWIN Senior Independent Non-Executive Director

A Malaysian aged 68, was appointed to the Board on 20 December 2001. He serves as Chairman of the Audit Committee and he has been a member of the Nomination Committee since 26 February 2004. He was Chairman and Senior Partner (1974-1982; 1985-1993) of Coopers and Lybrand (now known as PriceWaterhouseCoopers) Malaysia which he joined in 1966. He has vast experience in the banking sector and served in several public and professional bodies, nationally and internationally, including as Chairman or President of, inter alia, the Asian Productivity Organisation, the National Productivity Council of Malaysia, ASEAN Chamber of Commerce and Industry, the National Chamber of Commerce and Industry of Malaysia, the Malaysian Institute of Certified Public Accountants and as a Member of, inter alia, the National Economic Consultative Committee, the Panel on Takeovers and Mergers, Parliament and its Public Accounts Committee. He is currently a member of the Board of Directors of MBM Resources Bhd and Rubberex Corporation (M) Berhad, both listed on BMSB. In addition, he sits on the Board of Directors of Kennedy Burkill & Company Berhad and Clear Water Sanctuary Golf Management Berhad. He has attended all 4 Board of Directors meetings held during the financial year ended 31 December 2005. He does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

DATUK HAJI FAISAL BIN HAJI SIRAJ Non-Independent Non-Executive Director

A Malaysian aged 60, was appointed to the Board on 16 January 2004. He has been a member of the Nomination Committee since 26 February 2004. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He acts as a director of PCB on behalf of Skim Amanah Saham Bumiputera, a major shareholder of PCB. He was the Senior Group Director, Financial Services and Treasury of DRB-HICOM Berhad until his retirement in September 2005. Prior to joining DRB-HICOM, he was with Malaysian Mining Corporation Berhad from 1976 to 1994, the last position held being Group Executive Director. He has attended 3 out of 4 Board of Directors meetings held during the financial year ended 31 December 2005. He does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

DATO' AZIAN BIN OSMAN Independent Non-Executive Director

A Malaysian aged 47, was appointed to the Board on 20 December 2001. He has been the Chairman of the Remuneration Committee since 26 February 2004 and was appointed as an Audit Committee member on 3 January 2005. He has been practising as an Advocate and Solicitor for more than 17 years and has wide knowledge and experience in the field of corporate, land and banking laws. He holds an LLB from the University of Malaya. On 1 January 2005, he resigned as a partner of a legal firm in Ipoh, Messrs. Faisal, Azian & Co. that acts as panel lawyers for PKNP. Dato' Azian also sits on the Board of Directors of Opus International Group Public Limited Company (formerly known as Kinta Kellas Public Limited Company), a company listed on both BMSB and the London Stock Exchange, and several other private limited companies. He has attended all 4 Board of Directors meetings held during the financial year ended 31 December 2005. He does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

PUAN NOOR ASMAH BT. MOHD NAWAWI Independent Non-Executive Director

A Malaysian aged 39, was appointed to the Board on 20 December 2001. She serves as Chairperson of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee. She graduated from International Islamic University, Malaysia with a Degree in Law. She has been practising as an Advocate and Solicitor for more than 13 years. Currently, she is a partner of a legal firm in Ipoh, Messrs. Asmah, Juhaida & Partners. She has attended all 4 Board of Directors meetings held during the financial year ended 31 December 2005. She does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. She has no conviction for any offence within the past 10 years.

ENCIK RAZIDAN BIN GHAZALLI Non-Independent Non-Executive Director

A Malaysian aged 43, was appointed to the Board on 15 November 2005. He was appointed as a member of the Remuneration Committee on 21 December 2005. He graduated with a Bachelor of Commerce degree from the University of Tasmania, Australia in 1983 and qualified as a Certified Practising Accountant (CPA) from the CPA Australia and is a Chartered Accountant of the Malaysian Institute of Accountants since 1987. He obtained his Chartered Institute of Marketing (United Kingdom) in 1997. He had previously served as a Treasury Accountant in the Accountant General's Office, Senior Manager with Arthur Andersen & Co, Finance Manager with Petronas Berhad, Senior Vice President with Celcom (M) Berhad, General Manager, Financial Services with MISC Berhad and Senior Vice President with Idaman Unggul Berhad. Currently, he is the Director, Finance of Golden Hope Plantations Berhad, which is a major shareholder of PCB. He did not attend the Board of Directors meeting which was held during the period from the date of his appointment to 31 December 2005. He does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Perak Corporation Berhad for the financial year ended 31 December 2005.

OVERVIEW

It was another challenging year for the Group especially the township development and hospitality segments which were affected by certain market conditions related to their segments. Nevertheless, the Group managed to secure overall better results for the year under review as compared to the previous year as explained below.

FINANCIAL REVIEW

For the financial year ended 31 December 2005, the Group achieved a revenue of RM87.68 million (2004: RM126.16 million). However, the Group achieved an increase of 32% with pretax profits of RM16.04 million for the year under review in comparison to RM12.15 million recorded in the year 2004 whilst net profit attributable to shareholders of RM4.17 million increased by 101% when compared to RM2.07 million earned in the previous year.

The better profits recorded by the Group, despite the lower revenue, are mainly due to the reduction of finance costs and such costs being tax deductible upon the successful issuance of RM60.0 million Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") by the infrastructure segment, the details of which were reported in the Annual Report 2004.

Total net assets per share for the Group as at 31 December 2005 improved to RM4.07 (2004: RM4.04), based on the ordinary shares in issue of RM1.00 each of 100 million (2004: 100 million).

For the year under review, the Company registered a revenue of RM4.81 million resulting in pretax profits of RM2.24 million as compared to revenue of RM2.60 million with pretax profits of RM1.91 million recorded in the year 2004. Profit after taxation was recorded at RM1.66 million as against RM1.12 million achieved in the year 2004, resulting in an increase of 48%.

Turnkey projects successfully completed by the Group –

Bangunan UMNO Perak at Jalan Raja Dr. Nazrin Shah, Ipoh (left); Kompleks Kementerian Hal-Ehwal Dalam Negeri, Bandar Meru Raya (right).



REVIEW OF OPERATIONS

Township Development

This segment, via PCB Development Sdn Bhd ("PCBD") is developing a self-contained 2000-acre suburban development project known as Bandar Meru Raya, in the vicinity of Ipoh City, Perak, spanning a period of over fifteen years with a projected population of 80,000 people.

PCBD, in collaboration with the Perak State Government, has successfully obtained an approval in principle subject to the fulfillment of certain conditions from the Federal Government to turn 318 acres of its commercial land into a Cyber Centre to be known as "Perak MSC". This shall be a golden opportunity for MSC-status companies to locate their businesses and operations in Bandar Meru Raya. In turn, this would be a catalyst for future growth and robust development for the township and in its population.

Other activities include planning works on the 465 acres of land in Mukim Hulu Bernam Timur, Perak which is adjacent to the Proton City at Tanjung Malim/ Ulu Bernam belonging to the Company and provision of project management services.

This segment has contributed to the Group's revenue by achieving RM25.10 million (2004: RM55.71 million) with profit before taxation totalling RM1.13 million (2004: RM1.31 million) for the year under review.

Hospitality and Tourism

The Group's interest in this segment is via Cash Hotel Sdn Bhd ("CHSB"), operating under the trade name "Casuarina Ipoh".

The upgrading and refurbishment exercise on the 200-room Casuarina Ipoh have been successfully completed. The hotel shall refurbish its coffee house and shall add more function rooms in the near future.

The hotel and tourism segment has achieved a revenue of RM14.04 million (2004: RM16.00 million) with an average occupancy rate of 70% for the year under review.

Infrastructure

The Group's contributor in this segment is via its subsidiary, Lumut Maritime Terminal Sdn Bhd ("LMT").

Revenue decreased by 11% in comparison to that achieved in the year 2004 due to lower throughput in exported bulk. However, pretax profits which registered RM14.73 million (2004: RM9.33 million) resulted in an increase of 58% mainly due to the reduction of finance costs in respect of the BaIDS compared to that cost payable on the Redeemable Preference Shares in the previous year.

CORPORATE GOVERNANCE

Statement of Corporate Governance and Statement on Internal Control have been included in the Annual Report. These affirm the Board's commitment in ensuring that good corporate governance compliance is practiced throughout the Group.

PROSPECTS FOR YEAR 2006

The Group shall strive for the continued improvement of its results in the year 2006 barring the potential impact of certain of the Financial Reporting Standards which became effective/ shall become effective to be applied.

DIVIDEND

The Board of Directors recommends a final dividend of 2 sen (2004: 2 sen) per share less 28% taxation, totalling RM1.44 million for the financial year ended 31 December 2005, for approval by shareholders at the forthcoming Annual General Meeting ("AGM").

The recommended dividend upon approval by shareholders in the forthcoming AGM shall be paid on 18 July 2006.

APPRECIATION

On behalf of the Board of Directors, I would like to extend a warm welcome to Encik Razidan bin Ghazalli to the Board. At the same time, I would like to take this opportunity to express my gratitude to Tuan Haji Megat Dziauddin bin Megat Mahmud, who has resigned from the Board, for his invaluable service and contribution during his tenure.

I would like to extend my sincere thanks to our shareholders, clients, suppliers and business associates, bankers and various government authorities for their support and confidence in the Group. My appreciation is also extended to the management and staff of the Group for all their dedication and commitment in their work throughout the year.

DATO' IR. HAJI HARUN BIN AHMAD SARUJI DPMP, AMP
Chairman

26 April 2006

Penyata Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan bagi Perak Corporation Berhad bagi tahun kewangan berakhir 31 Disember 2005.

TINJAUAN KESELURUHAN

2005 merupakan tahun mencabar bagi Kumpulan khususnya segmen pembangunan bandar baru dan perhotelan yang terjejas dengan keadaan pasaran tertentu, yang berkaitan dengan segmen masing-masing. Walau bagaimanapun, Kumpulan berjaya memperolehi pencapaian keseluruhan yang lebih baik bagi tahun di bawah kajian berbanding tahun sebelumnya seperti penerangan di bawah.

TINJAUAN SEMULA KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2005, Kumpulan telah mencapai perolehan RM87.68 juta (2004: RM126.16 juta). Namun begitu, Kumpulan mencapai peningkatan 32% dengan keuntungan sebelum cukai yang berjumlah RM16.04 juta bagi tahun di bawah kajian berbanding dengan RM12.15 juta yang dicatat pada tahun 2004. Agihan untung bersih kepada pemegang-pemegang saham sebanyak RM4.17 juta meningkat sebanyak 101% berbanding dengan RM2.07 juta yang diperolehi pada tahun sebelumnya.

Kumpulan telah mencapai kelebihan keuntungan, walau pun dengan perolehan yang terkurang, disebabkan penurunan kos kewangan dan kos-kos berkaitan yang dibenarkan di bawah pengiraan cukai dengan penyempurnaan terbitan RM60.0 juta Bai Bithaman Ajil Islamic Securities ("BaIDS") oleh segmen infrastruktur, maklumat terperinci adalah seperti dilapor di dalam Laporan Tahunan 2004.

Jumlah aset bersih sesaham bagi Kumpulan pada 31 Disember 2005 adalah RM4.07 (2004:RM4.04) berasas kepada bilangan syer biasa yang diterbit pada RM1.00 seunit untuk 100 juta (2004: 100 juta).

Bagi tahun di bawah kajian, Syarikat telah mencatat perolehan RM4.81 juta yang menghasilkan keuntungan sebelum cukai RM2.24 juta berbanding dengan perolehan RM2.60 juta dengan keuntungan sebelum cukai RM1.91 juta dicatat pada tahun 2004. Keuntungan selepas cukai dicatat pada RM1.66 juta, berbanding RM1.12 juta yang dicapai pada tahun 2004, menghasilkan peningkatan sebanyak 48%.

TINJAUAN SEMULA AKTIVITI-AKTIVITI

Pembangunan Bandar Baru

Segmen ini, melalui PCB Development Sdn Bhd ("PCBD") sedang membangunkan sebuah projek bandar baru serba lengkap di atas 2,000 ekar tanah dikenali sebagai "Bandar Meru Raya" di persisiran Bandaraya Ipoh, Perak, bagi tempoh lima belas tahun dengan jangkaan berpenduduk seramai 80,000 orang.

PCBD dengan usahasama Kerajaan Negeri Perak telah berjaya memperolehi kelulusan secara prinsip tertakluk kepada syarat-syarat tertentu yang perlu dipenuhi dari Kerajaan Persekutuan untuk membangunkan 318 ekar tanah yang bertaraf komersial bagi pembangunan Pusat Siber yang dikenali sebagai "Perak MSC". Ianya suatu peluang keemasan kepada syarikat-syarikat yang berstatus MSC untuk menempatkan perniagaan mereka dan beroperasi di Bandar Meru Raya. Seterusnya, ini merupakan satu pemangkin kepada pertumbuhan masa hadapan dan pembangunan yang pesat bagi Bandar Baru tersebut dan untuk meningkat penduduknya.

Aktiviti-aktiviti lain merangkumi kerja-kerja perancangan di atas 465 ekar tanah di Mukim Hulu Bernam Timur, Perak bersebelahan Bandaraya Proton di Tanjung Malim/Hulu Bernam yang dimiliki oleh Syarikat dan penyediaan perkhidmatan pengurusan projek.

Segmen ini telah menyumbang perolehan bagi Kumpulan sebanyak RM25.10 juta (2004: RM55.71 juta) dengan keuntungan sebelum cukai berjumlah RM1.13 juta (2004: RM1.31 juta) bagi tahun di bawah kajian.

Perhotelan dan Pelancongan

Kepentingan Kumpulan dalam segmen ini adalah melalui urusniaga Cash Hotel Sdn Bhd ("CHSB"), beroperasi di bawah nama "Casuarina Ipoh".

Usaha menaiktaraf dan pengubahsuaian ke atas 200 bilik di Casuarina Ipoh telah disiapkan dengan sempurna. Pihak hotel akan menaiktaraf 'coffee-house' dan mengujudkan lebih banyak bilik-bilik untuk majlis-majlis rasmi pada masa akan datang.

Segmen perhotelan dan pelancongan telah mencapai perolehan sebanyak RM14.04 juta (2004: RM16.00 juta) dengan purata kadar penginapan sebanyak 70% bagi tahun di bawah kajian.

Infrastruktur

Sumbangan Kumpulan dalam segmen ini ialah melalui syarikat anak, Lumut Maritime Terminal Sdn Bhd ("LMT").

Perolehan menurun sebanyak 11% berbanding dengan pencapaian pada tahun 2004 dari kesan pengurangan 'throughput' untuk eksport pukal. Bagaimanapun, keuntungan sebelum cukai mencatat RM14.73 juta (2004: RM9.33 juta) menghasilkan kenaikan sebanyak 58% atas sebab pengurangan kos kewangan berhubung dengan BaIDS berbanding bayaran berkenaan ke atas Saham Keutamaan Boleh Tebus (RPS) pada tahun sebelum.



Projek Rumah-Rumah Kediaman, Bandar Meru Raya.

URUS TADBIR KORPORAT

Penyata Urus Tadbir Korporat dan Penyata Kawalan Dalaman adalah termasuk di dalam Laporan Tahunan. Dengan ini, Lembaga memberi komitmen sepenuhnya menerima pakai amalan terbaik urus tadbir korporat pada keseluruhan Kumpulan.

PROSPEK MASA HADAPAN

Kumpulan bertekad untuk terus berusaha bagi mencapai keputusan yang baik untuk tahun 2006 kecuali dengan kemungkinan kesan menerima pakai beberapa 'Financial Reporting Standards' yang telah/ akan dikuatkuasa.

DIVIDEN

Ahli Lembaga Pengarah mencadangkan dividen akhir sebanyak 2 sen (2004: 2 sen) sesaham ditolak 28% cukai berjumlah RM1.44 juta bagi tahun kewangan berakhir 31 Disember 2005, untuk kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan yang akan datang.

Dividen yang dicadangkan, apabila diperolehi kelulusan pemegang-pemegang saham akan dibayar pada 18 Julai 2006.

PENGHARGAAN

Saya bagi pihak Lembaga Pengarah mengalu-alukan perlantikan Encik Razidan bin Ghazalli sebagai ahli di dalam Lembaga Pengarah ini. Pada masa yang sama, saya mengambil kesempatan merakamkan penghargaan kepada Tuan Haji Megat Dziauddin bin Megat Mahmud yang telah bersara dari Lembaga di atas perkhidmatan dan sumbangan yang tidak ternilai sepanjang menjadi Ahli Lembaga Pengarah.

Saya mengucapkan terima kasih kepada pemegang-pemegang saham, pelanggan-pelanggan, pembekal dan rakan-rakan niaga, ahli-ahli perbankan dan penguatkuasa kerajaan untuk sokongan dan keyakinan pada Kumpulan ini. Ucapan penghargaan juga saya rakamkan kepada pengurusan dan tenaga kerja Kumpulan di atas dedikasi dan komitmen di dalam menjalankan tugas sepanjang tahun.

DATO' IR. HAJI HARUN BIN AHMAD SARUJI DPMP, AMP
Pengerusi

26 April 2006

Statement Of Corporate Governance

The Board welcomes the Malaysian Code on Corporate Governance (the “Code”) as it sets out principles (Part 1) and best practices (Part 2) on structures and processes the Group may use in their operations towards achieving the optimal framework in the discharge of its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

The Principles and Best Practices of the Code published in October 2000 were incorporated into the revamped Listing Requirement of the Bursa Malaysia Securities Berhad (“BMSB”) with effect from 1 June 2001. The principles of the Code are divided into four sections:

- Section 1: Directors
- Section 2: Directors’ Remuneration
- Section 3: Shareholders
- Section 4: Accountability and Audit

In preparing this report, the Board has considered the manner in which it has applied these Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

SECTION 1: DIRECTORS

Composition of the Board

The Board has six members as at the date of the Annual Report, all of whom are non-executive directors. Of this, three are independent and the rest are non-independent. No individual or group of individuals dominates the Board’s decision making and the number of directors fairly reflects the nominees of each of the Company’s major shareholders.

Dato’ Ir. Haji Harun bin Ahmad Saruji is the Chairman of the Board while Dato’ Samsudin bin Hashim, the Group Chief Executive Officer, who is a non-board member, leads the management team. There is a clear division of responsibility between these two roles and between the non-executive board members and the executive non-board management team to ensure a balance of power and authority.

The Company considers that its complement of non-executive directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company’s strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity. The profile of the Board members is set out on pages 10 and 11.

One-half of the Board members are independent directors since the Company recognises the contribution of independent directors as equal Board members in the development of the Company’s strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All independent directors are independent of management and free from any relationship that could interfere with their independent judgement. The appointment of Dr. Nawawi bin Mat Awin as the senior independent non-executive director has been made based on his vast business experience and to whom concerns by other independent directors may be conveyed.

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, material acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board has a minimum of four regularly scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. In 2005, the Board held meetings on the following dates: 28 February, 26 May, 25 August, and 29 November. At each scheduled meeting, there is a full financial and business review and discussion, including trading and financial performance to date against annual budget and financial plan previously approved by the Board for that year. The details of meeting attendance of each individual director are set out on page 7.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 29 to 32, Nomination Committee and Remuneration Committee.

The Board has also set up a Financial, Administrative and Secretarial Executive Committee ("FASC") to assist the Board to evaluate major operating issues which arise out of the ordinary course of business. The FASC also reviews Annual Budgets before they are submitted to the Board and annual salary reviews of the employees of the Company. The FASC comprises an independent non-executive director, the Group Chief Executive Officer, the Group Chief Financial Officer and headed by the Chairman of the Board.

Supply of Information

Each Board member receives quarterly operating results, including comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be properly informed before the meeting.

Directors have access to all information within the Company whether as a full board or in their individual capacity, in furtherance to their duties. Directors have also direct access to the services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

Appointments of the Board and Re-election

The Board has a Nomination Committee, which was established on 20 December 2001. The composition of the Nomination Committee comprises three non-executive directors, two of whom are independent. The members are Dr. Nawawi bin Mat Awin, Datuk Haji Faisal bin Haji Siraj and headed by Puan Noor Asmah bt. Mohd Nawawi. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director.

The Board through the Nomination Committee ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfill the duties of a director. The Chairman of the Board together with the Group Chief Executive Officer shall give informal briefings to the new directors. All the directors have attended the Mandatory Accreditation Programme as prescribed by BMSB on their appointment as directors of the Company as part of the induction exercise on joining the Board.

In addition, all directors are encouraged to continuously undertake training and regularly update and refresh their skills and knowledge to enable them to effectively discharge their duties. In this connection, the directors had at its meeting held on 25 August 2005 adopted the Guidelines for Directors' Training Needs as recommended by the Nomination Committee. The guidelines require each director to attend at least one (1) seminar/ course/ workshop during the financial year.

During the financial year ended 31 December 2005, the Company organized a site visit and briefing for the directors to familiarise themselves with the business of the Group. In addition, some of the directors had also attended talks, seminars and conferences which are relevant to their professions to further enhance their skills and knowledge.

The members have direct access to the advice and the services of the Company Secretary, who is responsible for ensuring that all appointments are properly made and all necessary information are obtained from directors, both for the Group's own records and for the purposes of complying with the requirements of the Companies Act 1965, Listing Requirements of BMSB and other regulatory requirements. Upon appointment, directors are advised of their legal and other obligations as a director of a public listed company.

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election at the next Annual General Meeting ("AGM") after their appointment. The Articles also provided that at least one-third of the Board is subject to re-election at regular intervals of at least once every three years.

During the financial year, a Nomination Committee meeting was held on 25 August 2005 which was attended by all its members.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee was established on 20 December 2001. The composition of the Remuneration Committee as at 21 December 2005 comprises three non-executive directors, two of whom are independent. The members are Puan Noor Asmah bt. Mohd Nawawi, Encik Razidan bin Ghazalli and Dato' Azian bin Osman as the Chairman. The Committee reviews the annual fees, attendance allowance and other benefits for the directors of the Company. The decision of the determination of the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the Remuneration Committee with ultimate approval of shareholders at the AGM.

During the financial year, a Remuneration Committee meeting was held on 29 November 2005 which was attended by two of its members since Encik Razidan bin Ghazalli was only appointed on 21 December 2005.

Directors' Remuneration

The aggregate remuneration of the directors (all of whom are non executive) of the Company for the financial year ended 31 December 2005 is as follows:

	RM
Company fees and attendance allowances	127,695
Subsidiaries fees, salary, bonus, allowances and benefits in kind	170,620
Total	<u>298,315</u>

Bands of remuneration for the financial year ended 31 December 2005 are as follows:

Band of remuneration	All are Non-Executive Directors
Below RM50,000	6*
RM150,001 – RM200,000	1

* Includes a director who resigned during the financial year.

For details of appointment and resignation of directors, please refer to page 7.

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company through the Annual Report, AGM and Extraordinary General Meeting (“EGM”). Announcements and release of financial results on a quarterly basis, semi annual returns and business acquisitions and disposals, provide the shareholders and the investing public with an overview of the Group’s performance, operations and directions. Members of the public can obtain the full financial results and the Company’s announcements from the BMSB web-site.

In addition, nominees of the Company’s major shareholders sit on the Board. This provides a platform for interactions and direct communications between the Board, management and major shareholders. Any queries from other shareholders are communicated through the Company Secretary.

Annual General Meeting (“AGM”)

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and annual reports are sent out to shareholders at least 21 days before the date of meeting.

Besides the usual agenda for the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The directors and the Group Chief Executive Officer are available to provide responses to questions from the shareholders during the meeting.

For re-election of directors, the Board shall ensure that full information shall be disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved shall accompany items of special business included in the notice of the meeting.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to BMSB and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement of Directors' Responsibilities pursuant to Section 169 of the Companies Act, 1965 is set out on page 38 of this Annual Report.

Internal Control

The Board takes responsibility for the Group's internal control system and risk management and for reviewing its adequacy and integrity. The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment. The Group has in place an adequately resourced internal audit department of the Company's ultimate holding corporation.

The Statement on Internal Control as set out in pages 25 to 28 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The role of the Audit Committee in relation to the auditors may be found in the Report of Audit Committee set out on pages 29 to 32. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia.

Statement of Compliance with the Best Practice of the Code

Saved as disclosed below, the Group has complied with the Principles and Best Practices of the Code:

- (a) *The Board and also the various committees' members of the Board have been able to identify business risks and ensure implementation of appropriate measures to manage these risks* – The Audit Committee members assist the Board of Directors towards the compliance of this responsibility. A structured risk management framework is in place to better identify, monitor and manage the business risks affecting the Group with the assistance of the internal audit department of the Company's ultimate holding corporation;
- (b) *The Board has formal schedule of matters reserved to itself for decision* – The Board is of the view that this is done through the appointment of various committees, which spell out the authority of the committees. Otherwise, this is achieved informally through the convention that the Board decides on any Group level issues as a whole;
- (c) *There is formal succession planning within the organisation* – Middle Management is constantly being informally appraised to assess their capability of taking over the Senior Management positions;
- (d) *Remuneration of each member of the Board of Directors is detailed* – The Board of Directors is of the opinion that the non-disclosure of the individual remuneration of each director will not significantly affect the understanding and evaluation of the Group governance.

This Statement is made in accordance with a resolution of the Board dated 29 March 2006.

Statement On Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Paragraph 15.27(b) of Bursa Malaysia Securities Berhad's ("BMSB") Listing Requirements require directors of listed companies to include a statement in annual reports on the state of the internal control of the listed issuer as a group. BMSB's Statement on Internal Controls: Guidance for Directors of Public Listed Companies ("the Internal Control Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Internal Control Guidance.

BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. Due to the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can provide only reasonable and not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives, which has been in place during the year and up to the date of approval of the annual report and financial statements. The Board is constantly reviewing this process and accords with the Internal Control Guidance.

RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Internal Control Guidance. The terms of reference of the Audit Committee has been extended to assist the Board towards the compliance of their responsibility. With the assistance of the internal audit department of the ultimate holding corporation, a structured risk management framework for the Group has been put in place. The recommended risk framework, which was previously presented to the Audit Committee for adoption by the Group, involves the following:

1. Group Risk Management Committee

The Group Risk Management Committee is responsible to identify continuously and communicate to the Audit Committee, which in turn would report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks.

2. Risk Management Policies and Procedures Manual

This manual serves to outline the risk management framework for the Group and would offer practical guidance to all employees on risk management issues.

3. Key Management Staff

Nomination of key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.

4. Risk Management Reporting

Regular risk management reporting by the head of operating units/ key management staff to the Group Risk Management Committee.

The above risk management framework has been fully implemented since the previous year to effectively address critical business risks. During the year, senior managers of the Group attended a full day in-house training on Key Performance Indicators ("KPIs").

For the year 2006, the action plan that has been established at the Group level in reviewing the adequacy and integrity of the system of internal control include the following:

- Assess the competency and suitability of the members of respective subsidiaries risk management committee;
- Require regular risk management reporting (at least once every quarter) from each company within the Group to the holding company according to pre-determined schedule;
- Action plans to be submitted by the respective risk management committees;
- To receive and discuss reports and executive summaries from the companies and thereafter to discuss these reports at the Audit Committee meeting of the Company on a quarterly basis;
- To incorporate the use of benchmarking and KPIs as effective operational and financial performance measures.

INTERNAL AUDIT

The Group, via the ultimate holding corporation's internal audit department provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the financial year under review, the internal auditors carried out audits of the operating units including subsidiaries based on internal audit plan approved by the Audit Committee. The audit reports were tabled at the Audit Committee meeting, where Audit Committee members reviewed the findings with management. Internal auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

The scope of work of the internal audit department did not extend to:

- (i) Konsortium LPB Sdn Bhd (“KLPB”) an associate of the Company. Principal activities of KLPB are to construct, operate and manage the operation of the privatised project West Coast Expressway Highway for a 30-year concession period. It has yet to commence operations. However, a representative of the management of the Company sits as a Board member of KLPB to ensure that implementation shall be carried out in a proper manner and risk assessment shall be undertaken by KLPB;
- (ii) Audrey International (Malaysia) Berhad (“AIMB”), an associate of the Company. Principal activities of AIMB are marketing and trading of ladies undergarments and leisurewear. A representative of the management of the Company and a nominee sit as Board members of AIMB to ensure that risk assessment is carried out in a proper manner and controls are in place. AIMB has outsourced the internal audit function to a professional firm, which reports to the Audit Committee on a quarterly basis.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

1. Organisational Structure

The Group has in place an organisational structure with clearly defined lines of accountability and delegated authority.

2. Policies and Operating Procedures Manual

There is an Operating Procedures Manual that sets out the policies, procedures and practices covering activities including the following: -

2.1 Financial Authority Limits

The Financial Authority Limits define purchases of goods/ services and capital expenditure for each level of management within the Group.

2.2 Budgeting

Budgets are generated annually at each operating unit. The budgets will then be reviewed by the Finance, Administrative and Secretarial Committee and thereafter presented to the Board for final review and approval.

2.3 Tender Committee

Major purchases of goods and services and contract works are required to be tendered out and submitted to the Board Tender Committee at subsidiary companies’ level for review and approval.

3. Management Financial Report

Quarterly financial and performance reports are submitted to the Board which include the monitoring of results against budget, with major variances being explained and management action taken for improvement of results. This involves the inclusion of the Group Statement of Changes in Equity and Group Cash Flow Statement being presented to the Board.

4. Investment Appraisal

Investment proposals covering acquisition of property and long term investments shall be thoroughly appraised by the Board. Post implementation reviews on these investments are conducted and reported to the Board on a regular basis. Likewise, similar action is taken in respect of disposal of property/ long term investments/ subsidiaries.

5. Group Financial Management Meeting

Quarterly Group Financial Management Meetings are held to monitor the progress and performance of each business unit and copy of the minutes are circulated to the Group Chief Executive Officer for his information.

CONCLUSION

A number of minor structural weaknesses were identified during the period, all of which have been addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report.

Management of the Group has taken the necessary action to ensure minimum exceptions to be reported in this Statement.

This Statement is made in accordance with a resolution of the Board dated 29 March 2006.

Report Of Audit Committee

COMPOSITION

Chairman:	Meeting attendance in 2005
Dr. Nawawi bin Mat Awin Independent, Non-Executive	5/5
Members:	
Dato' Ir. Haji Harun bin Ahmad Saruji Non-Independent, Non-Executive	5/5
Puan Noor Asmah bt. Mohd Nawawi Independent, Non-Executive	5/5
Dato' Azian bin Osman (appointed 3 January 2005) Independent, Non-Executive	3/5

All members of the Committee have a working familiarity with basic finance and accounting practices, and it's Chairman, Dr. Nawawi bin Mat Awin is a member of The Malaysian Institute of Certified Public Accountants, a scheduled body approved by the Malaysian Institute of Accountants.

MEETINGS

The Committee meets at least four times annually, or more frequently as circumstances dictate. As part of its duty to foster open communications, the Group Chief Executive Officer, the Group Chief Financial Officer and the Head of Internal Audit of the Company's ultimate holding corporation and a representative of the external auditors (if required) will normally attend the meetings. Other Board members may attend meetings upon invitation by the Committee.

The Committee met 5 times during the financial year for the following purposes:

- To review the financial statements before the quarterly announcements to Bursa Malaysia Securities Berhad ("BMSB");
- To review the year end financial statements together with external auditors' management letter and management's response;
- To discuss with the external auditors, the audit plan and scope for the year, as well as the audit procedures to be utilized;
- To discuss with the internal auditors on its scope of work, adequacy of resources and coordination with the external auditors;
- To review the reports prepared by the internal auditors on the state of internal control of the Group.

In 2005, the Committee held meetings on the following dates: 28 February, 29 March, 24 May, 24 August, and 28 November. The attendance of the members is as shown above.

RESPONSIBILITIES AND DUTIES

Besides the duties stated under the Terms of Reference as stated below, the Audit Committee shall:

- Consider the appointment of the external auditors, the audit fees and any questions of their resignation or dismissal;
- Review the adequacy and effectiveness of risk management, internal controls and governance systems;
- Review any other activities, as authorised by the Board.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported adequately by the internal audit department from the Company's ultimate holding corporation, which would outsource any consultant or professional firm if there was a requirement to do so. The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

The internal audit activities have been carried out according to the internal audit plan, which has been approved by the Audit Committee. In 2005, a series of review of the risk management framework of the Group and the audits of the operating units including subsidiaries were carried out. The audit reports were tabled at the Audit Committee Meetings, where Audit Committee members reviewed the findings with management. Internal auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 25 to 28.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members (who are not alternate directors), comprising at least three (3) members. A majority of the Committee must be independent of senior management and executives and free from any relationship that, in the opinion of the Board, will interfere with the exercise of independent judgement as a committee member. At least one member of the Committee shall be a member of the Malaysian Institute of Accountants or he must be a member of one of the associations of accountants specified in Part II of the 1st schedule of the Accountants Act, 1967.

The term of office and performance of the committee and each of its members shall be reviewed by the Board of Directors at least once every three years.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

Vacancy, retirement and resignation

All members, including the Chairman, will hold office only as long as they serve as directors of the Company. If for any reason the membership of the Committee fails to comply with the membership requirements, the Board shall within three (3) months of the event, appoint such number of new members as may be required to fill the vacancy.

Authority

The Audit Committee is authorised by the Board to investigate any activities within its terms of reference. It can seek outside legal or other independent professional assistance if it considers necessary.

The Audit Committee shall in principle have full, free and unrestricted access to any information pertaining to the Company and its Group in carrying out their duties.

Duties

- (a) To recommend to the Board the appointment and reappointment of the external auditors, audit fee and any question of their resignation or dismissal.
- (b) To discuss with the external auditors before the audit commences, the audit plan, their evaluation of the system of internal control and the audit reports on the financial statements and the assistance given by the Company's officers to the external auditors.
- (c) To review the quarterly financial reports and annual financial statements before submission to the Board focusing particularly on:
 - Changes in or implementation of major accounting policy changes;
 - Significant and unusual events; and
 - Compliance with accounting standards and other legal requirements.
- (d) To discuss the outcome of the interim and final audit, and any matters the auditors may wish to discuss ensuring that no management restrictions are being placed on the scope of their examinations.
- (e) To review the adequacy of the scope, function and resources and the effectiveness of the internal audit function.
- (f) To review the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

Report Of Audit Committee (continued)

- (g) To review the Risk Management Framework of the Group, the significant risks identified for the Group and the findings highlighted by the internal auditors.
- (h) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (i) To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- (j) To prepare a Report of Audit Committee for the consideration of the Board at the end of each financial year, for inclusion in the Annual Report of the Company.
- (k) To report to BMSB where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of BMSB.

Meetings

The Audit Committee shall meet at least two (2) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or internal or external auditors. The Committee may convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

A meeting shall be called by notice in writing of not less than seven (7) days or such shorter notice as may be agreed by the members.

The quorum for each meeting shall be two (2) members, the majority of members present must be independent members.

Minutes

Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board. The Chairman shall report on each meeting to the Board. The minutes' book shall be opened to the inspection of any director of the Company. The secretary to the Committee shall be the Company Secretary.

Additional Compliance Information

Recurrent Related Party Transactions (“RRPTs”) of Revenue Nature

RRPTs of revenue nature conducted during the financial year are as follows:

Type of RRPT	Name of Related Party	Relationship with the Company	Actual Value Period: 1/1/05 - 31/12/05 (RM)
Rental of office premises from the Company	Perbadanan Kemajuan Negeri Perak (“PKNP”)	Ultimate Holding Corporation	2,023,550
Management services provided to the Company	PKNP	Ultimate Holding Corporation	176,000
Project services provided to the Company	PKNP	Ultimate Holding Corporation	1,424,000
Rental and disbursements payable by the Company	PKNP	Ultimate Holding Corporation	476,479
Management services provided by a subsidiary, Premium Meridian Sdn Bhd	PKNP	Ultimate Holding Corporation	81,652
Management services provided by to a subsidiary, Lumut Maritime Terminal Sdn Bhd (“LMT”)	Integrax Berhad (“ITB”)	See note 1 below	600,000
Port services provided by a subsidiary, LMT	Perak Freight Services Sdn Bhd (“PFS”)	See note 2 below	492,392
Container haulage services provided to a subsidiary, LMT	Perak Haulage Sdn Bhd (“PH”)	See note 3 below	608,820
Operation and maintenance contract provided by a subsidiary, LMT	Lekir Bulk Terminal Sdn Bhd (“LBT”)	See note 4 below	21,602,754
Tug boat services provided to a subsidiary, LMT	Radikal Rancak Sdn Bhd (“RR”)	See note 5 below	6,102,646

Relationship with the Company:

1. ITB is an associated company of Kuda Sejati Sdn Bhd (“KS”) with 19.38% equity interest as at 31 December 2005, where KS is a wholly owned subsidiary of PKNP.
2. PFS is an associated company of PKNP with 40.59% equity interest as at 31 December 2005.
3. PH is a wholly owned subsidiary of PFS.
4. LBT is a subsidiary of Pelabuhan Lumut Sdn Bhd (“PL”) which holds 80% of its equity interest, whereas the remaining equity interest of 20% is held by Tuah Utama Sdn Bhd, an unrelated company to PCB Group and its directors. PL is a wholly owned subsidiary of ITB.
5. RR is a wholly owned subsidiary of ITB.

Material Contracts

There were no material contracts other than in the ordinary course of business entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests.

Impositions of Sanctions/ Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by relevant authorities except for compounds totalling RM1,800 (2004 : NIL) under Sections 141(6) and 165(4) of the Companies Act 1965 which were imposed on certain subsidiaries by the Companies Commission of Malaysia.

Non-Audit Fees

Non-audit fees payable to the external auditors by the Group for the financial year are RM5,000 (2004: RM5,000).

Analysis Of Shareholdings as at 31 March 2006

Authorised Capital	: RM500,000,000
Issued and Fully Paid-Up Capital	: RM100,000,000
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One vote per shareholder on a show of hands One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDERS (Based on the Record of Depositors)

No. of holders	Holdings	Total shareholdings	%
98	Less than 100	4,862	**
90	100 to 1,000	57,323	0.06
2,392	1,001 to 10,000	6,829,987	6.83
249	10,001 to 100,000	5,865,475	5.87
28	100,001 to 4,999,999	15,878,603	15.88
3	5,000,000* and above	71,363,750	71.36
2,860		100,000,000	100.00

Notes :

* Denotes 5% of the issued capital

** Negligible

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

(Based on the Company's Register of Substantial Shareholders)

No.	Name of holders	No. of shares held			
		Direct	%	Deemed	%
1.	Perbadanan Kemajuan Negeri Perak	52,271,253 ^{*1}	52.27	257,500 ^{*2}	0.26
2.	Skim Amanah Saham Bumiputera	15,000,000	15.00	-	-
3.	Golden Hope Plantations Berhad	6,125,000	6.13	-	-

Notes :

*1. 51,506,250 shares held through RC Nominees (Tempatan) Sdn Bhd

*2. Deemed interest through its wholly owned subsidiaries, Sergap Berkat Sdn Bhd and Cherry Blossom Sdn Bhd

DIRECTORS' SHAREHOLDINGS

(Based on the Company's Register of Directors Shareholdings)

No.	Name of holders	No. of shares held			
		Direct	%	Deemed	%
1.	Dato' Ir. Haji Harun bin Ahmad Saruji	23,750	0.02	20,000 ^{*1}	0.02

Note :

*1. Deemed interest through his spouse

Analysis Of Shareholdings as at 31 March 2006 (continued)

THIRTY LARGEST SHAREHOLDERS
(Based on the Record of Depositors)

No.	Name	No. of shares held	%
1.	RC Nominees (Tempatan) Sdn Bhd • Perbadanan Kemajuan Negeri Perak	50,238,750	50.24
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd • Skim Amanah Saham Bumiputera	15,000,000	15.00
3.	Golden Hope Plantations Berhad	6,125,000	6.13
4.	AMMB Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd	4,916,450	4.92
5.	Universal Trustee (Malaysia) Berhad • Malaysian Assurance Alliance Bhd	2,582,800	2.58
6.	RC Nominees (Tempatan) Sdn Bhd • Perbadanan Kemajuan Negeri Perak	1,267,500	1.27
7.	Perbadanan Kemajuan Negeri Perak	765,003	0.77
8.	Universal Trustee (Malaysia) Berhad • MUI Continental Insurance Bhd	600,000	0.60
9.	Citigroup Nominees (Asing) Sdn Bhd • Citigroup GM Inc For SC Fundamental Value Fund LP	594,328	0.59
10.	Teng Li Ling	550,000	0.55
11.	Ng Lai Chiek	450,000	0.45
12.	Citigroup Nominees (Asing) Sdn Bhd • Citigroup GM Inc For SC Fundamental Value Bvi Ltd	448,272	0.45
13.	Fawziah bt Hussein Sazally	335,000	0.34
14.	Mayban Nominees (Tempatan) Sdn Bhd • Pledged Securities Account For Neoh Soon Kee	320,200	0.32
15.	AMMB Nominees (Asing) Sdn Bhd • KAF Fund Management Sdn Bhd For Marguerite Louise Lee	320,000	0.32
16.	Cheong Yoke Choy	250,000	0.25
17.	Lee Choon Hoong	250,000	0.25
18.	Sergap Berkat Sdn Bhd	247,500	0.25
19.	AMMB Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd For Yayasan Istana Abdul Aziz	240,000	0.24
20.	TA Nominees (Tempatan) Sdn Bhd • Pledged Securities Account For Chua Eng Ho Waa @ Chua Eng Wah	195,875	0.20
21.	Chan Wing Kit	183,900	0.18
22.	HLB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account For Lam Kim Chiap	172,575	0.17
23.	KBB Nominees (Tempatan) Sdn Bhd • Exempted ESOS (PRKCRP)	165,000	0.16
24.	Sisma Holdings Sdn Bhd	155,000	0.15
25.	AMMB Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd For DYMM Tuanku Bainun Mohd Ali	150,000	0.15
26.	Foo Lim Get	131,000	0.13
27.	AMMB Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd For Ahmad bin Kadis	130,000	0.13
28.	Loh Toh Heoh	125,000	0.12
29.	Malaysia Nominees (Tempatan) Sendirian Berhad • Pledged Securities Account For Lim Cheong Goh	120,000	0.12
30.	OSK Nominees (Tempatan) Sdn Berhad • Pledged Securities Account For Tan Gaik Suan	108,000	0.11
Total		87,137,153	87.14

Summary Of Properties as at 31 December 2005

Location	Approximate Land Area (acres)	Tenure	Description	Date of Acquisition Approx. Age (Buildings) Net Book Value	Existing Use
Lot 6407N (PN 67134) Bandar Ipoh, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	0.73	Leasehold (99 years) expiring year 2081	9-storey office tower	10.1.1997 25 years RM10,655,356	Rented to Perbadanan Kemajuan Negeri Perak
Part of Lot 140407, 15437, 25459, 33004, 52566, 21310, 18202 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	194.62	Freehold	Agricultural land with approval for mixed development from Pejabat Pengarah Tanah & Galian	31.12.1997 RM24,922,500	Agriculture (proposed for mixed development)
No. HSD 98757, PT 167585 Negeri Perak, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	5.00	Freehold	3-storey buildings	1.1.2002 4 years RM2,513,675	Proposed rental for office and commercial space
PT 171441 KA92916 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan (formerly Lot 138945 PN 43395).	5.49	Leasehold (99 years) expiring year 2100	Hotel	21.1.1985 19 years RM48,646,988	4-star hotel operations
Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 10 years RM318,960	Port operations
Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, warehouse & office complex building	10.4.1997 10 years RM72,769,903	Port operations

Statement Of Directors' Responsibilities In Respect of The Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Complied with the applicable MASB approved accounting standards in Malaysia.
- Adopted and consistently applied appropriate accounting policies.
- Made judgements and estimates that are prudent and reasonable.

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

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Perak Corporation Berhad (210915-U)
Incorporated in Malaysia

**DIRECTORS' REPORT AND
AUDITED FINANCIAL STATEMENTS**

31 December 2005

40 - 43	Directors' Report
44	Statement by Directors
44	Statutory Declaration
45	Report of the Auditors
46	Balance Sheets
47	Income Statements
48	Statements of Changes in Equity
49 - 51	Cash Flow Statements
52 - 107	Notes to the Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of property and investment holding, real property development and provision of management services.

The principal activities of the subsidiaries are described in Note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit after taxation	9,205,830	1,656,801
Minority interests	(5,036,740)	-
Net profit attributable to shareholders	<u>4,169,090</u>	<u>1,656,801</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividend paid by the Company since 31 December 2004 was as follows:

	RM
In respect of the financial year ended 31 December 2004:	
Ordinary final dividend of 2% less 28% taxation paid on 30 June 2005	<u>1,440,000</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2005 of 2% on 100,000,000 ordinary shares less 28% taxation amounting to a total dividend of RM1,440,000 (1.44 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2006.

DIRECTORS

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

Dato' Ir Haji Harun bin Ahmad Saruji, DPMP, AMP
 Dr. Nawawi bin Mat Awin
 Dato' Azian bin Osman, DPMP, AMP
 Noor Asmah bt. Mohd Nawawi
 Datuk Haji Faisal bin Haji Siraj, DMSM
 Razidan bin Ghazalli (appointed on 15 November 2005)
 Tuan Haji Megat Dziauddin bin Megat Mahmud (resigned on 3 October 2005)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 27 to the financial statements or the fixed salary of a full time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

The Company	Number of Ordinary Shares of RM1 Each			
	1 January 2005	Bought	Sold	31 December 2005
Dato' Ir Haji Harun bin Ahmad Saruji, DPMP, AMP				
– direct	23,750	-	-	23,750
– indirect*	20,000	-	-	20,000

* deemed interest through his spouse.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 35 to the financial statements.

AUDITORS

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

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

DATO' IR. HARUN BIN AHMAD SARUJI, DPMP, AMP

DATO' AZIAN BIN OSMAN, DPMP, AMP

Ipoh, Perak Darul Ridzuan, Malaysia

Date: 29 March 2006

Statement by Directors / Statutory Declaration

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, DATO' IR HAJI HARUN BIN AHMAD SARUJI, DPMP, AMP and DATO' AZIAN BIN OSMAN, DPMP, AMP, being two of the directors of PERAK CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 46 to 107 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

DATO' IR. HAJI HARUN BIN AHMAD SARUJI, DPMP, AMP

DATO' AZIAN BIN OSMAN, DPMP, AMP

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 29 March 2006

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, HARBHAJAN SINGH A/L UJAGAR SINGH, AMP, PPT, the officer primarily responsible for the financial management of PERAK CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 107 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed HARBHAJAN SINGH A/L
UJAGAR SINGH, AMP, PPT, at Ipoh in the
State of Perak Darul Ridzuan
on 29 March 2006

}

HARBHAJAN SINGH A/L UJAGAR SINGH, AMP, PPT

Before me,

HAJI AHMAD JALANY BIN HAJI MOHD. ALI PPT
No: A144
Commissioner for Oaths
Ipoh, Perak Darul Ridzuan,
Malaysia.

Report Of The Auditors

REPORT OF THE AUDITORS TO THE MEMBERS OF PERAK CORPORATION BERHAD - 210915-U (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 46 to 107. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial positions of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries 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 thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

LEONG CHOOI MAY
No. 1231/03/07 (J)
Partner

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 29 March 2006

Balance Sheets as at 31 December 2005

		Group		Company	
	Note	2005 RM	2004 RM	2005 RM	2004 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	89,684,089	90,588,450	10,699,058	10,854,809
Land and development expenditure	4	108,871,649	113,265,439	-	-
Investments in subsidiaries	5	-	-	6,702,511	6,702,509
Investments in associates	6	25,315,420	23,755,943	23,992,793	23,992,793
Other investments	7	4,622,500	4,622,500	4,622,500	4,622,500
Net goodwill arising on consolidation	8	23,483,669	25,557,742	-	-
Due from subsidiaries	9	-	-	221,049,191	220,567,454
Deferred tax assets	24	720,000	2,190,000	-	-
		<u>252,697,327</u>	<u>259,980,074</u>	<u>267,066,053</u>	<u>266,740,065</u>
CURRENT ASSETS					
Property development costs	4	162,307,549	149,613,010	54,968,014	41,325,935
Inventories	10	2,871,023	2,971,293	-	-
Trade receivables	11	60,374,163	92,902,381	-	-
Other receivables	12	110,060,960	106,855,505	96,422,798	92,504,737
Tax recoverable		1,949,030	684,949	365,777	172,809
Cash and bank balances	13	42,657,633	26,886,578	4,077,565	9,732,716
		<u>380,220,358</u>	<u>379,913,716</u>	<u>155,834,154</u>	<u>143,736,197</u>
CURRENT LIABILITIES					
Borrowings	14	85,678,668	88,247,699	80,609,214	80,613,489
Trade payables	17	6,341,068	14,804,390	-	-
Other payables	18	59,940,859	52,409,429	26,268,371	14,049,604
Tax payable		3,204,134	6,177,846	-	-
Provision for liabilities	19	2,570,596	4,830,772	-	-
		<u>157,735,325</u>	<u>166,470,136</u>	<u>106,877,585</u>	<u>94,663,093</u>
NET CURRENT ASSETS		<u>222,485,033</u>	<u>213,443,580</u>	<u>48,956,569</u>	<u>49,073,104</u>
		<u>475,182,360</u>	<u>473,423,654</u>	<u>316,022,622</u>	<u>315,813,169</u>
FINANCED BY:					
Share capital	20	100,000,000	100,000,000	100,000,000	100,000,000
Share premium		172,770,440	172,770,440	172,770,440	172,770,440
Retained profits	21	67,750,193	65,021,103	42,034,824	41,818,023
Shareholders' equity		<u>340,520,633</u>	<u>337,791,543</u>	<u>314,805,264</u>	<u>314,588,463</u>
Minority interests		66,660,997	66,721,858	-	-
		<u>407,181,630</u>	<u>404,513,401</u>	<u>314,805,264</u>	<u>314,588,463</u>
Due to a subsidiary	22	-	-	1,217,358	1,218,235
Borrowings	14	62,888,854	64,306,570	-	6,471
Retirement benefits	23	694,876	499,729	-	-
Deferred tax liabilities	24	4,417,000	4,103,954	-	-
Non-current liabilities		<u>68,000,730</u>	<u>68,910,253</u>	<u>1,217,358</u>	<u>1,224,706</u>
		<u>475,182,360</u>	<u>473,423,654</u>	<u>316,022,622</u>	<u>315,813,169</u>

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

Income Statements for the year ended 31 December 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	25	87,681,813	126,157,187	4,813,854	2,600,863
Cost of sales	26	(46,115,728)	(73,960,712)	-	-
Gross profit		41,566,085	52,196,475	4,813,854	2,600,863
Other operating income		2,789,753	2,528,435	1,158,038	2,092,876
Distribution costs		(242,218)	(233,313)	-	-
Administrative expenses		(16,980,362)	(18,843,163)	(961,382)	(953,617)
Other operating expenses		(7,905,229)	(10,802,016)	(2,062,991)	(1,068,808)
Profit from operations	27	19,228,029	24,846,418	2,947,519	2,671,314
Finance costs	28	(5,504,217)	(13,829,840)	(706,639)	(760,579)
Share of results of associates		2,320,547	1,132,523	-	-
Profit before taxation		16,044,359	12,149,101	2,240,880	1,910,735
Taxation	29	(6,838,529)	(8,232,610)	(584,079)	(786,451)
Profit after taxation		9,205,830	3,916,491	1,656,801	1,124,284
Minority interests		(5,036,740)	(1,848,278)	-	-
Net profit attributable to shareholders		4,169,090	2,068,213	1,656,801	1,124,284
Earnings per share (sen)					
Basic	30	4.17	2.07		
Net dividends per share (sen)	31	1.44	1.44	1.44	1.44

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

Statements Of Changes In Equity for the year ended 31 December 2005

Group	Note	Share capital RM	Non distributable Share premium RM	Distributable Retained profits RM	Total RM
At 1 January 2004		100,000,000	172,770,440	64,392,890	337,163,330
Net profit for the year		-	-	2,068,213	2,068,213
Dividends	31	-	-	(1,440,000)	(1,440,000)
At 31 December 2004		100,000,000	172,770,440	65,021,103	337,791,543
Net profit for the year		-	-	4,169,090	4,169,090
Dividends	31	-	-	(1,440,000)	(1,440,000)
At 31 December 2005		100,000,000	172,770,440	67,750,193	340,520,633
Company					
At 1 January 2004		100,000,000	172,770,440	42,133,739	314,904,179
Net profit for the year		-	-	1,124,284	1,124,284
Dividends	31	-	-	(1,440,000)	(1,440,000)
At 31 December 2004		100,000,000	172,770,440	41,818,023	314,588,463
Net profit for the year		-	-	1,656,801	1,656,801
Dividends	31	-	-	(1,440,000)	(1,440,000)
At 31 December 2005		100,000,000	172,770,440	42,034,824	314,805,264

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

Cash Flow Statements for the year ended 31 December 2005

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	16,044,359	12,149,101	2,240,880	1,910,735
Adjustments for:				
Allowance for doubtful debts	27,519	335,466	-	-
Allowance for doubtful debts written back	-	-	-	(334,182)
Amortisation of				
- goodwill arising on consolidation	2,164,637	2,164,637	-	-
- reserve arising on consolidation	(71,885)	(71,885)	-	-
Depreciation	3,570,971	4,160,786	172,176	174,209
Development expenditure written off	-	1,700,886	-	-
Dividend income	(463,803)	(445,313)	(2,658,304)	(445,313)
Interest expenses	7,223,751	2,900,657	1,692,630	1,146,126
Interest income	(1,486,086)	(2,368,218)	(1,122,998)	(2,061,147)
Project expenditure written back	-	(334,182)	-	-
Property, plant and equipment written off	26,214	-	-	-
Provision for liquidated damages (net)	362,713	2,581,929	-	-
Provision for retirement benefits	275,266	150,502	-	-
Redeemable preference shares dividends	-	12,041,536	-	-
Share of results of associates	(2,320,547)	(1,132,523)	-	-
Operating profit before working capital changes	25,353,109	33,833,379	324,384	390,428
Working capital changes:				
Property development costs	(24,614,768)	(8,017,546)	(13,576,708)	(9,076,721)
Inventories	100,270	(2,493,779)	-	-
Payables	(487,796)	10,886,019	12,217,891	1,804,374
Receivables	38,224,814	(239,174)	(2,247,798)	15,949,775
Cash generated from/(used in) operations	38,575,629	33,968,899	(3,282,231)	9,067,856
Liquidated damages paid	(2,622,889)	(2,361,378)	-	-
Retirement benefits paid	(77,406)	(36,829)	-	-
Taxes paid	(8,532,822)	(10,224,800)	(777,039)	(743,767)
Net cash generated from/(used in) operating activities	27,342,512	21,345,892	(4,059,270)	8,324,089

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary net of cash acquired	81	-	(2)	-
Dividends received	333,938	320,626	333,938	320,626
Interest received	1,486,086	2,368,218	243,993	354,541
Proceeds from disposal of property, plant and equipment	477	-	-	-
Purchase of port facilities	(394,952)	(395,689)	-	-
Purchase of property, plant and equipment	(1,274,425)	(1,118,108)	(16,425)	(8,150)
Net cash generated from investing activities	151,205	1,175,047	561,504	667,017
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(1,440,000)	(1,440,000)	(1,440,000)	(1,440,000)
Drawdown of term loan	-	1,455,147	-	-
Interest paid	(5,963,915)	(1,537,524)	(706,639)	(760,579)
Net decrease in short term borrowings	-	(7,900,000)	-	(7,900,000)
Placement of bank balances pledged	(2,129,722)	(3,251,011)	-	-
Placement of deposits pledged	(411,471)	(1,414,925)	-	-
Proceeds from issuance of BalDS	-	60,000,000	-	-
Redemption of redeemable preference shares	-	(85,431,536)	-	-
Repayment of - hire purchase and lease financing	(308,368)	(152,553)	(10,746)	(9,000)
- term loan	(1,455,147)	(2,000,000)	-	-
Withdrawal from sinking fund	-	1,713,527	-	-
Net cash used in financing activities	(11,708,623)	(39,958,875)	(2,157,385)	(10,109,579)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,785,094	(17,437,936)	(5,655,151)	(1,118,473)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	14,161,041	31,598,977	9,732,716	10,851,189
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	29,946,135	14,161,041	4,077,565	9,732,716

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cash and cash equivalents comprise:				
Cash and bank balances	11,152,513	5,071,069	77,565	32,716
Deposits with licensed banks	31,505,120	21,815,509	4,000,000	9,700,000
Bank overdrafts	(4,886,765)	(7,441,997)	-	-
	<u>37,770,868</u>	<u>19,444,581</u>	<u>4,077,565</u>	<u>9,732,716</u>
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(2,444,000)	(2,032,529)	-	-
Bank balances pledged	(5,380,733)	(3,251,011)	-	-
	<u>29,946,135</u>	<u>14,161,041</u>	<u>4,077,565</u>	<u>9,732,716</u>

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

Notes To The Financial Statements 31 December 2005

1. CORPORATE INFORMATION

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are described in Note 5. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Room 305, 3rd Floor, Asia Life Building, 45, Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan. The principal place of business is located at 2nd Floor, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan.

The immediate and ultimate holding corporation of the Company is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3 of 1967.

The number of employees in the Group and in the Company at the end of the financial year were 434 (2004 : 436) and 8 (2004 : 8) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the financial results and financial position of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the balance sheet as goodwill or reserve arising on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill or reserve which were not previously recognised in the consolidated income statement.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquirees' equity since then.

(ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the management financial statements of the associates. Under the equity method of accounting, the Group's share of post-acquisition profits less losses of the associates during the year is included in the consolidated income statement. The Group's interest in the associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill/Reserve Arising on Consolidation

Goodwill/reserve arising on consolidation represents the difference between the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries or associates at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

Goodwill/reserve arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill/reserve arising on the acquisition of the associates is included within the carrying amount of investments in the associates.

Goodwill/reserve arising on consolidation is amortised or credited to the income statement on a straight-line basis over a period of not more than 20 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investments in Subsidiaries and Associates

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

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

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

Freehold land is not depreciated. Long term leasehold land are depreciated over the period of the respective leases which range from 51 to 99 years.

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

Buildings	2% - 5%
Plant and machinery	10% - 20%
Other assets	
Equipment, furniture and fittings	5% - 25%
Motor vehicles	10% - 25%
Refurbishment and renovations	10 years

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

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

(i) Land held for property development

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Land Held for Property Development and Property Development Costs (Cont'd)

(ii) Development of port facilities

Land is stated at the lower of cost and net realisable value. Development expenditure comprises cost of land and all direct expenses relating to the development of port facilities.

The principal annual rates of depreciation are:

Leasehold portland	over 99 years
Port structure	over 50 years
Port equipment	over 10 - 20 years

All expenditure incurred, associated with development of port facilities inclusive of interest cost, are capitalised in accordance with Note 2(o)(iv) and amortised over the estimated useful life.

Amortisation of the port structure is based on the revenue method where the cost is amortised based on the total actual revenue in the year over total expected revenue to be generated from the port operations during the period of its estimated useful life.

(iii) Development of tourism projects

Development expenditure represents tourism projects related expenditure undertaken by a subsidiary and is stated at cost. Ultimate recovery of such expenditure is dependent on the successful implementation of the projects. Should the directors consider the implementation to be no longer successful, the accumulated expenditure applicable will be charged to income statement.

(iv) Property development costs

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Land Held for Property Development and Property Development Costs (Cont'd)

(iv) Property development costs (Cont'd)

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

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

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

(g) Inventories

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

Cost is determined on the weighted average basis except that in certain subsidiaries, it is determined on a first-in, first out basis. Cost of raw materials, sundry supplies and food and beverage comprise the purchase price and cost of bringing the inventories to location. The impact of adopting different accounting policies as stated above does not have a material impact on the Group's results.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution, where relevant.

(h) Income Tax

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Income Tax (Cont'd)

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

(i) Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements. The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. The finance expenses are charged to the income statement over the period of the respective agreements.

A hire purchase gives rise to depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for hire purchase assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(j) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits with licensed financial institutions, but do not include deposits with licensed financial institutions which have been pledged for guarantee and other bank facilities granted to the Group and the Company as collaterals, and net of outstanding bank overdrafts.

(k) Provisions for Liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, the Group make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

A subsidiary operates an unfunded defined benefit scheme ("The Scheme") under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia. The Group's obligation under the scheme, calculated using Projected Benefit Valuation Method, is determined by an actuarial valuation carried out every three years by a qualified actuary, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated.

That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the net cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straightline basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

The last valuation of the Scheme was carried out in December 2005.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue Recognition

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

(i) Dividend income

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

(ii) Development properties

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

Profit from the joint development project of a subsidiary is recognised based on guaranteed amount received during the year.

(iii) Hotel related operations

Revenue from hotel related operations comprising rental of hotel rooms, sale of food and beverage and other related income are recognised when the services are provided.

(iv) Management fees

Management fees in respect of the management services provided by the Company are recognised when the services are provided.

(v) Mobilisation fees

Mobilisation fees are recognised on receivable basis.

(vi) Port services

Revenue from port services and provision of container services are measured at the fair value of the consideration receivable and are recognised in the income statement on rendered basis.

Revenue from Lekir Bulk Terminal Operation & Maintenance Agreement ("LBT O&M") is recognised in the income statement on an accrual basis.

(vii) Proceeds from bus fare collection and provision of charter services

Proceeds received from bus fare collections and provision of charter services are recognised when services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue Recognition (Cont'd)

(viii) Rental income

Rental income is recognised over the term of the tenancy.

(ix) Sale of goods

Revenue relating to sale of goods is recognised net of discounts and rebates when transfer of risks and rewards have been completed.

(x) Sale of land

Revenue relating to sale of port development land is recognised on a percentage of completion basis.

Revenue relating to sale of vacant land represents the proportionate sales value of land sold attributable to the percentage of sales value received during the financial year. With regard to the sale of land where the subsidiary has transferred the risks and rewards of ownership upon finalisation of the sales and purchase agreements, revenue is recognised in full.

(xi) Sale of completed properties

Sale of completed properties is recognised when transfer of risks and rewards have been completed.

(n) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, financial assets and deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(o) Financial Instruments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial Instruments (Cont'd)

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less allowance for any permanent diminution in value. Such allowance is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

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

(ii) Receivables

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

(iii) Payables

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

(iv) Interest-Bearing Borrowings

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

Borrowings are reported at their face values. Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until:

- (i) port construction is completed and ready for use; or
- (ii) properties under development are brought to their saleable position.

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

(v) Equity Instruments

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

Preference shares are classified as equity when the shares are non-redeemable and dividends are discretionary at the option of the issuer. Preference shares are classified as liability if the shares are redeemable on a specific date or at the option of the shareholders and dividends thereon are recognised in the income statement as interest expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial Instruments (Cont'd)

(vi) Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

The BaIDS are bonds issued in accordance with the Islamic finance concept of Bai Bithaman Ajil and accordingly excluded from the disclosure and presentation requirements of FRS 132 - Financial Instruments : Disclosure and Presentation. In accordance with such concept, the subsidiary sold certain assets to a trustee, and will repurchase them back at a pre-agreed price inclusive of profit margin. The payment of the purchase price is deferred in accordance with the maturities of the BaIDS, whilst the profit element is paid half yearly.

BaIDS are initially recognised at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the BaIDS in each period are recognised in the income statement as finance cost, at a constant rate to the maturity of each series respectively.

(p) Segmental Information

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

(q) Intersegment Transfers

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM	Plant and machinery RM	Other assets** RM	Total RM
At Cost				
At 1 January 2005	100,556,155	2,552,778	9,997,619	113,106,552
Additions	-	127,412	1,147,013	1,274,425
Disposals	-	(1,590)	(2,021)	(3,611)
Adjustments	-	-	259,658	259,658
At 31 December 2005	100,556,155	2,678,600	11,402,269	114,637,024
Accumulated Depreciation				
At 1 January 2005	12,520,984	2,080,119	7,916,999	22,518,102
Charge for the year	1,296,654	165,026	836,045	2,297,725
Disposals	-	(1,113)	(2,021)	(3,134)
Adjustments	-	-	140,242	140,242
At 31 December 2005	13,817,638	2,244,032	8,891,265	24,952,935
Net Book Value				
At 31 December 2005	86,738,517	434,568	2,511,004	89,684,089
At 31 December 2004	88,035,171	472,659	2,080,620	90,588,450
Depreciation charge for 2004	1,296,653	60,844	793,016	2,150,513

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

*Land and buildings

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Total RM
At Cost				
At 1 January/31 December 2005	24,922,500	27,276,741	48,356,914	100,556,155
Accumulated Depreciation				
At 1 January 2005	-	2,932,083	9,588,901	12,520,984
Charge for the year	-	329,516	967,138	1,296,654
At 31 December 2005	-	3,261,599	10,556,039	13,817,638
Net Book Value				
At 31 December 2005	24,922,500	24,015,142	37,800,875	86,738,517
At 31 December 2004	24,922,500	24,344,658	38,768,013	88,035,171
Depreciation charge for 2004	-	329,515	967,138	1,296,653

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

****Other assets**

Group	Equipment, furniture and fittings RM	Motor vehicles RM	Refurbishment and renovation RM	Total RM
At Cost				
At 1 January 2005	7,817,135	1,748,699	431,785	9,997,619
Additions	1,145,463	-	1,550	1,147,013
Disposals	-	-	(2,021)	(2,021)
Adjustments	259,658	-	-	259,658
At 31 December 2005	9,222,256	1,748,699	431,314	11,402,269
Accumulated Depreciation				
At 1 January 2005	6,198,221	1,488,739	230,039	7,916,999
Charge for the year	672,204	159,010	4,831	836,045
Disposals	-	-	(2,021)	(2,021)
Adjustments	140,242	-	-	140,242
At 31 December 2005	7,010,667	1,647,749	232,849	8,891,265
Net Book Value				
At 31 December 2005	2,211,589	100,950	198,465	2,511,004
At 31 December 2004	1,618,914	259,960	201,746	2,080,620
Depreciation charge for 2004	514,185	228,579	50,252	793,016

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

Company	Long term leasehold land and building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
At Cost				
At 1 January 2005	11,934,000	64,891	231,841	12,230,732
Additions	-	16,425	-	16,425
At 31 December 2005	11,934,000	81,316	231,841	12,247,157
Accumulated Depreciation				
At 1 January 2005	1,136,574	49,793	189,556	1,375,923
Charge for the year	142,072	4,936	25,168	172,176
At 31 December 2005	1,278,646	54,729	214,724	1,548,099
Net Book Value				
At 31 December 2005	10,655,354	26,587	17,117	10,699,058
At 31 December 2004	10,797,426	15,098	42,285	10,854,809
Depreciation charge for 2004	142,071	6,970	25,168	174,209

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other assets:				
Motor vehicles	91,793	157,459	17,117	13,083

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

- (b) During the year, the property, plant and equipment of the Group and of the Company were acquired by means of:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cash payments	1,274,425	1,118,108	16,425	8,150

- (c) Included in the property, plant and equipment of the Group and of the Company are the following costs of fully depreciated assets which are still in use:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Plant and machinery	1,650,442	1,386,617	-	-
Other assets:				
Equipment, furniture and fittings	4,884,375	4,571,224	41,088	34,078
Motor vehicles	844,230	720,029	106,000	106,000
	<u>7,379,047</u>	<u>6,677,870</u>	<u>147,088</u>	<u>140,078</u>

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At 1 January:				
Freehold land	37,116,286	46,301,140	-	9,184,854
Port facilities *	76,149,153	77,773,737	-	-
	<u>113,265,439</u>	<u>124,074,877</u>	<u>-</u>	<u>9,184,854</u>
Cost incurred during the year:				
Port facilities *	700,738	385,689	-	-
Costs recognised as an expense in income statement:				
Administrative expenses	(1,273,246)	(2,010,273)	-	-
Transfer:				
To property development cost	(3,821,282)	(9,184,854)	-	(9,184,854)
At 31 December:				
Freehold land	33,295,004	37,116,286	-	-
Port facilities *	75,576,645	76,149,153	-	-
	<u>108,871,649</u>	<u>113,265,439</u>	<u>-</u>	<u>-</u>

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(a) Land Held for Property Development (Cont'd)

*The development of port facilities comprises the following:

Group	Long term leasehold portland RM	Port structure RM	Port equipment RM	Total RM
Cost				
At 1 January 2005	14,652,768	64,412,180	8,406,983	87,471,931
Additions	121,407	8,243	597,302	726,952
Written off	(20,565)	(5,649)	-	(26,214)
At 31 December 2005	14,753,610	64,414,774	9,004,285	88,172,669
Accumulated Depreciation				
At 1 January 2005	1,253,407	3,887,032	6,182,339	11,322,778
Charge for the year	149,082	790,000	334,164	1,273,246
At 31 December 2005	1,402,489	4,677,032	6,516,503	12,596,024
Net Book Value				
At 31 December 2005	13,351,121	59,737,742	2,487,782	75,576,645
At 31 December 2004	13,399,361	60,525,148	2,224,644	76,149,153
Depreciation charge for 2004	146,935	1,010,000	853,338	2,010,273

(a) In accordance with financing procedure under Bai Bithaman Ajil, a subsidiary has agreed to enter into an asset purchase agreement dated 22 November 2004 with a bank to sell the port structure at RM60,000,000. Subsequent to the execution of this agreement, the said subsidiary entered into an asset sale agreement dated 22 November 2004 with the bank to repurchase the port structure at RM99,937,500 [Note 16].

(b) Included in port facilities of the Group are motor vehicles held under hire purchase arrangements at net book value of RM802,574 (2004 : RM568,237).

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development (Cont'd)

(c) During the year, the port facilities of the Group were acquired by means of:

	Group	
	2005	2004
	RM	RM
Cash payments	394,952	395,689
Hire purchase	332,000	-
	<u>726,952</u>	<u>395,689</u>

(b) Property Development Costs

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Property development costs at 1 January:				
Freehold land	73,402,892	47,122,823	25,510,242	23,064,360
Leasehold land	19,103,774	51,424,763	-	-
Development costs	206,728,041	160,316,635	15,815,693	-
	<u>299,234,707</u>	<u>258,864,221</u>	<u>41,325,935</u>	<u>23,064,360</u>
Cost incurred during the year:				
Freehold land	3,953,212	3,215,709	3,953,212	2,445,882
Development costs	28,669,619	39,665,295	9,688,867	6,630,839
	<u>32,622,831</u>	<u>42,881,004</u>	<u>13,642,079</u>	<u>9,076,721</u>
Reversal of costs arising from completed phases				
Freehold land	(1,478,202)	-	-	-
Development costs	(31,930,170)	-	-	-
	<u>(33,408,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property Development Costs (Cont'd)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Costs recognised as an expense in income statement:				
At 1 January	(149,621,697)	(109,355,396)	-	-
Cost of sales (Note 26)	(23,627,512)	(50,260,787)	-	-
Development expenditure written off	-	(1,700,886)	-	-
Reversal of costs of completed phases	33,408,372	-	-	-
At 31 December	(139,840,837)	(161,317,069)	-	-
Transfers:				
From land held for property development	3,821,282	9,184,854	-	9,184,854
To inventories	(122,062)	-	-	-
	3,699,220	9,184,854	-	9,184,854
Property development costs at 31 December	162,307,549	149,613,010	54,968,014	41,325,935
Included in property development costs are the following expenses incurred during the financial year:				
Interest on overdraft (Note 28)	477,164	116,754	-	-

Titles of certain land costing RM13,006,944 (2004 : RM13,006,944) have yet to be issued to certain subsidiaries.

Included in freehold land of the Group is land amounting to RM2,556,944 (2004 : RM2,556,944) being pledged to a bank for banking facilities granted to a subsidiary as referred to in Note 14.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2005 RM	2004 RM
Unquoted shares, at cost		
Ordinary shares	1,602,511	1,602,509
Preference shares	5,100,000	5,100,000
	6,702,511	6,702,509

(a) Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2005	2004	
Magni D'Corp Sdn. Bhd.	Malaysia	100	100	Property investment
PCB Development Sdn. Bhd.	Malaysia	100	100	Investment holding and real property development
Premium Meridian Sdn. Bhd.	Malaysia	100	100	Property development and project management
Taipan Merit Sdn. Bhd.	Malaysia	100	100	Investment holding
Trans Bid Sdn. Bhd.	Malaysia	51	51	Distribution, operation and management of water supply services
Amsit Corporation Sdn. Bhd.* [Note 35(b)]	Malaysia	100	-	Investment holding, construction and development
Held by PCB Development Sdn. Bhd.				
PCB Trading & Manufacturing Sdn. Bhd.	Malaysia	100	100	Trading and manufacture of building materials
PCB Transportation Travel & Tours Sdn. Bhd.	Malaysia	100	100	Provision of transport and travel services

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2005	2004	
Held by Taipan Merit Sdn. Bhd.				
Lumut Maritime Terminal Sdn. Bhd.*	Malaysia	50 plus 1 share	50 plus 1 share	Development of an integrated privatised project encompassing ownership and operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities
Cash Hotel Sdn. Bhd.	Malaysia	61.16	61.16	Hotelier, restaurateur and property developer
Held by Lumut Maritime Terminal Sdn. Bhd.				
LMT Capital Sdn. Bhd.*	Malaysia	100	100	Issuance and redemption of Redeemable Preference Shares. The Redeemable Preference Shares were fully redeemed during the previous financial year. The company is currently dormant.
Held by Cash Hotel Sdn. Bhd.				
Silveritage Corporation Sdn. Bhd.	Malaysia	100	100	Development of tourism projects
Held by Silveritage Corporation Sdn. Bhd.				
Cash Complex Sdn. Bhd.	Malaysia	50.48	50.48	Investment holding

*Audited by firms of auditors other than Ernst & Young

The directors are of the opinion that the fair values of the subsidiaries are not less than their carrying values as at 31 December 2005. The Company and its ultimate holding corporation will continue to assist in the development of the projects undertaken by the respective subsidiaries as and when required.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiary

On 28 January 2005, the Company acquired 100% equity interest in Amsit Corporation Sdn. Bhd. ("Amsit"), a company incorporated in Malaysia, comprising 2 ordinary shares of RM1 each for a cash consideration of RM2. The principal activities of Amsit are investment holding, construction and development. Subsequently, the Company subscribed for an additional 3 ordinary shares of RM1 each. Upon subscription, Amsit remained as a wholly-owned subsidiary of the Company.

The effects of the above acquisition on the Group's financial results and financial position were not disclosed separately as the amount was considered immaterial.

6. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At cost:				
Quoted shares in Malaysia	20,000,000	20,000,000	20,000,000	20,000,000
Unquoted shares in Malaysia	3,992,793	3,992,793	3,992,793	3,992,793
	<u>23,992,793</u>	<u>23,992,793</u>	<u>23,992,793</u>	<u>23,992,793</u>
Share of post acquisition profits/(losses)	1,322,627	(236,850)	-	-
	<u>25,315,420</u>	<u>23,755,943</u>	<u>23,992,793</u>	<u>23,992,793</u>
Represented by:				
Share of net tangible assets	<u>25,315,420</u>	<u>23,755,943</u>		
Market value of quoted shares	<u>11,900,000</u>	<u>16,333,334</u>	<u>11,900,000</u>	<u>16,333,334</u>

Details of the associates are as follows:

Name of Company	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2005	2004	
Audrey International (M) Bhd.	Malaysia	22.06	22.06	Investment holding and provision of management services
Konsortium LPB Sdn. Bhd.	Malaysia	20	20	To construct, operate and manage the operation of the privatised project West Coast Highway for a 30-year concession period

6. INVESTMENTS IN ASSOCIATES (CONT'D)

The directors are of the opinion that the investment in an associate whose shares are quoted shall be held for long term with no intention of disposal below cost and the market value is not reflective of the associate's net tangible assets.

7. OTHER INVESTMENTS

	Group and Company	
	2005	2004
	RM	RM
At cost:		
Unquoted shares in Malaysia	25,000	25,000
Less: Allowance for diminution in value of investment	(25,000)	(25,000)
	-	-
Quoted shares in Malaysia	4,622,500	4,622,500
	4,622,500	4,622,500
Market value of quoted shares	3,568,570	2,976,890

The directors are of the opinion that the investment in quoted shares shall be held for long term with no intention of disposal below cost. Allowance for diminution shall only be provided for any permanent diminution in value.

8. NET GOODWILL ARISING ON CONSOLIDATION

	Group	
	2005	2004
	RM	RM
At Cost		
At 1 January		
Goodwill arising on consolidation	42,891,029	42,891,029
Reserve arising on consolidation	(1,167,059)	(1,167,059)
	41,723,970	41,723,970
Arising from acquisition of a subsidiary	18,679	-
	41,742,649	41,723,970

8. NET GOODWILL ARISING ON CONSOLIDATION (CONT'D)

	Group	
	2005	2004
	RM	RM
Amortisation		
At 1 January		
Cumulative amortisation of goodwill	16,601,763	14,437,126
Cumulative recognition of reserve	(435,535)	(363,650)
	<hr/>	<hr/>
Amortisation charge for the year	16,166,228	14,073,476
Recognition of reserve	2,164,637	2,164,637
	(71,885)	(71,885)
	<hr/>	<hr/>
At 31 December	18,258,980	16,166,228
	<hr/>	<hr/>
Net book value	23,483,669	25,557,742
	<hr/>	<hr/>

9. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and not repayable or due within the next twelve months except for an amount due from a subsidiary in prior year totalling RM3,475,000 which bore an interest rate of 7.2% per annum.

10. INVENTORIES

	Group	
	2005	2004
	RM	RM
At cost:		
Completed properties	122,062	-
Food and beverage	143,194	126,262
Sundry supplies	79,570	82,679
Tools and spares	2,526,197	2,762,352
	<hr/>	<hr/>
	2,871,023	2,971,293
	<hr/>	<hr/>

The cost of inventories of the Group recognised as an expense during the financial year amounted to RM2,314,574 (2004 : RM2,511,890).

11. TRADE RECEIVABLES

	Group	
	2005 RM	2004 RM
Trade receivables	33,105,705	92,961,240
Less: Allowance for doubtful debts	(88,638)	(58,859)
	<hr/>	<hr/>
	33,017,067	92,902,381
Accrued billings in respect of property development costs	27,357,096	-
	<hr/>	<hr/>
	60,374,163	92,902,381
	<hr/>	<hr/>
Included in trade receivables are:		
Due from ultimate holding corporation	-	727,500
Due from fellow subsidiaries	- 18,984,990	
Due from companies in which certain directors of certain subsidiaries have or deemed to have substantial interests	3,110,903	3,395,655
Due from a former corporate shareholder of a subsidiary	10	-
Due from a related party	6,412,520	7,023,188
	<hr/>	<hr/>

The amounts are unsecured, interest free and have no fixed terms of repayment.

Included in trade receivables of a subsidiary are amounts of RM6,350,454 (2004 : RM9,866,327) payable by means of contra for works performed as negotiated by the subsidiary.

The Group's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

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

12. OTHER RECEIVABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Due from ultimate holding corporation				
- non-trade	880,902	1,022,303	118,630	-
Due from subsidiaries - non-trade	-	-	38,339	536,388
Due from fellow subsidiaries				
- non-trade	92,862,661	90,352,902	92,862,661	90,352,902
Deposits	125,121	124,822	-	-
Dividend receivable	-	-	2,194,501	-
Prepayments	198,075	248,126	6,776	6,776
Stakeholder's placement	1,000,000	-	-	-
Sundry receivables	14,994,201	15,583,368	1,201,891	1,608,671
	<u>110,060,960</u>	<u>107,331,521</u>	<u>96,422,798</u>	<u>92,504,737</u>
Less: Allowance for doubtful debts	-	(476,016)	-	-
	<u>110,060,960</u>	<u>106,855,505</u>	<u>96,422,798</u>	<u>92,504,737</u>

The amounts due from ultimate holding corporation of the Group and of the Company are unsecured, interest free and have no fixed terms of repayment.

The amounts due from subsidiaries of the Company are unsecured, interest free and have no fixed terms of repayment.

Included in the amounts due from fellow subsidiaries of the Group and of the Company are advances together with accrued interest amounting to RM90,337,446 (2004 : RM90,060,981) which are unsecured, bear interest rates of between 7.15% to 7.20% (2004 : 7.15% to 7.20%) per annum, and have no fixed term of repayment. The amounts due from fellow subsidiaries of the Group and of the Company have been long outstanding. Based on the information available at the date of the financial statements, the directors are of the opinion that these amounts are fully recoverable after making necessary assessment.

The stakeholder's placement which is refundable in full, was paid to secure the purchase of an investment in quoted shares which is pending the finalisation of share sale agreement.

Included in sundry receivables of the Group is an amount of RM7,296,505 (2004 : RM8,591,123) representing the balance of amount receivable from Lekir Bulk Terminal Sdn. Bhd. ("LBT") by a subsidiary for the expenses and sole purposes of procuring parts/tools and equipment as stipulated under Clause 6.7 of the Operations and Maintenance Agreement dated 30 June 2000 between the subsidiary and LBT.

Included in sundry receivables of the Group is an amount owing from Tabung Usahawan Bumiputera of RM4,038,522 (2004: RM2,138,522). The amount is unsecured, interest free and has no fixed terms of repayment.

12. OTHER RECEIVABLES (CONT'D)

The Group has no other significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

13. CASH AND BANK BALANCES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cash in hand and at bank	11,152,513	5,071,069	77,565	32,716
Deposits with licensed banks	31,505,120	21,815,509	4,000,000	9,700,000
	<u>42,657,633</u>	<u>26,886,578</u>	<u>4,077,565</u>	<u>9,732,716</u>

Included in the deposits with licensed banks of the Group are amounts of RM2,444,000 (2004 : RM2,032,529) pledged for guarantees and other bank facilities granted to certain subsidiaries as referred to in Note 14.

The average interest rates of the deposits with licensed banks during the financial year range between 2.20% to 3.30% (2004 : 2.00% to 3.70%) per annum and the maturities of the deposits as at 31 December 2005 were between 1 day to 365 days (2004 : 1 day to 365 days).

Cash deposited in the designated disbursement account of a subsidiary amounting to RM5,380,733 (2004 : RM3,251,011) are not available for use by the Group as these amounts are reserved for the redemption of Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") as disclosed in Note 16.

14. BORROWINGS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	4,886,765	7,441,997	-	-
Hire purchase payables (Note 15)	189,139	202,938	6,450	10,725
	<u>5,075,904</u>	<u>7,644,935</u>	<u>6,450</u>	<u>10,725</u>
Unsecured:				
Revolving credits	80,602,764	80,602,764	80,602,764	80,602,764
	<u>85,678,668</u>	<u>88,247,699</u>	<u>80,609,214</u>	<u>80,613,489</u>

14. BORROWINGS (CONT'D)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Long Term Borrowings				
Secured:				
Term loan	2,585,008	4,040,155	-	-
Hire purchase payables (Note 15)	303,846	266,415	-	6,471
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (Note 16)	60,000,000	60,000,000	-	-
	<u>62,888,854</u>	<u>64,306,570</u>	<u>-</u>	<u>6,471</u>
Total Borrowings				
Bank overdrafts	4,886,765	7,441,997	-	-
Revolving credits	80,602,764	80,602,764	80,602,764	80,602,764
Term loan*	2,585,008	4,040,155	-	-
	<u>88,074,537</u>	<u>92,084,916</u>	<u>80,602,764</u>	<u>80,602,764</u>
Hire purchase payables (Note 15)	492,985	469,353	6,450	17,196
BaIDS (Note 16)	60,000,000	60,000,000	-	-
	<u>148,567,522</u>	<u>152,554,269</u>	<u>80,609,214</u>	<u>80,619,960</u>
Maturity of borrowings (excluding hire purchase and BaIDS):				
Within one year	85,489,529	88,044,761	80,602,764	80,602,764
Between one and two years	2,585,008	2,585,008	-	-
Between two and five years	-	1,455,147	-	-
	<u>88,074,537</u>	<u>92,084,916</u>	<u>80,602,764</u>	<u>80,602,764</u>

* The term loan of the Group is expected to be repaid over two to five years by way of redemption proceeds from disposal of development properties of a subsidiary.

14. BORROWINGS (CONT'D)

The applicable interest rates during the financial year for borrowings, excluding hire purchase and BaDS, were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Bank overdrafts	7.75 - 8.40	7.75 - 8.40	-	-
Revolving credits	6.04 - 7.30	5.20 - 5.65	6.04 - 7.30	5.20 - 5.65
Term loan	6.40 - 8.40	6.40 - 8.40	-	-

The bank overdrafts and the term loan of the Group are secured and supported by the following;

- freehold land of a subsidiary as referred to in Note 4;
- deposits with licensed banks of a certain subsidiary as referred to in Note 13; and
- corporate guarantees from the Company.

15. HIRE PURCHASE PAYABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Minimum hire purchase payments:				
Not later than 1 year	229,489	253,339	6,634	10,997
Later than 1 year and not later than 2 years	361,387	319,883	-	6,655
	<hr/>	<hr/>	<hr/>	<hr/>
	590,876	573,222	6,634	17,652
Less: Finance charges	(97,891)	(103,869)	(184)	(456)
	<hr/>	<hr/>	<hr/>	<hr/>
	492,985	469,353	6,450	17,196
	<hr/>	<hr/>	<hr/>	<hr/>
Representing hire purchase payables:				
Due within 12 months (Note 14)	189,139	202,938	6,450	10,725
Due after 12 months (Note 14)	303,846	266,415	-	6,471
	<hr/>	<hr/>	<hr/>	<hr/>
	492,985	469,353	6,450	17,196
	<hr/>	<hr/>	<hr/>	<hr/>

The hire purchase payables of the Group and of the Company bear interest at the balance sheet date of between 3.75% to 6.75% (2004 : 3.75% to 6.75%) per annum.

16. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BaIDS")

	Group	
	2005 RM	2004 RM
Primary bonds (Note 14)	60,000,000	60,000,000
Secondary bonds	35,437,500	39,937,500
	<u>95,437,500</u>	<u>99,937,500</u>
Less: Secondary bonds	(35,437,500)	(39,937,500)
	<u>60,000,000</u>	<u>60,000,000</u>

	2005		2004	
	Primary Bonds RM	Secondary Bonds RM	Primary Bonds RM	Secondary Bonds RM
Maturity of BaIDS:				
Not later than 1 year	-	4,500,000	-	4,500,000
Later than 1 year and not later than 5 years	10,000,000	19,875,000	10,000,000	17,250,000
Later than 5 years	50,000,000	11,062,500	50,000,000	18,187,500
	<u>60,000,000</u>	<u>35,437,500</u>	<u>60,000,000</u>	<u>39,937,500</u>

Pursuant to the financing procedure under the Syariah principle of Bai Bithaman Ajil, a subsidiary has entered into an asset sale and re-purchase agreement on 22 November 2004 under which a bank has agreed to grant the subsidiary BaIDS facility with an aggregate face value of RM60 million. The BaIDS are constituted by a Trust Deed dated 22 November 2004 between the subsidiary and the Trustee for the holders of the BaIDS.

The BaIDS are of negotiable value, non-interest bearing secured Primary Bonds together with non-detachable Secondary Bonds. The Primary Bonds were issued in 10 series, with maturities between 2007 to 2017.

Each series of BaIDS comprise Primary BaIDS with a face value of between RM5 million and RM10 million each, to which shall be attached an appropriate number of Secondary Bonds, the face value of which represents the semi-annual profit of the bonds. The Secondary Bonds are redeemable every 6 months commencing from the issue date and the last of which shall be payable on the maturity date. The face value of the Secondary Bonds are computed based on the profit rates of 7.5% per annum.

16. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES (“BaIDS”) (CONT’D)

The BaIDS are secured by way of:

- (i) an assignment of the subsidiary’s rights under the operations and maintenance agreements (“OMA”) with Lekir Bulk Terminal Sdn Bhd (“LBT”);
- (ii) a charge over a Designated Account of the subsidiary into where only the Fixed Project Consideration received from LBT under the OMA will be paid; and
- (iii) a Power of Attorney from the subsidiary for the appointment by the security trustee for the BaIDS, of a competent port operator as a sub-contractor of the subsidiary to fulfill in the event of non-performance by the subsidiary under the OMA.

The major covenants of the BaIDS are as follows:

Positive Covenants

The subsidiary shall:

- (i) maintain a debt to equity ratio of not exceeding 70:30;
- (ii) maintain all insurance necessary for its business as required under the OMA;
- (iii) cause and ensure that the current shareholders remain unchanged unless with the prior consent of the Trustee; and
- (iv) perform and carry out all and any of its obligations under the OMA.

Negative Covenants

The subsidiary shall not without the prior written consent of the Trustee:

- (i) reduce its authorised and/or issued ordinary shares save and except for redemption of preference share capital and any decrease in its issued capital resulting from purchases of its own shares;
- (ii) incur, assume, guarantee or permit to exist any debt that will in aggregate exceed its Debt to Equity Ratio of 70:30;
- (iii) save for the Leasehold Industrial Land, dispose of any such assets which will materially and adversely affect its business operations;
- (iv) amend the OMA so as to affect the Fixed Project Consideration; and
- (v) declare, pay dividends or make any distribution to equity investors or payment on any subordinated debt if an event default has occurred or the proceeds accounts is at any time less than the profit and principal payment due within the next six months.

17. TRADE PAYABLES

	Group	
	2005 RM	2004 RM
Trade payables	6,341,068	6,490,933
Progress billings in respect of property development costs	-	8,313,457
	6,341,068	14,804,390

The normal trade credit terms granted to the Group ranges from 7 to 90 days.

18. OTHER PAYABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Due to ultimate holding corporation	49,938	2,157,261	-	763,738
Due to fellow subsidiaries	1,763,346	1,779,366	402,356	402,356
Deposits received	9,412,302	1,179,684	7,163,684	1,179,684
Advances from purchasers	2,775,821	3,501,180	-	-
Tender deposits received from contractors	155,986	1,348,812	-	-
Accruals	4,995,666	3,822,285	179,033	172,045
Retirement benefits (Note 23)	16,207	13,494	-	-
Amount payable for the purchase of land	21,729,596	14,465,479	17,989,323	11,097,797
Funds for Operations and Maintenance (O&M)	7,296,505	8,591,123	-	-
Sundry payables	11,745,492	15,550,745	533,975	433,984
	59,940,859	52,409,429	26,268,371	14,049,604

18. OTHER PAYABLES (CONT'D)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Included in sundry payables are:				
Due to a former corporate shareholder of a subsidiary	3,331,733	3,253,492	532,442	432,442
Amount due arising from the acquisition of certain properties by a subsidiary*	1,011,161	1,011,161	-	-

* The amount will be classified as Class B preference shares of the subsidiary when approval from the relevant authorities is obtained.

19. PROVISION FOR LIABILITIES

	Group	
	2005 RM	2004 RM
At 1 January	4,830,772	4,610,221
Additional provision	1,487,211	2,581,929
Overprovision in prior years	(1,124,498)	-
	5,193,485	7,192,150
Payments made	(2,622,889)	(2,361,378)
At 31 December	2,570,596	4,830,772

Provision is with regard to liquidated damages in respect of projects undertaken by a subsidiary. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements.

20. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2005	2004	2005 RM	2004 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	100,000,000	100,000,000	100,000,000	100,000,000

21. RETAINED PROFITS

As at 31 December 2005, the Company has tax exempt profits available for distribution of tax exempt dividends of approximately RM1,134,000 (2004 : RM1,134,000)

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends amounting to approximately RM14,585,000 (2004 : RM15,470,000) out of its retained profits. If the balance of the retained profits of approximately RM27,449,000 (2004 : RM26,348,000) were to be distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM10,675,000 (2004 : RM10,247,000).

22. DUE TO A SUBSIDIARY

The amount due to a subsidiary is non-trade in nature, unsecured, interest free and not repayable or due within the next twelve months.

23. RETIREMENT BENEFITS

The amounts recognised in the balance sheet are determined as follows:

	Group	
	2005 RM	2004 RM
Present value of unfunded defined benefits obligations	804,064	804,064
Unrecognised actuarial losses	(92,981)	(290,841)
	711,083	513,223
Analysed as:		
Current (Note 18)	16,207	13,494
Non-current	694,876	499,729
	711,083	513,223

The amounts recognised in the income statement are as follows:

Current service cost	57,352	56,496
Interest cost	53,295	45,766
Transition obligation recognised	84,473	48,240
	195,120	150,502

23. RETIREMENT BENEFITS (CONT'D)

	Group	
	2005 RM	2004 RM
Movements in the net liability in the current year were as follows:		
At 1 January	513,223	399,550
Amounts recognised in the income statement	195,120	150,502
Underprovision in prior years	80,146	-
Contributions paid	(77,406)	(36,829)
	711,083	513,223
At 31 December	711,083	513,223

Principal actuarial assumption used:

	2005 %	2004 %
Discount rate	5.8	7.0
Expected return on plan assets	-	-
Expected rate of salary increases	5.0	5.0
Future pension increases	-	-

24. DEFERRED TAX

	Group	
	2005 RM	2004 RM
At 1 January	1,913,954	1,973,000
Recognised in the income statement (Note 29)	1,783,046	(59,046)
	3,697,000	1,913,954
At 31 December	3,697,000	1,913,954
Presented after appropriate offsetting as follows:		
Deferred tax assets	(720,000)	(2,190,000)
Deferred tax liabilities	4,417,000	4,103,954
	3,697,000	1,913,954

24. DEFERRED TAX (CONT'D)

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

Deferred Tax Assets of the Group:

	Property, plant and equipment RM	Provision for liquidated damages RM	Retirement benefits RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2005	1,257,874	(1,353,268)	(143,702)	(1,950,904)	(2,190,000)
Recognised in the income statement	(1,257,874)	633,268	143,702	1,950,904	1,470,000
At 31 December 2005	-	(720,000)	-	-	(720,000)
At 1 January 2004	2,097,376	(1,290,941)	(95,802)	(2,829,633)	(2,119,000)
Recognised in the income statement	(839,502)	(62,327)	(47,900)	878,729	(71,000)
At 31 December 2004	1,257,874	(1,353,268)	(143,702)	(1,950,904)	(2,190,000)

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM
At 1 January 2005	4,103,954
Recognised in the income statement	313,046
At 31 December 2005	4,417,000
At 1 January 2004	4,092,000
Recognised in the income statement	11,954
At 31 December 2004	4,103,954

24. DEFERRED TAX (CONT'D)

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

	Group	
	2005 RM	2004 RM
Unused tax losses	4,774,007	4,718,497
Unabsorbed capital allowances	12,560,789	6,122,429
Other taxable temporary differences	(3,754,328)	-
	13,580,468	10,840,926
Potential deferred tax benefit @ 28%	3,802,531	3,035,459

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries in which those items arose are subject to no substantial changes in shareholdings of the subsidiaries under Section 44 (5A) & (5B) of Income Tax Act 1967. Deferred tax assets have not been recognised in respect of these items as there is no assurance that future taxable income will be sufficient to allow the benefit to be realised.

25. REVENUE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Dividend income (gross)				
Quoted shares in Malaysia	463,803	445,313	463,803	445,313
Unquoted shares in Malaysia				
- subsidiary	-	-	2,194,501	-
Development properties				
Sale of development properties	17,660,049	45,650,437	-	-
Profit from joint development project	-	1,060,101	-	-
Hotel related operations	13,758,343	13,956,753	-	-
Management fees	-	-	132,000	132,000
Port services	43,404,063	45,112,869	-	-
Proceeds received from bus fare collections and provision of charter services	25,700	24,945	-	-
Project management fees	209,086	400,600	-	-
Rental income	2,310,380	2,322,217	2,023,550	2,023,550
Sale of goods	178,710	619,048	-	-
Sale of land	9,671,679	16,564,904	-	-
	87,681,813	126,157,187	4,813,854	2,600,863

26. COST OF SALES

	Group	
	2005 RM	2004 RM
Cost of development properties	14,983,047	40,850,298
Cost of land sold	8,644,465	9,410,489
	<hr/>	<hr/>
Cost of goods sold	23,627,512	50,260,787
Cost of services	5,113,789	5,790,501
	17,374,427	17,909,424
	<hr/>	<hr/>
	46,115,728	73,960,712
	<hr/>	<hr/>

27. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Allowance for doubtful debts	27,519	335,466	-	-
Allowance for doubtful debts written back	-	-	-	(334,182)
Amortisation of goodwill arising on consolidation	2,164,637	2,164,637	-	-
Auditors' remuneration				
Statutory audits	69,600	65,700	16,500	15,000
Other services	5,000	5,000	5,000	5,000
Directors' remuneration*				
Directors of the Company:				
Fees	111,895	118,000	111,895	114,000
Other emoluments	179,820	167,922	15,800	16,250
Other directors:				
Fees	24,000	24,000	-	-
Employees Provident Fund	21,000	19,320	-	-
Other emoluments	207,200	311,988	-	-
Depreciation**	3,570,971	4,160,786	172,176	174,209
Development expenditure written off	-	1,700,886	-	-
Interest on late payment	1,242,370	1,005,599	985,991	385,547

27. PROFIT FROM OPERATIONS (CONT'D)

Profit from operations is stated after charging/(crediting) (Cont'd):

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Project expenditure written back	-	(334,182)	-	-
Provision for liquidated damages				
- current year	1,487,211	2,581,929	-	-
- overprovision in prior years	(1,124,498)	-	-	-
Provision for retirement benefits	275,266	150,502	-	-
Rental of port equipment	3,740,911	4,077,470	-	-
Rental of premises	398,960	18,000	325,160	325,160
Staff costs***	11,056,633	10,133,930	630,874	606,134
Property, plant and equipment written off	26,214	-	-	-
Amortisation of reserve arising on consolidation	(71,885)	(71,885)	-	-
Interest income	(1,486,086)	(2,368,218)	(1,122,998)	(2,061,147)
Rental income	(2,075,805)	(2,074,105)	(2,023,550)	(2,023,549)

* The estimated monetary value of other benefits not included in the above received by a director of the Group and of the Company is RM6,600 (2004 : RM7,300).

** A portion of the expenses is charged to land and development expenditure whereby profits are recognised in the Income Statement based on the percentage of completion method (Note 4).

*** Staff costs (excluding directors' remuneration) comprised:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Salaries and wages	9,952,298	9,447,519	596,268	572,874
Employees Provident Fund contribution	960,261	635,570	34,154	32,814
Social Security Fund contribution	80,463	20,383	452	446
Other staff related expenses	63,611	30,458	-	-
	11,056,633	10,133,930	630,874	606,134

28. FINANCE COSTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
BalDS financing cost	4,517,466	357,534	-	-
Redeemable preference shares dividends	-	12,041,536	-	-
Interest on overdraft	523,082	215,002	-	-
Interest on term loan	223,694	393,784	-	-
Interest on hire purchase	11,166	58,333	666	2,412
Interest on revolving credit	705,973	758,167	705,973	758,167
Others	-	112,238	-	-
Agency fee	-	10,000	-	-
	<u>5,981,381</u>	<u>13,946,594</u>	<u>706,639</u>	<u>760,579</u>
Less: Amount capitalised in property development costs (Note 4)	(477,164)	(116,754)	-	-
	<u>5,504,217</u>	<u>13,829,840</u>	<u>706,639</u>	<u>760,579</u>

29. TAXATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current tax:				
Tax expense for the year	4,452,153	7,958,072	553,819	846,041
(Over)/under provision in prior year	(157,740)	(87,291)	30,260	(59,590)
	<u>4,294,413</u>	<u>7,870,781</u>	<u>584,079</u>	<u>786,451</u>
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 24)	1,783,046	(59,046)	-	-
Share of taxation of associates	761,070	420,875	-	-
	<u>6,838,529</u>	<u>8,232,610</u>	<u>584,079</u>	<u>786,451</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% of the assessable profit for the year. The income tax applicable to some of the subsidiaries is calculated at Malaysian statutory tax rate of 20% on the first RM500,000 for assessable profit for the year where applicable, and 28% on all assessable profit in excess of RM500,000.

29. TAXATION (CONT'D)

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

	2005 RM	2004 RM
Group		
Profit before taxation	16,044,359	12,149,101
Taxation at applicable tax rate	4,492,420	3,397,593
Expenses not deductible for tax purposes	1,842,104	5,608,867
Income not subject to tax	(15,327)	(888,177)
Other items	(90,000)	557,114
Utilisation of previously unrecognised unabsorbed capital allowances	-	(355,496)
Deferred tax assets not recognised during the year	767,072	-
Over provision in prior years	(157,740)	(87,291)
Tax expense for the year	6,838,529	8,232,610
Company		
Profit before taxation	2,240,880	1,910,735
Taxation at applicable tax rate	627,446	535,006
Income not subject to tax	(614,460)	(93,571)
Expenses not deductible for tax purposes	540,833	404,606
Under/(Over) provision in prior years	30,260	(59,590)
Tax expense for the year	584,079	786,451

30. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2005	2004
Net profit attributable to shareholders (RM)	4,169,090	2,068,213
Weighted average number of ordinary shares	100,000,000	100,000,000
Basic earnings per share (sen)	4.17	2.07

31. DIVIDEND

	Amount		Dividend per share	
	2005	2004	2005	2004
	RM	RM	sen	sen
Final ordinary dividend of 2% less 28% taxation	1,440,000	1,440,000	1.44	1.44

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2005 of 2% on 100,000,000 ordinary shares less 28% taxation amounting to a total dividend of RM1,440,000 (1.44 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2006.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group and the Company for the year are as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Transactions with the ultimate holding corporation				
<i>Perbadanan Kemajuan Negeri Perak</i>				
Advances paid	793,535	81,068,804	754,146	80,009,419
Disbursements	105,168	82,165	151,319	80,768
Management fee expense	176,000	176,000	176,000	176,000
Project expenditure	1,424,000	2,098,000	1,424,000	1,424,000
Rental payable	325,160	325,160	325,160	325,160
Project management income	(81,652)	(72,539)	-	-
Rental income	(2,023,550)	(2,023,549)	(2,023,550)	(2,023,549)
Repayment of advances	(1,378,671)	(2,412,687)	(1,685,853)	(1,779,593)
Transactions with subsidiaries				
<i>Magni D'Corp Sdn. Bhd.</i>				
Repayment of advances	-	-	877	1,350
<i>Premium Meridian Sdn. Bhd.</i>				
Repayment of advances	-	-	60,000	60,000
<i>Cash Hotel Sdn. Bhd.</i>				
Repayment of advances/ (Advances paid)	-	-	500,000	(500,000)
<i>PCB Development Sdn. Bhd.</i>				
Accounting fees	-	-	(18,000)	(18,000)
Advances paid	-	-	(683,109)	(1,557,714)
Interest income	-	-	(257,400)	(258,105)
Management fee income	-	-	(132,000)	(132,000)
Repayment of advances	-	-	561,412	-

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Transactions with subsidiaries (Cont'd)				
<i>Trans Bid Sdn Bhd</i>				
Advances paid	-	-	(1,951)	(2,084)
<i>Taipan Merit Sdn Bhd</i>				
Advances paid	-	-	(1,228)	(6,905,210)
<i>Amsit Corporation Sdn Bhd</i>				
Payment of deposits	-	-	1,250,000	-
Transactions with fellow subsidiaries (subsidiaries of the ultimate holding corporation)				
<i>Cherry Blossom Sdn. Bhd.</i>				
Interest income	-	(707,033)	-	(707,033)
Repayment of advances	-	7,306,173	-	7,306,173
<i>Kuda Sejati Sdn Bhd</i>				
Interest income	(705,972)	(815,626)	(705,972)	(797,173)
Advances paid	(1,803,788)	(79,138,712)	(1,803,788)	(78,058,092)
Repayment of advances	(16,020)	2,028,583	-	2,028,583

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with related parties

A corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., and a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<i>Integrax Bhd.</i>				
Management fee expense	600,000	600,000	-	-

A former corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., and a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<i>Halim Rasip Holdings Sdn. Bhd.</i>				
Advances paid	(100,000)	(60,000)	-	-

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<i>Perak Freight Services Sdn. Bhd.</i>				
Port revenue	(492,392)	(1,422,876)	-	-
<i>Perak Haulage Sdn. Bhd.</i>				
Port services payable	608,820	635,176	-	-
<i>Lekir Bulk Terminal Sdn. Bhd.</i>				
Port services receivable	(21,602,754)	(19,776,713)	-	-

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with related parties (Cont'd)

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	2005 RM	Group 2004 RM	Company 2005 RM	2004 RM
<i>Radikal Rancak Sdn. Bhd.</i>				
Port services receivable	(6,102,646)	(6,593,892)	-	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Account balances with significant related parties of the Group and of the Company at year end are as follows:

	2005 RM	Group 2004 RM	Company 2005 RM	2004 RM
Account balances with the ultimate holding corporation				
<i>Perbadanan Kemajuan Negeri Perak</i>				
Receivables	880,902	1,749,803	118,630	-
Payables	(49,938)	(2,157,261)	-	(763,738)

Account balances with subsidiaries**Receivables:**

Cash Hotel Sdn. Bhd.	-	-	-	500,000
PCB Development Sdn. Bhd.	-	-	110,560,011	110,019,502
Premium Meridian Sdn. Bhd.	-	-	9,308,527	9,368,528
Taipan Merit Sdn. Bhd.	-	-	101,180,653	101,179,424
Trans Bid Sdn. Bhd.	-	-	26,822	24,871
Silveritage Corporation Sdn. Bhd.	-	-	11,517	11,517

Payables:

Magni D' Corp Sdn. Bhd.	-	-	(1,217,358)	(1,218,235)
Amsit Corporation Sdn Bhd	-	-	(2,000,000)	-

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Account balances with fellow subsidiaries (subsidiaries of ultimate holding corporation)				
Receivables:				
Brand Equity Sdn. Bhd.	-	2,360,955	-	-
Cherry Blossom Sdn. Bhd.	2,233,295	2,233,295	2,233,295	2,233,295
Kuda Sejati Sdn. Bhd.	90,337,446	87,827,686	90,337,446	87,827,686
Perak Industrial Resources Sdn. Bhd.	291,921	16,915,956	291,921	291,921
Payables:				
Cherry Blossom Sdn. Bhd.	(233,990)	(233,990)	-	-
Kuda Sejati Sdn. Bhd.	(1,127,000)	(1,143,020)	-	-
Teliti Permai Sdn. Bhd.	(402,356)	(402,356)	(402,356)	(402,356)

A former corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., and a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Halim Rasip Holdings Sdn. Bhd.				
Payables	(3,331,733)	(3,253,492)	(532,442)	(432,442)

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Perak Freight Services Sdn. Bhd.				
Receivables	3,110,903	3,395,655	-	-
Lekir Bulk Terminal Sdn. Bhd.				
Receivables	7,296,505	7,023,188	-	-

33. CAPITAL COMMITMENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Authorised but not contracted for:				
Investments in unquoted shares	5,400,000	-	-	-
Land and buildings	-	1,788,000	-	-
Property, plant and equipment	3,063,000	1,667,000	50,000	90,000
	<u>8,463,000</u>	<u>3,455,000</u>	<u>50,000</u>	<u>90,000</u>

34. CONTINGENT LIABILITIES

	Company	
	2005 RM	2004 RM
Unsecured:		
Guarantees given to banks in respect of facilities granted to a subsidiary	<u>6,984,000</u>	<u>8,279,000</u>

35. SIGNIFICANT AND RECURRING EVENTS

- (a) On 15 January 1996, a subsidiary, Cash Hotel Sdn. Bhd. ("CHSB") entered into an agreement with Keris Properties Sdn. Bhd. ("KP") to jointly develop the land held by CHSB by way of mixed development of condominiums and office blocks with minimum guaranteed profits received of RM18,000,000. Due to the economic downturn in 1997, the proposed development has been deferred. As at 31 December 2005, CHSB, after a series of negotiations with KP, agreed for the balance of the contractual sum of RM1,895,514 to be settled in 2006.
- (b) On 28 January 2005, the Company acquired 100% equity interest in Amsit Corporation Sdn. Bhd. ("Amsit"), a company incorporated in Malaysia, comprising 2 ordinary shares of RM1 each for a cash consideration of RM2. The principal activities of Amsit are investment holding, construction and development. Subsequently, the Company subscribed for an additional 3 ordinary shares of RM1 each. Upon subscription, Amsit remained as a wholly-owned subsidiary of the Company.

36. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. No geographical segment analysis is prepared as the Group's business activities are predominantly located in Malaysia.

The Group is organised into four major business segments:

(i) Hotel and Tourism

Hospitality services in respect of the operation of hotels and development of tourism projects;

(ii) Infrastructure

Maritime services in respect of the development of an integrated privatised project and encompassing operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities;

(iii) Township Development

The township development of real property and ancillary services; and

(iv) Management services and others

Provision of management services and other business segments which include property investment and distribution, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

36. SEGMENTAL INFORMATION (CONT'D)

Group	Hotel and tourism RM	Infra- structure RM	Township develop- ment RM	Management services and others RM	Eliminations RM	Consolidated RM
2005						
REVENUE AND EXPENSES						
Revenue						
External revenue	14,045,173	46,045,742	25,103,545	2,487,353	-	87,681,813
Inter-segment revenue	-	-	-	9,406,503	(9,406,503)	-
Total revenue	14,045,173	46,045,742	25,103,545	11,893,856	(9,406,503)	87,681,813
Result						
Segment results	(94,460)	19,285,606	1,601,020	10,360,885	(11,925,022)	19,228,029
Unallocated corporate expenses						-
Profit from operations						19,228,029
Finance costs	(26,636)	(4,559,097)	(483,167)	(706,640)	271,323	(5,504,217)
Share of results of associates						2,320,547
Taxation	69,453	(3,966,104)	(1,410,191)	(2,566,813)	1,035,126	(6,838,529)
Profit after taxation						9,205,830

Group	Hotel and tourism RM	Infra- structure RM	Township develop- ment RM	Management services and others RM	Eliminations RM	Consolidated RM
2004						
REVENUE AND EXPENSES						
Revenue						
External revenue	15,995,039	51,981,062	55,712,224	8,850,862	(6,382,000)	126,157,187
Inter-segment revenue	-	-	-	-	-	-
Total revenue	15,995,039	51,981,062	55,712,224	8,850,862	(6,382,000)	126,157,187
Result						
Segment results	693,850	21,824,539	2,014,618	8,990,344	(8,676,933)	24,846,418
Unallocated corporate expenses						-
Profit from operations						24,846,418
Finance costs	(133,748)	(12,493,439)	(700,179)	(760,579)	258,105	(13,829,840)
Share of results of associates						1,132,523
Taxation	76,046	(6,147,428)	(953,505)	(1,922,388)	714,665	(8,232,610)
Profit after taxation						3,916,491

36. SEGMENTAL INFORMATION (CONT'D)

	Hotel and tourism RM	Infra- structure RM	Township develop- ment RM	Management services and others RM	Eliminations RM	Consolidated RM
2005						
ASSETS AND LIABILITIES						
Segment assets	63,157,431	172,669,165	172,758,998	511,382,182	(315,034,541)	604,933,235
Investment in associates	-	-	-	23,992,793	1,322,627	25,315,420
Unallocated corporate assets						2,669,030
Consolidated total assets						632,917,685
Segment liabilities	(8,841,086)	(79,207,678)	(149,499,908)	(211,508,922)	230,942,673	(218,114,921)
Unallocated corporate liabilities						(7,621,134)
Consolidated total liabilities						(225,736,055)
OTHER INFORMATION						
Capital expenditure	792,285	21,059	444,656	16,425	-	1,274,425
Depreciation	1,815,955	1,380,908	201,932	172,176	-	3,570,971
Amortisation	(25,289)	-	-	-	2,118,041	2,092,752
Non-cash expenses other than depreciation and amortisation						
- others	302,785	26,214	362,710	-	(2,879)	688,830
2004						
ASSETS AND LIABILITIES						
Segment assets	63,845,281	180,352,424	186,379,518	494,006,116	(311,320,441)	613,262,898
Investment in associates	-	-	-	23,992,793	(236,850)	23,755,943
Unallocated corporate assets						2,874,949
Consolidated total assets						639,893,790
Segment liabilities	(9,426,536)	(84,298,531)	(176,971,988)	(183,726,593)	229,325,059	(225,098,589)
Unallocated corporate liabilities						(10,281,800)
Consolidated total liabilities						(235,380,389)
OTHER INFORMATION						
Capital expenditure	920,715	84,205	105,038	8,150	-	1,118,108
Depreciation	1,663,829	2,135,141	187,607	174,209	-	4,160,786
Amortisation	(25,289)	-	-	-	2,118,041	2,092,752
Non-cash expenses other than depreciation and amortisation						
- others	1,892,690	-	2,847,945	-	-	4,740,635

37. COMPARATIVES

The following comparative amounts as at 31 December 2004 have been reclassified to conform with current year's presentation:

	As previously stated RM	Adjustments RM	As restated RM
Balance sheet			
Property development cost	133,871,499	15,741,511	149,613,010
Trade receivables	100,330,435	(7,428,054)	92,902,381
Trade payables	6,490,933	8,313,457	14,804,390
Cash flow statement			
Changes in working capital			
Receivables	(7,667,228)	7,428,054	(239,174)
Payables	2,572,562	8,313,457	10,886,019
Property development costs	7,723,965	(15,741,511)	(8,017,546)

38. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(i) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2005. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(ii) Foreign Exchange Risk

The Group's sales transactions are mainly in Malaysian Ringgit and are thus not exposed to foreign exchange risk.

(iii) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(iv) Credit Risk

The Group's credit policy and guidelines assess, evaluate and monitor credit risk of trade receivables. Credit risk is controlled via credit worthiness checking, credit limits, credit term setting and approval and credit risk exception reporting. Trade receivables are monitored on an ongoing basis as well as case by case basis, especially for the land customers.

The Group does not have any significant credit risk exposure to any individual customer or groups of customers. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets and liabilities in the balance sheets.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and the Company are represented as follows:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial Assets				
At 31 December 2005:				
Unquoted investment in associates	3,992,793	*	3,992,793	*
Quoted investments	24,622,500	**	24,622,500	**
Due from related corporations and other related parties	103,266,986	***	92,901,000	***
	<u>131,882,279</u>		<u>121,516,293</u>	
At 31 December 2004:				
Unquoted investment in associates	3,992,793	*	3,992,793	*
Quoted investments	24,622,500	**	24,622,500	**
Due from related corporations and other related parties	121,506,538	***	90,889,290	***
	<u>150,121,831</u>		<u>119,504,583</u>	
Financial Liabilities				
At 31 December 2005:				
Due to related corporations and other related parties	6,156,178	***	934,798	***
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	60,000,000	#	-	-
Long term borrowings	2,888,854	@	-	@
	<u>69,045,032</u>		<u>934,798</u>	

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values (Cont'd)

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial Liabilities (Cont'd)				
At 31 December 2004:				
Due to related corporations and other related parties	8,201,281	***	1,598,537	***
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	60,000,000	#	-	-
Long term borrowings	4,306,570	@	6,471	@
	<u>72,507,851</u>		<u>1,605,008</u>	

* it is not practical to estimate the fair value of the unquoted investment because of the lack of quoted market price and the inability to estimate the fair value without incurring excessive costs. However, the Group and the Company believe that the carrying amount represents the recoverable value.

** the fair value of the quoted shares are disclosed in Note 6 and Note 7, which is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

*** it is not practical to estimate the fair values of amounts due from/to related corporations, associates and other related parties due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

it is not practical to estimate the fair value of this financial liability representing the nominal amount of BaIDS issued by the subsidiary. The liability is carried at its original cost of RM60,000,000 (2004 : RM60,000,000) in the balance sheet.

The main covenants of the BaIDS is disclosed in Note 16.

@ it is not practical to estimate the fair values of long term borrowings due to the inability to reliably estimate the discount rates without incurring excessive costs and lack of fixed repayment term in certain borrowings. However, the Group and the Company believe that the carrying amount approximates the fair values intrinsically.

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

[This page is intentionally left blank.]

FORM OF PROXY

PERAK CORPORATION BERHAD
(Incorporated in Malaysia) (210915-U)



I/We _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

being a member/members of **PERAK CORPORATION BERHAD**, hereby appoint _____

_____ (FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

or failing him/her, _____

of _____

as my/our proxy to vote for me/us and on my/our behalf, at the **FIFTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Tuesday, 30 May 2006 at 12.00 noon or at any adjournment thereof in the manner indicated below:-

NO.	RESOLUTIONS	For	Against
1.	To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2005 together with the Report of the Directors and Auditors thereon. <i>(Resolution 1)</i>		
2.	To approve the payment of a first and final dividend of 2 sen per share less income tax for the year ended 31 December 2005. <i>(Resolution 2)</i>		
3.	To approve the payment of Directors' fees for the year ended 31 December 2005. <i>(Resolution 3)</i>		
4.	To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association: a) Dato' Ir. Haji Harun bin Ahmad Saruji <i>(Resolution 4)</i> b) Datuk Haji Faisal bin Haji Siraj <i>(Resolution 5)</i>		
5.	To re-elect En Razidan bin Ghazalli who retires in accordance with Article 87 of the Company's Articles of Association. <i>(Resolution 6)</i>		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. <i>(Resolution 7)</i>		
7.	As special Business: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature. <i>(Resolution 8)</i>		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this _____ day of _____ in the year _____.

Number of ordinary shares held

Signature/Seal

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.
2. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Room 305, 3rd Floor, Asia Life Building, 45 Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
6. The registration for the above Meeting will commence on Tuesday, 30 May 2006 at 11.30 a.m.

First Fold



THE SECRETARY

PERAK CORPORATION BERHAD Co. No. 210915-U

Room 305, 3rd Floor, Asia Life Building,

45 Jalan Tun Sambanthan,

30000 Ipoh,

Perak Darul Ridzuan,

Malaysia.

Second Fold