



CORPORATE INFORMATION	3
TEN-YEAR PERFORMANCE HIGHLIGHTS	4
SHARE PRICES	6
CORPORATE DIARY 2004/2005	7
DIRECTORS' PROFILE	8
CHAIRMAN'S LETTER	12
MANAGING DIRECTOR'S REVIEW OF OPERATIONS	14
CORPORATE GOVERNANCE STATEMENT	17
AUDIT COMMITTEE REPORT	22
STATEMENT OF INTERNAL CONTROL	26
FINANCIAL STATEMENTS	30
ANALYSIS OF SHAREHOLDINGS	94
LIST OF PROPERTIES	96
NOTICE OF ANNUAL GENERAL MEETING	98
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING	99
PROXY FORM	ENCLOSED

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CORPORATE INFORMATION

DIRECTORS

Datuk Oh Chong Peng (Chairman)
 G. Krishnan (Managing Director)
 General (Rtd) Tan Sri Borhan Hj Ahmad
 Datuk Dr Salleh Mohd Nor
 Vice Admiral (Rtd) Dato' Seri Ahmad Ramli Hj Mohd Nor
 Dato' Dr A. Bakar Jaafar
 Rita A/P Benoy Bushon
 Md Tarmuzi Md Salleh

SECRETARY

Lim Fong Een (MAICSA 0785833)

ASSISTANT SECRETARY

Hayati Aman Hashim (MIA 20107, MICPA 3067)

EXECUTIVE COMMITTEE

Datuk Oh Chong Peng (Chairman)
 G. Krishnan

AUDIT COMMITTEE

General (Rtd) Tan Sri Borhan Hj Ahmad (Chairman)
 Datuk Oh Chong Peng
 Datuk Dr Salleh Mohd Nor
 Dato' Dr A. Bakar Jaafar
 Vice Admiral (Rtd) Dato' Seri Ahmad Ramli Hj Mohd Nor

NOMINATIONS COMMITTEE

Datuk Oh Chong Peng (Chairman)
 General (Rtd) Tan Sri Borhan Hj Ahmad
 Datuk Dr Salleh Mohd Nor
 Md Tarmuzi Md Salleh

REMUNERATION COMMITTEE

Dato' Dr A. Bakar Jaafar (Chairman)
 General (Rtd) Tan Sri Borhan Hj Ahmad
 Datuk Dr Salleh Mohd Nor
 Vice Admiral (Rtd) Dato' Seri Ahmad Ramli Hj Mohd Nor

REGISTERED OFFICE

2nd Floor, 7 Persiaran Dagang
 Bandar Sri Damansara
 52200 Kuala Lumpur
 Tel : 603-6275 7788
 Fax : 603-6277 7061

CORPORATE OFFICE

3rd Floor, 7 Persiaran Dagang
 Bandar Sri Damansara
 52200 Kuala Lumpur
 Tel : 603-6275 7788
 Fax : 603-6275 2101
 E-mail : lgb@land-general.com
 Website : <http://www.land-general.com>

AUDITORS

Ernst & Young
 Chartered Accountants

LISTING (ORDINARY SHARES)

Bursa Malaysia Securities Berhad

SHARE REGISTRAR

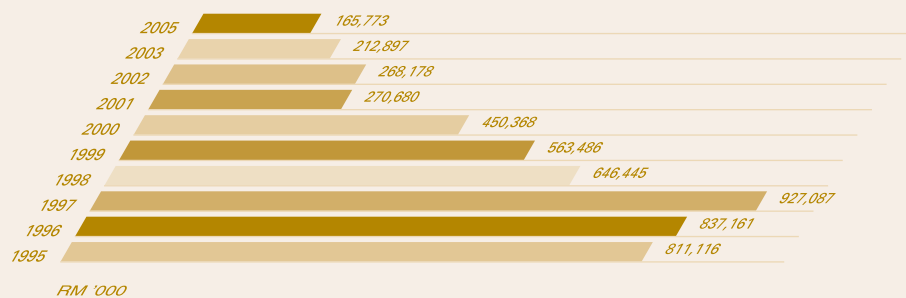
Symphony Share Registrars Sdn Bhd
 Level 26 Menara Multi-Purpose, Capital Square
 No. 8 Jalan Munshi Abdullah
 50100 Kuala Lumpur
 Tel : 603-2721 2222
 Fax : 603-2721 2530; and
 : 603-2721 2531



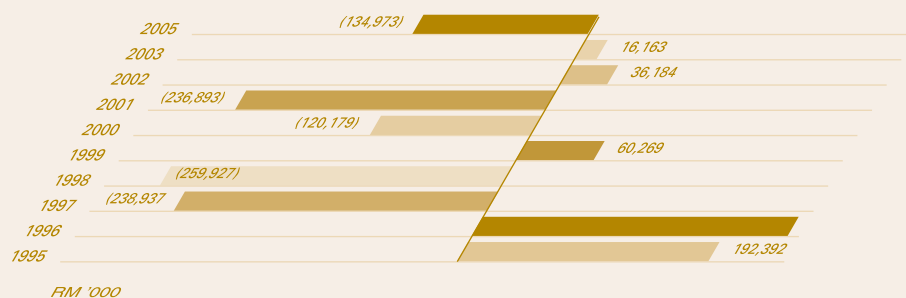
TEN-YEAR PERFORMANCE HIGHLIGHTS

	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000
Turnover	811,116	837,161	927,087	646,445
Profit/(Loss) Before Taxation	192,392	241,950	(238,937)	(259,927)
Taxation	(70,203)	(37,285)	(19,963)	(1,011)
Minority Interests	(8,380)	(22,072)	32,367	27,183
Profit/(Loss) After Taxation & Minority Interests	113,809	182,593	(226,533)	(233,755)
Weighted Average Number of Shares ('000)	439,548	485,102	498,066	498,066
Earnings/(Loss) Per Share (Sen)	25.9	37.6	(45.5)	(46.9)
Shareholders' Funds	772,681	950,470	704,301	472,738
Issued & Paid Up Share Capital ('000)	445,018	498,066	498,066	498,066
Net Tangible Assets Per Share (Sen)	172.0	189.4	139.1	94.9

Turnover



Profit / (Loss) Before Taxation

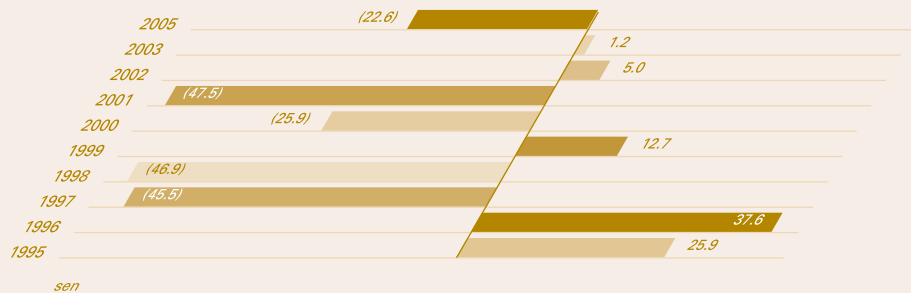


TEN-YEAR PERFORMANCE HIGHLIGHTS

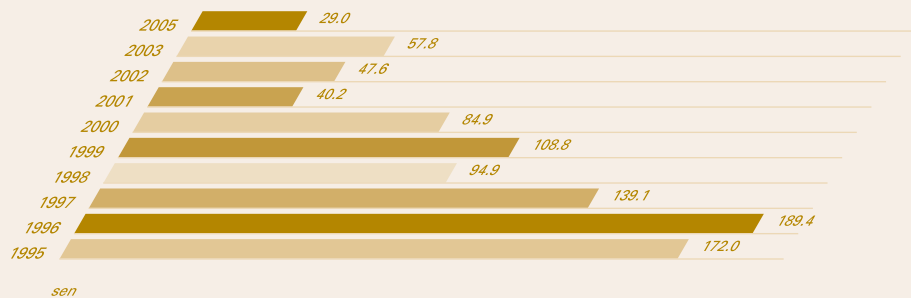
1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2005* RM'000
563,486	450,368	270,680	268,178	212,897	165,773
60,269	(120,179)	(236,893)	36,184	16,163	(134,973)
(1,339)	(19,626)	(17,273)	(14,690)	(7,800)	5,502
4,617	8,089	(754)	5,526	(1,659)	(2,371)
63,547	(131,716)	(254,920)	27,020	6,704	(131,842)
499,069	507,883	536,528	537,507	560,192	584,054
12.7	(25.9)	(47.5)	5.0	1.2	(22.6)
548,159	454,493	216,269	255,661	336,964	172,603
500,917	535,157	537,507	537,507	582,877	595,623
108.8	84.9	40.2	47.6	57.8	29.0

* Financial period 15 months ended 31 March 2005

Earnings / (Loss) Per Share (Sen)



Net Tangible Assets Per Share (Sen)

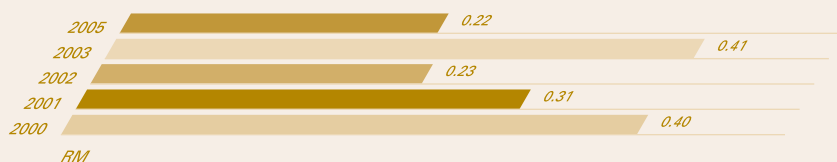


SHARE PRICES

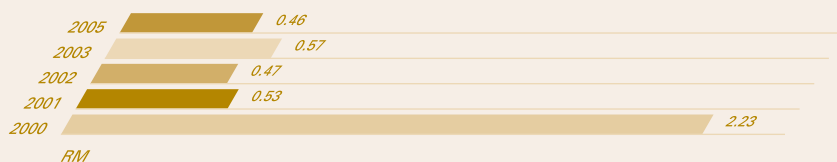
	2005*	2003	2002	2001	2000
Last transacted prices (RM)	0.22	0.41	0.23	0.31	0.40
Calendar - high (RM)	0.46	0.57	0.47	0.53	2.23
Calendar - low (RM)	0.22	0.21	0.21	0.21	0.38
Market Capitalisation (RM'000)	131,037	238,980	123,627	166,627	214,063

* Financial period for 15 months ended 31 March 2005

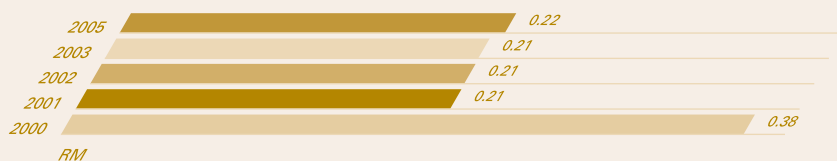
Last Transacted Prices



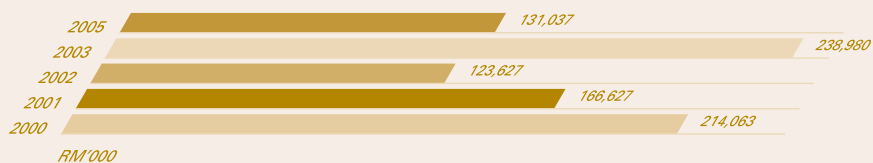
Calendar - High



Calendar - Low



Market Capitalisation



CORPORATE DIARY 2004/2005

2004

- 7 May Announcement of the change of address of the Share Registrar of the Company to Level 26, Menara Multi-Purpose, Capital Square, No 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur
- 2 July Resignation of Puan Rita A/P Benoy Bushon as a member of the Audit Committee of the Company
- 7 July Announcement in relation to the change of name of the Share Registrar of the Company to Symphony Share Registrars Sdn Bhd
- 8 November Obtained approval from the Securities Commission in respect of the proposed issue of up to 33,788,500 new ordinary shares of RM1 each in the Company to identified property purchasers and certain contractors and consultants of Lembah Beringin Sdn Bhd ("LBSB") and Bandar Sungai Buaya Sdn Bhd ("BSB") as settlement amounts due by LBSB and BSB to the said property purchasers, contractors and consultants ("Issue of Shares")
- 25 November Announcement in respect of change of financial year end from 31 December to 31 March
- 14 December Completion of the disposal by Lang Education Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, of 1,500,000 ordinary shares of RM1 each representing 70% of its entire equity interest in Twintech Holdings Sdn Bhd to Rimbun Masyhur Sdn Bhd ("RMSB") and the disposal by Lembah Beringin Sdn Bhd, a wholly-owned subsidiary of the Company, of a parcel of freehold land measuring approximately 50 acres in Lembah Beringin to RMSB for a consideration comprising a cash sum of RM5,002,560 and Redeemable Convertible Secured Loan Stocks with an aggregate face value of RM28,347,840

2005

- 7 February Listing and quotation of additional issue of 4,910,500 new ordinary shares of the Company pursuant to the Issue of Shares
- 25 February Announcement in relation to the proposed disposal by Lang Australia Pty Ltd, a wholly-owned subsidiary of the Company, of the World Trade Centre, Melbourne and including the entire issued and paid-up share capital of A\$1 in World Trade Centre Melbourne Pty Ltd to Asset1 (WTC) Pty Ltd for a total cash consideration of A\$112 million
- 9 March Listing and quotation of additional issue of 7,835,000 new ordinary shares of the Company pursuant to the Issue of Shares
- 20 May Announcement in relation to the proposed disposal by Sri Damansara Sdn Bhd, a wholly-owned subsidiary of the Company, of 2 parcels of freehold land measuring approximately 21.5 acres held under H.S. (D) 113435 PT No 34081 and H.S. (D) 113436 PT No 34082, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor to Indo Aman Bina Sdn Bhd for a total cash consideration of RM79,657,835
- 20 June Announcement in relation to the proposed disposal by Landgen Property Management Sdn Bhd, a wholly-owned subsidiary of the Company, of a lease in respect of a piece of land held under PN 9399 Lot 70, Seksyen 59 Bandar Kuala Lumpur to Auto Parking Inc Sdn Bhd for a total cash consideration of RM7.4 million
- 23 June Obtained approval from the Securities Commission in respect of the proposed disposal of the World Trade Centre, Melbourne and World Trade Centre Melbourne Pty Ltd
- 29 June Extraordinary General Meeting where the approval of the shareholders of the Company was obtained in relation to the disposal of the World Trade Centre, Melbourne and World Trade Centre Melbourne Pty Ltd
- 19 July Listing and quotation of additional issue of 2,682,000 new ordinary shares of the Company pursuant to the Issue of Shares
- 20 July Announcement in relation to the proposed disposal by Sri Damansara Sdn Bhd, a wholly-owned subsidiary of the Company, of 8 parcels of freehold land measuring approximately 26.5 acres held under H.S. (D) 113426 PT No 34072 to H.S. (D) 113433 PT No 34079, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor to Indo Aman Bina Sdn Bhd for a total cash consideration of RM109,887,735
- 29 July Completion of the disposal of the World Trade Centre, Melbourne and World Trade Centre Melbourne Pty Ltd
- 28 September 42nd Annual General Meeting



DIRECTORS' PROFILE

DATUK OH CHONG PENG

Chairman

Independent Non-Executive Director

Datuk Oh Chong Peng, a Malaysian aged 61, was appointed a Director of Land & General on 18 October 1999. On 18 January 2002, Datuk Oh was appointed Chairman of Land & General. Datuk Oh is currently a Fellow of the Institute of Chartered Accountants, England and Wales. He was previously a senior partner of Coopers & Lybrand, Malaysia from 1974 until his retirement in 1997. Datuk Oh currently sits on the Boards of Star Publications (Malaysia) Berhad, British American Tobacco (Malaysia) Berhad, IJM Corporation Berhad, IJM Plantations Berhad and several other private limited companies. He is a Trustee of the Huaren Education Foundation and UTAR Education Foundation, and also a Government appointed member of the Labuan Offshore Financial Services Authority (LOFSA) and the Malaysian Accounting Standard Board (MASB).

- (a) Details of any board committee to which he belongs:
1. Executive Committee (Chairman)
 2. Audit Committee
 3. Nominations Committee (Chairman)
- (b) Any securities holdings in Land & General and its subsidiaries:
- None
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- None
- (d) Any conflict of interest that he has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

G. KRISHNAN

Managing Director

Non-Independent Executive Director

G. Krishnan, a Malaysian aged 65, was appointed Managing Director of Land & General on 1 September 2001. Prior to that, Mr Krishnan served as an Executive Director of Antah Holdings Berhad ("Antah") from April 1990 until his retirement from Antah on 31 October 2000. He was with ICI Malaysia Sdn Bhd which he joined in 1963 and was appointed a Director of ICI Malaysia Sdn Bhd and Chemical Company of Malaysia Berhad in 1984. His last position in the ICI Group of Companies was Managing Director of ICI Fertilizers Malaysia Sdn Bhd and ICI Industrial Chemicals Malaysia Sdn Bhd and Executive Director of Chemical Company of Malaysia Berhad. Mr Krishnan is a graduate of the Advanced Management Programme, Harvard Business School and is a Fellow of CPA Australia (FCPA). He has been a member of CPA Australia since 1966. Mr Krishnan is also a Council Member of CPA Australia, Malaysia Branch. Mr Krishnan was a founding Council Member of the Malaysia Australia Business Council. Currently, Mr Krishnan is a Council member of the Federation of Malaysian Manufacturers (FMM) where he is the Chairman of the Ethical Business Practice Committee. Mr Krishnan is also presently the Vice-President of the Malaysian International Chamber of Commerce and Industry (MICCI) and is the Convenor of the Environment Committee.

- (a) Details of any board committee to which he belongs:
- Executive Committee
- (b) Any securities holdings in Land & General and its subsidiaries:
- None
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- None
- (d) Any conflict of interest that he has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

DIRECTORS' PROFILE (Cont'd)

GENERAL (RTD) TAN SRI BORHAN HJ AHMAD *Independent Non-Executive Director*

General (Rtd) Tan Sri Borhan Hj Ahmad, a Malaysian aged 65, was appointed a Director of Land & General on 27 March 1995. He gained experience with various government authorities throughout his 37 years of service with the Government. He is also the Chairman of Perbadanan Hal Ehwal Bekas Angkatan Tentera, Baiduri Auto Sdn Bhd, Baiduri Auto Care Sdn Bhd, Kausar Corporation Sdn Bhd and Kristal Security Sdn Bhd. He is currently the Deputy President of Persekutuan Tinju Amatur Malaysia.

- (a) Details of any board committee to which he belongs:
1. Audit Committee (Chairman)
 2. Nominations Committee
 3. Remuneration Committee
- (b) Any securities holdings in Land & General and its subsidiaries:
- None
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- None
- (d) Any conflict of interest that he has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

DATUK DR SALLEH MOHD NOR *Independent Non-Executive Director*

Datuk Dr Salleh Mohd Nor, a Malaysian aged 64, was appointed a Director of Land & General on 13 November 1995. He holds a Master and Doctorate degree in Forestry from Michigan State University, USA and a Bachelor of Science degree (Forestry) from the University of Adelaide, Australia. He has also received several honours including the conferment of the Doctorate of Science from Universiti Kebangsaan Malaysia and the University of Aberdeen, UK. He is currently the President of the Malaysian Nature Society and was formerly the Director General of the Forest Research Institute of Malaysia. He is currently a Director of Minho (M) Bhd and also holds directorships in other private limited companies.

- (a) Details of any board committee to which he belongs:
1. Audit Committee
 2. Nominations Committee
 3. Remuneration Committee
- (b) Any securities holdings in Land & General and its subsidiaries:
- Direct interest - 12,000 ordinary shares in Land & General
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- None
- (d) Any conflict of interest that he has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

DIRECTORS' PROFILE (Cont'd)

VICE ADMIRAL (RTD) DATO' SERI AHMAD RAMLI HJ MOHD NOR

Independent Non-Executive Director

Vice Admiral (Rtd) Dato' Seri Ahmad Ramli Hj Mohd Nor, a Malaysian aged 61, was appointed a Director of Land & General on 18 October 1999. He retired as the Chief of the Royal Malaysian Navy in January 1999. During his 35 years of service in the Navy, he received numerous awards, both local and international. Dato' Seri Ramli holds a Master in Public Administration degree from Harvard University, USA. He is a director of several private limited companies and is also a director of Muhibbah Engineering (M) Berhad, Comintel Corporation Berhad, Affin Bank Berhad and PSC Industries Berhad.

- (a) Details of any board committee to which he belongs:
- 1) Audit Committee
 - 2) Remuneration Committee
- (b) Any securities holdings in Land & General and its subsidiaries:
- None
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- None
- (d) Any conflict of interest that he has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

DATO' DR A. BAKAR JAAFAR

Independent Non-Executive Director

Dato' Dr A. Bakar Jaafar, a Malaysian aged 55, was appointed a Director of Land & General on 18 October 1999. He holds a Doctorate in Marine Geography from the University of Hawaii, a Master of Environmental Science degree from Miami University and a Bachelor of Engineering (Hons) degree in Mechanical Engineering from the University of Newcastle, Australia. He served in the Malaysian civil service for over 22 years in various positions including being Director General of the Department of Environment from 1990 to 1995. He continues to serve the Malaysian Government as Elected-Member to the UN Commission on the Limits of Continental Shelf, Member of the Maritime Institute of Malaysia and as an adjunct Professor in the Faculty of Environmental Studies, Universiti Putra Malaysia.

- (a) Details of any board committee to which he belongs:
1. Audit Committee
 2. Remuneration Committee (Chairman)
- (b) Any securities holdings in Land & General and its subsidiaries:
- Direct interest - 100,000 ordinary shares in Land & General
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- None
- (d) Any conflict of interest that he has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

DIRECTORS' PROFILE (Cont'd)

RITA A/P BENOY BUSHON

Non-Independent Non-Executive Director

Rita A/P Benoy Bushon, a Malaysian aged 44, was appointed a Director of Land & General on 14 March 2002. She holds a Master in Business Administration degree from Henley / Brunel University, West London and an honours degree in Economic Statistics, Universiti Kebangsaan Malaysia. She joined the Employees Provident Fund Board ("EPF") in 1984 and served in several departments in EPF prior to her appointment as General Manager of the Equities Research/Private Equity Division. Currently, she is also a Board member of the Badan Pengawas Pemegang Saham Minoriti Berhad and KFC Holdings (Malaysia) Berhad.

- (a) Details of any board committee to which she belongs:
- None
- (b) Any securities holdings in Land & General and its subsidiaries:
- None
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- As Nominee Director representing EPF, a major shareholder of Land & General
- (d) Any conflict of interest that she has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

MD TARMUZI MD SALLEH

Non-Independent Non-Executive Director

Md Tarmuzi Md Salleh, a Malaysian aged 49, was appointed a Director of Land & General on 14 March 2002. He holds a Master in Business Administration degree from the University of Connecticut, Hartford, USA and a Bachelor in Business Administration degree from Ohio University, Athens, USA. He joined EPF in 1993 as Senior Manager in the Business Development and Property Management Division. Currently, he heads the Property Investment Division of EPF and also represents EPF as a director in a few private limited companies. Prior to joining EPF, he was a Bank Officer working both in Malaysia and overseas. He had also served as the Sales and Marketing Manager in the HICOM subsidiary company and in the property based companies of both the Maju Group and Puncak Group.

- (a) Details of any board committee to which he belongs:
- Nominations Committee
- (b) Any securities holdings in Land & General and its subsidiaries:
- None
- (c) Any family relationship with any director and/or majority shareholder of Land & General:
- As Nominee Director representing EPF, a major shareholder of Land & General
- (d) Any conflict of interest that he has with Land & General:
- None
- (e) List of convictions for offences within the past 10 years other than traffic offences:
- None

CHAIRMAN'S LETTER

On behalf of the Board of Directors of Land & General Berhad, I hereby present the Annual Report and audited Financial Statements of the Group and of the Company, for the fifteen months ended 31 March 2005.

OVERVIEW

The period under review proved to be a rough and difficult year for the Group. Over all, we achieved some of our expectations whilst others just did not materialise.

With the economy registering a moderate growth for the year 2004-2005, certain sectors of the property industry were still experiencing an oversupply situation. The construction industry went through three consecutive quarters of contraction in 2004, and shrank by 1.9 % for the year as a whole, compared to its overall growth of 1.9 % in 2003.

Property buyers too were more demanding and discerning with multiple product availability, thereby spurring developers to implement new consumer standards to cater to higher expectations and niche market sensitivities.

I would like to draw attention to the Group's two subsidiaries, namely Bandar Sungai Buaya Sdn Bhd ("BSB") and Lembah Beringin Sdn Bhd ("LBSB"), and their dismal state of affairs. The development projects under these two subsidiaries remained stalled and regrettably, there is very little progress. Our plans to revitalise these two projects have not materialised although the Board and Management have put in a lot of effort and energy the last three years or more. As a result, LAD (Liquidated Ascertained Damages) due to the non-delivery of completed houses are accumulating, particularly in LBSB. Our efforts to restructure the bank debts of BSB and LBSB have also been unsuccessful. One of the financial institutions is still pursuing the auction of a huge land parcel in Bandar Sungai Buaya, despite six failed attempts. According to our latest valuation report, the aforementioned land parcel has a fair value way in excess of the amount that BSB owes to the said financial institution. These circumstances have resulted in a significant book erosion on our asset values and during the financial period under review, the Board had made substantial provision for impairment of some of our assets, the bulk of which is in respect of BSB's land bank.

This write-down in book value was unavoidable under applicable MASB standards on impairment and consequently, this had adverse significant effects on the Group's bottom line. However, your Board continues to pursue avenues to improve the carrying values of the land in BSB and LBSB and ultimately to turnaround these two subsidiaries.

The other property development projects in Bandar Sri Damansara and Australia, although spared from the problems encountered by BSB and LBSB, had a lack lustre year with slow sales.

GROUP'S PERFORMANCE

For the period under review, the Group registered a revenue of RM165.8 million. However, owing largely to provision for impairment of assets and LAD, the Group posted an after-tax loss of RM129.5 million.

CHAIRMAN'S LETTER (Cont'd)

CORPORATE RESTRUCTURING

Apart from BSB and LBSB, the Group is certainly on-track to resolve its liquidity issues, with the Board remaining committed to the Composite Debt Restructuring Scheme (CDRS) and Asset Disposal Programme. Significant asset disposals have the added benefit of paring down the Group's financing costs on interest accrued on borrowings.

Most of the major asset disposals were concluded post balance sheet. At this juncture, I would like to add that your Board made the painful decision of disposing the World Trade Centre in Melbourne, Australia in early 2005. On behalf of my fellow Directors, I would like to thank shareholders of Land & General for giving your support and approval for the said disposal at the Extraordinary General Meeting held on 29 June 2005. This disposal alone would substantially reduce the Group's borrowings and produce further interest savings in the region of RM16 million.

CORPORATE SOCIAL RESPONSIBILITY

Being a caring corporate is an inherent part of our culture. Despite the difficulties and challenges we have been facing, we continued to give back to the community, albeit little but what we could afford. Modest contributions have been made by the Group to a few welfare organisations.

THE ROAD AHEAD

With overall growth in the domestic economy expected to slow to 5.5 % in 2005, from 7.1 % in 2004, the Group expects to continue to push forth with its corporate rationalisation and de-gearing programme.

Land & General shall continue to deploy and expend resources in property development. The Company views as positive a consensus within the industry that the residential sector will remain bullish, boosted by low interest rates on borrowing. However, there remains the looming impact of oil and diesel price increases, as well as the supply of skilled construction labour.

Ultimately, carefully executed strategies and asset disposal exercises are seen as prime factors to turn the Company around, to ensure bottom-line viability and to enhance shareholder value.

IN APPRECIATION

Given this very trying period, I wish to record my appreciation to the Board of Directors, Management and staff of Land & General for their continuing support and loyalty. To our shareholders, I thank you for your support and interest in this Company.

Thank you.

Datuk Oh Chong Peng
Chairman

25 August 2005



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

OVERVIEW

The fifteen months under review proved to be an extremely trying period for the Company. We came up against formidable operational and financial hurdles, and thus had to be cautious in our management approaches and strategies.

However, I am pleased to report that at corporate level, the Company performed reasonably well. Notwithstanding the considerable time spent on negotiations for the disposal of our non-core assets, the Group did well to execute its Asset Disposal Programme ahead of schedule.

For the financial period reviewed, the Group recorded a revenue of RM165.8 million, lower than the RM212.9 million in 2003.

Primary concerns for 2004-5 included resolving the operational and financial issues of two wholly-owned subsidiaries and meeting debt repayments under the Composite Debt Restructuring Scheme ("CDRS"), as well as arranging for orderly disposals pursuant to the Asset Disposal Programme.

With regard to the Asset Disposal Programme, I am happy to record the successful disposal of Twintech Holdings Sdn Bhd and Overseas & General Ltd.

As expected, property continued to be the mainstay of the Group. While our signature township of Bandar Sri Damansara faced constraints in the launching of property parcels, we struggled with efforts to rehabilitate the development projects in Bandar Sungai Buaya and Lembah Beringin.

With regard to our Australian operations, the Company spent much time and resources for the disposal of the World Trade Centre ("WTC"). Although the WTC is a major contributor to the Group's turnover, the disposal is inevitable under the Asset Disposal Programme.

With the Group's emphasis on asset disposals, to date, we have managed to pare down 20% of CDRS debt and produced interest savings of RM4.6 million per annum. CDRS debt of RM450.5 million was reduced by RM91.6 million to RM358.9 million as at 31 March 2005.

In March 2004, the Company announced the issuance of new ordinary shares of RM1 each to settle the indebtedness of its two wholly-owned subsidiaries. Further to obtaining the approval of the Securities Commission in November 2004, 4,910,500 shares were issued in January 2005, and 7,835,000 in February 2005, making a total issue of 12,745,500 new ordinary shares of RM1 each in the Company during the financial period under review. Consequently, the issued and paid-up share capital of the Company increased to RM595,622,530 comprising 595,622,530 ordinary shares of RM1 each at the end of the reported financial period.

OVERVIEW OF GROUP'S RESULTS

	Turnover		% Change	(Loss)/Profit Before Tax		
	2005 RM'000	2003 RM'000		2005 RM'000	2003 RM'000	% Change
Property Division	122,784	175,258	(30)	(151,053)	2,364	(> 100)
Investment Division						
Timber	3,158	5,544	(43)	(1,545)	1,024	(> 100)
Education	39,831	32,095	24	10,132	9,652	5
Others	—	—	—	8,486	4,342	95
	<u>165,773</u>	<u>212,897</u>		<u>(133,980)</u>	<u>17,382</u>	
Group's share in associated companies & jointly controlled entities				(993)	(1,219)	(19)
				<u>(134,973)</u>	<u>16,163</u>	

MANAGING DIRECTOR'S REVIEW OF OPERATIONS (Cont'd)

CHANGE OF FINANCIAL YEAR END

As announced on 25 November 2004, the Company changed its financial year end from 31 December to 31 March. The audited Financial Statements presented in this Annual Report reflect the new financial period.

PROPERTY

The Group's operations in 2004-5 were focused in Bandar Sri Damansara, where 1,256 units of low-cost apartments were successfully completed and handed over. The 108 units of *Tania* and *Tamara* townhouses were completed ahead of schedule and handed over in October 2004.

However, after evaluating market sentiment and customer response, the Company made the decision to terminate the *Paradesa Mustika* condominium project in Bandar Sri Damansara.

In October 2004, we commenced the construction of *Paradesa Tropika II* with a simple ground-breaking ceremony. Comprising 3 blocks of 256 units; each condominium unit measuring 1,120 sq ft is offered at an affordable selling price of RM195,000. Completion of the first phase of the *Paradesa Tropika II* is expected in August 2006.

The Company has considered various alternatives for the remaining land bank in Bandar Sri Damansara and has found it prudent to emphasise sales of land parcels rather than undertake development of housing/commercial projects ourselves. This strategy will maximise yield and deliver better financial returns for this township within a shorter time-frame. In the long term, this would be beneficial to the Company as well as the Group.

The Chairman has highlighted in detail, the dismal status of our two subsidiaries, Bandar Sungai Buaya Sdn Bhd and Lembah Beringin Sdn Bhd. Both these subsidiaries did not perform to our desired expectation and the number one hindrance is the lack of funding. Under the CDRS, the parent company and related companies are unfortunately not permitted to provide financial aid to subsidiaries within the Group.

The financial and operational shortcomings at Bandar Sungai Buaya resulted in the project being a major contributor to our losses for the period in review. No new projects were initiated here in 2004-5 as restructuring proposals to revive this development were still being negotiated with various parties.

Revival and rehabilitation of the Lembah Beringin township, which is partly aided by Syarikat Perumahan Negara (SPN), was hampered due to delay in obtaining the consent of affected house-buyers. Without fresh capital funding, no new projects could be initiated in Lembah Beringin either.

In Australia, our operations posted reasonably satisfactory performances. The WTC operated profitably and recorded 100% tenancy. This was marred somewhat by the lacklustre sales in the Hidden Valley and Flinders Wharf apartment projects with the slowing down of the property market in Melbourne.

Overall, the Property Division's losses of RM151.1 million during the financial period under review are largely attributed to the substantial provisions made for the impairment of assets – most noticeably, in respect to our land bank at Bandar Sungai Buaya and Liquidated Ascertained Damages in Lembah Beringin.

OVERVIEW OF PROPERTY DIVISION

	2005	2003
Turnover (RM'000)	122,784	175,258
(Loss)/profit before exceptional items (RM'000)	(67,299)	8,400
Exceptional items:		
Write down of development properties (RM'000)	(9,784)	–
Asset impairment (RM'000)	(73,970)	(6,036)
(Loss)/Profit before taxation (RM'000)	(151,053)	2,364

MANAGING DIRECTOR'S REVIEW OF OPERATIONS (Cont'd)

EDUCATION

As mentioned earlier, the Group disposed of its entire equity interest in Twintech Holdings Sdn Bhd. The Group's investment in Sekolah Sri Bestari is a profitable operation, with credible student performances and collective good results in examinations.

The Education Division's revenue of RM39.8 million in 2004-5 includes the turnover of Twintech Holdings Sdn Bhd until November 2004.

OVERVIEW OF EDUCATION OPERATIONS

	2005	2003
Turnover (RM'000)	39,831	32,095
Profit before taxation (RM'000)	10,132	9,652

POST-BALANCE SHEET

On 29 July 2005, the Group completed the disposal of the WTC and recorded sale proceeds of A\$112 million.

In May 2005, our wholly-owned subsidiary, Sri Damansara Sdn Bhd ("SDSB"), entered into an agreement to dispose of two parcels of land, with an aggregate of 21.5 acres, for a cash consideration of RM79.7 million. Subsequently in July 2005, SDSB entered into an agreement to dispose of another eight parcels of land measuring an aggregate of 26.5 acres, for a cash consideration of RM109.9 million. In addition, Landgen Property Management Sdn Bhd, also a wholly-owned subsidiary, entered into an agreement to dispose of the lease at Plaza Putra in Dataran Merdeka, Kuala Lumpur, for a cash consideration of RM7.4 million. The aforementioned disposal proceeds will be utilised to repay the Group's borrowings.

LOOKING AHEAD

Property development will no doubt continue to be the core activity of the Group, with Bandar Sri Damansara projected to remain a key area of activity.

We will prevail with efforts to examine all avenues to resuscitate and rehabilitate the stalled developments at Bandar Sungai Buaya and Lembah Beringin.

At the same time, the Company will channel its efforts and strategies into minimising CDRS debt and continuing our Asset Disposal Programme.

ACKNOWLEDGEMENTS

The financial period under review has no doubt been both difficult and challenging. On behalf of the Board of Directors, I take this opportunity to express my sincere gratitude to Management and staff of the Group, customers, business partners, local and overseas authorities, and last but not least, shareholders of the Company.

G. KRISHNAN

Managing Director

25 August 2005



CORPORATE GOVERNANCE STATEMENT

The Board of Land & General Berhad is fully committed to the principles and best practices of the Malaysian Code of Corporate Governance. The Board constantly strives to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company.

THE BOARD OF DIRECTORS

The Board comprises eight directors: seven non-executive Directors and one executive Director.

The Board's composition is well balanced where five of the eight Directors are independent Directors. The Company is led and controlled by an experienced Board made up of professionals and entrepreneurs who have a diverse range of business, financial and technical skills and experience. This mix of skill and experience is essential for the successful attainment of the corporate plans and objectives of the Group. A brief profile of each Director is presented on pages 8 to 11 of this Annual Report.

The roles of the non-executive Chairman and the Managing Director are clearly defined, with each carrying out his duties and responsibilities within the Company. The Chairman heads the Board and is responsible for ensuring the effectiveness of the Board. The Managing Director has overall executive responsibility for the day-to-day business operations and the implementation of the Board's decisions. In addition, General (Rtd) Tan Sri Borhan is the Senior Independent Non-executive Director of the Company to whom concerns or queries regarding the Group can be directed.

All the Directors have an equal responsibility for the Group's operations and corporate accountability. The independent non-executive Directors play a vital supporting role by contributing their knowledge and experience towards the development of the Company's objectives. They also provide a broader and independent view in the decision-making process.

In the furtherance of their duties, all Directors have access to the advice and service of the Company Secretary, the internal auditors and, if so required, independent professional advisors, at the Company's expense.

BOARD MEETINGS

Board meetings are scheduled every quarter and additional meetings are convened as and when necessary. During the financial period for the fifteen months ended 31 March 2005, a total of six Board meetings were held.

The following is a record of attendance of the Board meetings by the Board of Directors:

Directors	No. of Meetings Attended
Datuk Oh Chong Peng	6/6
G. Krishnan	6/6
General (Rtd) Tan Sri Borhan Hj Ahmad	6/6
Datuk Dr Salleh Mohd Nor	6/6
Vice Admiral (Rtd) Dato' Seri Ahmad Ramli Hj Mohd Nor	4/6
Dato' Dr A Bakar Jaafar	4/6
Rita A/P Benoy Bushon	5/6
Md Tarmuzi Md Salleh	6/6

CORPORATE GOVERNANCE STATEMENT (Cont'd)

BOARD MEETINGS (Cont'd)

Board papers providing updates on operations, financial and corporate proposals and minutes of the Board Committees are circulated prior to each meeting. This is to give the Directors sufficient time to enable them to participate in the deliberations of the issues to be raised at the meetings and to make informed decisions.

To assist the Board in the discharge of its duties effectively, the Board has delegated certain functions to the following Committees, each operating within clearly defined terms of reference:

i) Executive Committee

The Executive Committee ("Exco") comprises the Chairman and the Managing Director. The Exco deals with a wide range of matters involving inter alia corporate development proposals and major operational activities and issues before bringing such matters to the attention of the Board at the Board Meetings and/or, where appropriate, seeking approval from the Board as a whole. The Exco meetings are scheduled approximately once a month and, for the financial period 15 months ended 31 March 2005, the Exco met ten times.

ii) Audit Committee

The Audit Committee, comprising wholly of non-executive directors, the majority of whom are independent, is responsible for reviewing and monitoring the work of the Group's internal audit function as well as ensuring that an objective professional relationship is maintained with the external auditors. Further details of the Audit Committee are contained in the Audit Committee's Report in the next section of this Annual Report.

iii) Remuneration Committee

The Remuneration Committee, comprising exclusively of independent non-executive directors, is authorised to review, assess and recommend to the Board the remuneration of the executive Director in all forms, using other independent professional advice as necessary.

iv) Nominations Committee

The Nominations Committee comprises entirely non-executive directors, the majority of whom are independent. The Nominations Committee is authorised to identify and recommend the appointment of new directors to the Board. However, decisions on the appointment of new directors are made by the Board of the Company.

RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to election by shareholders of the Company at the first Annual General Meeting after their appointment. The Articles also provide that one-third of all the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

DIRECTORS' TRAINING

All Directors of the Company have attended the Mandatory Accreditation Programme. Pursuant to the amendments to the Listing Requirement in relation to the Continuing Training Programme which came into effect on 1 January 2005, the Directors had decided that they shall continue to attend relevant training programmes conducted by external experts and in addition to this, internal management shall, from time to time, provide updates regarding any latest amendments pertaining to the listing requirements and statutory provisions or new regulations and accounting standards imposed by the relevant authorities. During the financial period under review, the Directors have attended appropriate training programmes conducted by external experts as well as those by internal management to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of developments in the marketplace.

DIRECTORS' REMUNERATION

The executive director's remuneration comprises basic salary and allowances including other customary benefits made available to the Group. Any salary review takes into account market rates and the performance of the individual and the Group.

The non-executive Directors' remuneration comprises fees, which are linked to their expected roles and level of responsibilities. The Directors' annual fees, which are determined by the Board as a whole, are approved by shareholders of the Company at each Annual General Meeting.

The aggregate remuneration of the Directors of the Company categorised into appropriate components for the financial period 15 months ended 31 March 2005 is as follows:

Directors	Fees RM'000	Salaries RM'000	Benefits in kind RM'000	Total RM'000
Executive		720	104	824
Non-executive	436			436

The number of Directors of the Company whose total remuneration falls within the respective bands for the financial period 15 months ended 31 March 2005 is as follows:

Band	Number of Directors	
	Executive	Non-executive
RM50,000 and below		3
RM50,001 to RM100,000		3
RM100,001 to RM150,000		1
RM800,001 to RM850,000	1	

CORPORATE GOVERNANCE STATEMENT (Cont'd)

FINANCIAL REPORTING

The Board aims to present a balanced and understandable assessment of the Group's financial position and prospects in all their reports to shareholders, investors and regulatory authorities. The assessment is achieved primarily through the quarterly financial results and by both the Chairman's Letter and Managing Director's Review of Operations in the Annual Report. The quarterly financial results are reviewed by the Audit Committee and approved by the Board before release to the Bursa Malaysia.

The Directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group, and for ensuring that the financial statements comply with the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia.

INTERNAL CONTROLS

The Directors acknowledge their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent review by the internal and external auditors.

To enhance risk management, the Company set up a Risk Management Committee in March 2002, which completed formalising the Risk Management Policy and Framework for the Group by the end of 2002. Details of the role and function of the Risk Management Committee are disclosed in the Statement on Internal Control in the following section of this Annual Report.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Group has established a transparent and professional relationship with the external auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of the shareholders at the general meeting of the Company whilst the Board determines their remuneration.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of timely dissemination of information to shareholders and investors to ensure that they are well informed of all major developments of the Company and the Group. Such information is communicated to shareholders and investors through various disclosures and announcements to the Bursa Malaysia, including the quarterly financial results, annual reports and where appropriate, circulars and press releases.

The Annual General Meeting represents the principal forum for dialogue and interaction with shareholders. At the Annual General Meeting, the Board encourages and welcomes participation from shareholders to ask questions regarding the resolutions being proposed at the meeting and also other matters pertaining to the business activities of the Group. The Directors are present during these meetings to respond to questions raised by shareholders.

Apart from the mandatory announcements through the Bursa Malaysia, the Company also provides the Group's corporate, financial and non-financial information at its website: www.land-general.com.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

ADDITIONAL COMPLIANCE INFORMATION

- **Material Contracts**

There were no material contracts subsisting at the end of the financial period* entered into since the end of the previous financial year by the Company and its subsidiaries which involve the interests of directors and major shareholders.

- **Sanctions and/or Penalties Imposed**

There were no fines or sanctions imposed on the Company and its subsidiaries, directors or management by the relevant regulatory authorities.

- **Non-audit Fee**

There is no non-audit fee payable to the external auditors for the financial period ended 31 March 2005. Please refer to Note 9 to the Financial Statements.

* *During the period, the Group changed its financial year end from 31 December to 31 March and accordingly, the Audited Financial Statements covers a 15 months period from 1 January 2004 to 31 March 2005*

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company of the financial year then ended.

In preparing the financial statements for the period 15 months ended 31 March 2005, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT COMMITTEE REPORT

The Audit Committee was established on 8 August 1991 to act as a Committee of the Board to fulfil its fiduciary responsibilities relating primarily to business ethics, policies and practices, and financial management and controls.

MEMBERS AND MEETINGS

The Audit Committee held six (6) meetings during the financial year ended 31 March 2005. The members of the Audit Committee and the record of their attendance are as follows:

	Directors/Members	Position on the Board	No. of Meetings Attended
1	General (Rtd) Tan Sri Borhan Hj Ahmad	Chairman of Audit Committee, Independent Non-Executive Director	6/6
2	Datuk Oh Chong Peng	Independent Non-Executive Director	6/6
3	Datuk Dr Salleh Mohd Nor	Independent Non-Executive Director	5/6
4	Vice Admiral (Rtd) Dato' Seri Ahmad Ramli Hj Mohd Nor	Independent Non-Executive Director	4/6
5	Dato' Dr A Bakar Jaafar	Independent Non-Executive Director	4/6
6	Rita A/P Benoy Bushon*	Non-Independent Non-Executive Director	2/3

Note: * Puan Rita Benoy Bushon resigned as Audit Committee Member w.e.f. 2nd July 2004.

In July 2004 Puan Rita Benoy Bushon, a Non- Independent Non-Executive Director, resigned as member of the Audit Committee and on behalf of the Board, I would like to record our sincere thanks and appreciation for her past contributions to the Committee of the Board.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

Membership

1. The Audit Committee shall be appointed by the Board from amongst their number and shall consist of at least three members, with the majority being independent directors.
2. At least one member of the Committee shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
3. The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.
4. In the event of any vacancy in the Audit Committee, within three months of that event, the Board shall appoint new members to make up the minimum number of three members.
5. No alternate director shall be appointed as a member of the Audit Committee.
6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three years.

AUDIT COMMITTEE REPORT (Cont'd)

Authority

The Audit Committee is authorised by the Board:

1. To investigate any activity within its terms of reference;
2. To have the resources required to perform its duties;
3. To have full and unrestricted access to information about the Company and the Group;
4. To have unrestricted access to both the internal and external auditors and to all employees of the Group; and
5. To obtain external legal or other independent professional advice as necessary.

Functions

The functions of the Audit Committee shall be:

1. To review with the external auditors:
 - the audit plan
 - their evaluation of the system of internal controls
 - their audit reports, to ensure that their recommendations regarding major management weaknesses are implemented
 - the annual financial statements and recommend adoption of the financial statements
 - the audit fees
2. To review:
 - the Group's internal control procedures, including organisational and operational controls
 - the internal audit department's scope of work and functions
 - the Annual Audit Plan
 - the results of internal audit procedures and relevant reports
 - the assistance given by the Company's officers to the internal auditors
 - the regular management information, to ensure that audit recommendations regarding major management weaknesses are effectively implemented
 - any related party transactions that may arise within the Company and the Group
 - the Group's quarterly financial results, in conjunction with the Group's announcement to the Bursa Malaysia Securities Berhad
3. To review and recommend the appointment of the external auditors.
4. To undertake such other functions as may be agreed to by the Audit Committee and the Board.

AUDIT COMMITTEE REPORT (Cont'd)

Meetings

1. Meetings shall be held not less than four times a year.
2. The quorum for each meeting shall be two members present and a majority must be independent directors.
3. The Managing Director, Head of Group Finance and Accounts and the Head of Internal Audit shall normally attend the meetings. Other Board members and employees may attend the meetings upon the invitation of the Audit Committee.
4. At least once a year, the Audit Committee shall meet with the external auditors without any executive directors present.
5. The Company Secretary shall be the Secretary of the Audit Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board.
6. The Chairman of the Audit Committee shall report on each meeting to the Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2005

Internal Audit Function

The Company has an Internal Audit Department whose principal responsibility is to undertake regular and systematic reviews of the systems of internal controls, so as to provide reasonable assurance that such systems continue to operate effectively and efficiently.

During the financial year, the following activities were carried out by the Internal Audit Department. :-

1. Reviewed and appraised the soundness, adequacy and application of accounting, financial and other controls, and promoted effective control in the Company and the Group;
2. Ascertained the extent of compliance with established policies, procedures and statutory requirements;
3. Ascertained the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;
4. Carried out ad hoc audit assignments and special reviews;
5. Recommended improvements to the existing system of controls; and
6. Identified opportunities to improve the operations of and processes within the Group.

AUDIT COMMITTEE REPORT (Cont'd)

Summary of Activities of the Audit Committee

During the financial year ended 31 March 2005, the Audit Committee performed its duties as set out in its terms of reference.

The main activities undertaken by the Audit Committee were as follows:-

1. Reviewed the audit plans for the Group prepared by the internal auditor;
2. Reviewed the external auditors' scope of work and audit plans for the year;
3. Reviewed the internal audit reports, recommendations and management's response, and discussed actions taken with Management to improve the internal controls system based on internal audit findings;
4. Reviewed the quarterly Risk Assessment exercise to assist the Board in identifying and managing the Group's risks;
5. Reviewed the quarterly unaudited financial results announcements with the Managing Director and Head of Group Finance & Accounts before recommending it for the Board's approval; and
6. Reviewed the audited financial statements of the Company and the Group prior to the submission to the Board for their consideration and approval (to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by MASB).

GENERAL (RTD) TAN SRI BORHAN HJ AHMAD

Chairman of Audit Committee
(Independent Non-Executive Director)

22 AUGUST 2005

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Land & General Berhad is committed to maintaining a sound system of internal controls for the Group and therefore pleased to provide the Statement of Internal Control, which outlines the key elements of this system within the Group.

BOARD'S RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board has the overall responsibility for the Group's system of internal controls and risk management practices, which are reviewed continuously for their adequacy and integrity. However it should be noted that such systems are designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. The systems can therefore only provide reasonable, and not absolute, assurance against any material misstatement or losses.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives throughout the year under review and up to the date of this report. This process is regularly reviewed by the Board through its Audit Committee, which dedicates separate time for discussion of this matter.

RISK MANAGEMENT POLICY AND FRAMEWORK

The Risk Management Committee, comprising members of senior management that was established in April 2002, has developed a Risk Management Policy and Framework for the Group. The Board had approved and accepted this risk policy, which now forms an integral part of good management practice for the Group. The purpose of this policy is to foster a proactive risk management culture within the Group's companies and departments. Compliance to the risk policy is mandatory and is subjected to close monitoring by the Board via the Internal Audit Department.

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee. The effectiveness of the risk management system is monitored and evaluated by all levels of management, i.e. the Chief Risk Officers, on an ongoing basis. All employees are encouraged to identify weaknesses so as to improve efficiency and effectiveness within the Group.

In embedding the risk management policy into the Group's management system, each Chief Operating Officer and/or the Head of Department acts as the Chief Risk Officer for his business unit and/or department. As such it is his responsibility for promoting and managing risk management and control systems within his unit and/or department.

The year had seen much progress since the establishment of the risk management policy. Resources were put in place to ensure that the objectives of this policy were met. In its efforts to achieve these objectives, the Risk Management Committee carried out the following activities:

- Undertook the second revision of the Risk Management Policy in March 2004 which was duly completed in September 2004. This policy which was originally issued in March 2003 shall undergo revision on annual basis. The next revision i.e. the third revision is expected to be completed by December 2005.
- As the Group faces a variety of risks in conducting its businesses, policies and procedures have been developed to enable it to respond to these risks. Formal procedures now exist to ensure that critical success factors are identified as part of the planning process. The risk profiles of each aspect of operations and changes in risk factors are taken into consideration during the budgeting and planning process.
- Reviewed the key business risks facing the Group including operational, legal, regulatory, financial, human resource, tax, technology and market risks identified in the revised Risk Management Policy. The monitoring, reviewing and reporting framework will give reasonable assurance that there is an acceptable level of risks throughout the Group's business.
- An on-going risk management process has been instituted at all levels of management within the organisation to identify and manage existing and new significant risks faced by the Group.

STATEMENT OF INTERNAL CONTROL (Cont'd)

CONTROL SELF-ASSESSMENT OR RISK ASSESSMENT

Central to the Group's internal control and risk management systems is its Control Self-Assessment or Risk Assessment process. The Internal Audit Department has the task of monitoring, assessing and reporting on the compliance and effectiveness of these systems. A key Internal Control checklist has been developed, setting out the various key controls and process requirements across all business functions. This is updated regularly after taking into consideration changing risk profiles resulting from changes in the business environment, business strategies and functional activities. Significant business units, comprising the subsidiaries and relevant departments within the Group, are required to respond to the given internal control checklist on a quarterly basis and summary results of the assessment are reported by the Internal Audit Department to the Board via the Audit Committee.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is carried out by an adequately resourced internal audit department, which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of the Group's system of controls, procedures and operations.

Internal audits are undertaken to provide independent assessments of the adequacy, efficiency and effectiveness of the Group's internal controls systems, and reports are made to the Audit Committee on a quarterly basis. The Audit Committee also has full access to both internal and external auditors and receives reports on all audits performed.

The internal audit function reviews the internal controls in the key activities of the Group's business based on the annual internal audit plan, which is presented to the Audit Committee for approval. Since the adoption of the Risk Management Policy and Framework, the internal audit function has taken on a risk-based approach when preparing its audit strategy and plans, after having considered the risk profiles of the operating companies and divisions of the Group.

The audit reports are reviewed by the Audit Committee on a quarterly basis and are then forwarded to Management, so that any recommended corrective actions can be undertaken. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. The Audit Committee presents its findings regularly to the Board.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- Defined delegation of responsibilities to committees of the Board and to Management, including organisation structures and appropriate authority levels
- Documented internal policies and procedures set out in the Group Procedures & Authorities (GPA) Manual, which are continuously reviewed and improved upon to reflect changes in business structures and processes
- The Board receives and reviews regular reports including key operating statistics from the Management on the performance of operating units
- A detailed budgeting process requires all business units to prepare budgets annually which are reviewed and approved by the Board
- The Board receives and reviews the quarterly financial information, which includes key performances and risk indicators
- In respect of material joint ventures and associated companies, there is Board level representations from the Group to oversee the administration, operation, performance and executive management of these companies. Financial and operational information of these companies are provided regularly to the Management of the Group.

In addition, one of the Group's subsidiaries had been accorded the ISO 9001:2000 accreditation for its operational process.

CONCLUSION

The Board is of the view that the system of internal controls being instituted throughout the Group is sound and effective. Notwithstanding this, reviews of all control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard shareholders' investments and the Group's assets.



DIRECTORS' REPORT	30
STATEMENT BY DIRECTORS	35
STATUTORY DECLARATION	35
REPORT OF THE AUDITORS	36
INCOME STATEMENTS	37
BALANCE SHEETS	38
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	40
COMPANY STATEMENT OF CHANGES IN EQUITY	41
CASH FLOW STATEMENTS	42
NOTES TO THE FINANCIAL STATEMENTS	43

**F I N A N C I A L
S T A T E M E N T S**



DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and renting of assets.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes to the activities of the Group and the Company during the financial period other than the cessation of involvement in timber operations as a result of the disposal of a subsidiary, Overseas & General Limited.

CHANGE OF FINANCIAL YEAR END

During the period, the Company changed its financial year end from 31 December to 31 March. Accordingly, these financial statements cover 15 months from 1 January 2004 to 31 March 2005. As such, comparative amounts for the income statements, statements of changes in equity, cash flow statements and the related notes are not considered comparable.

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	129,471	246,333
Minority interests	2,371	–
Net loss for the period	131,842	246,333

There were no material transfers to or from reserves and provisions during the financial period other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature other than:

- (a) the effects arising from the disposal of discontinued operations in respect of a subsidiary resulting in a gain of RM37.6 million to the Group and a gain of RM1.1 million to the Company as disclosed in Note 7(a) to the financial statements;
- (b) other disposals of subsidiaries resulting in a gain of RM11.2 million to the Group and a gain of RM23.6 million to the Company as disclosed in Note 7(b) to the financial statements;
- (c) the provision for doubtful debts of RM228.6 million in respect of the Company as disclosed in Note 9 to the financial statements; and
- (d) the impairment of land held for property development resulting in a loss of RM68.8 million to the Group as disclosed in Note 9 to financial statements.

DIRECTORS' REPORT (Cont'd)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

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

DIRECTORS

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

Datuk Oh Chong Peng	(Chairman)
M.R Gopala Krishnan C.R.K Pillai	(Managing Director)
General (R) Tan Sri Borhan Hj Ahmad	
Datuk Dr Salleh Mohd Nor	
Vice Admiral (R) Dato' Seri Ahmad Ramli Hj Mohd Nor	
Dato' Dr A. Bakar Jaafar	
Rita Benoy Bushon	
Md Tarmuzi Md Salleh	

In accordance with Article 93 of the Articles of Association of the Company, Datuk Oh Chong Peng, Vice Admiral (R) Dato' Seri Ahmad Ramli Hj. Mohd Nor and M.R Gopala Krishnan C.R.K Pillai, retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Neither at the end of the financial period, nor at any time during that period, did there subsist any arrangements 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 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with 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 IN SHARES AND DEBENTURES

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial period in shares in the Company during the financial period were as follows:

	Ordinary shares of RM1 each			At 31.3.2005
	At 1.1.2004	Acquired	Disposed	
Datuk Dr Salleh Mohd Nor	12,000	—	—	12,000
Dato' Dr A. Bakar Jaafar	100,000	—	—	100,000

No other Director in office at the end of the financial period held any interest in shares or in debentures of the Company and its related corporations.

DIRECTORS' REPORT (Cont'd)

ISSUE OF SHARES

During the financial period, the issued and fully paid-up share capital of the Company was increased from 582,877,030 ordinary shares of RM1.00 each to 595,622,530 ordinary shares of RM1.00 each by the issuance of 12,745,500 new ordinary shares to identified property purchasers and certain contractors and consultants of two of its subsidiaries. The ordinary shares were issued as a settlement of the amounts due by the two subsidiaries to the said property purchasers, contractors and consultants.

The new ordinary shares issued during the period ranked *pari passu* in all respects with the existing ordinary shares of the Company.

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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any 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) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

DIRECTORS' REPORT (Cont'd)

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 period which will or may affect the ability of the Group or 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 period 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 period in which this report is made.

SIGNIFICANT EVENTS

- (a) On 2 March 2004, Lang Education Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with Rimbun Masyhur Sdn Bhd ("RMSB") to dispose of 1,500,000 ordinary shares of RM1.00 each representing its entire 70% equity interest in Twintech Holdings Sdn Bhd (formerly known as L&G Twintech Sdn Bhd); and Lembah Beringin Sdn Bhd ("LBSB"), a wholly-owned subsidiary of the Company, entered into an Agreement with RMSB for the disposal of 50 acres of land in LBSB for a total purchase consideration of RM33.3 million to be satisfied by way of tendering the Redeemable Convertible Secured Loan Stocks with an aggregate face value of RM28.3 million together with a cash sum of RM5.0 million. The above disposals were completed on 14 December 2004, and resulted in a gain to the Group of RM15.5 million.
- (b) On 18 March 2004, Overseas & General Limited ("OGL"), a subsidiary of the Company, entered into the Agreement with the Company for the sale of certain assets in consideration of the early redemption of the 15,000,000 convertible bonds, with face value of AUD15.0 million, under the terms set out below:
- (i) OGL would redeem 4,450,000 convertible bonds within 14 days from the date of execution of the Agreement by way of cash payment of AUD4.45 million to the Company;
 - (ii) OGL would redeem 6,200,000 convertible bonds by way of transfer to the Company of its assets, namely:
 - 13,002,000 ordinary shares in a corporation quoted outside Malaysia; and
 - 1,500,000 ordinary shares in an associate.
 - (iii) OGL would redeem the balance of 4,350,000 convertible bonds by applying the proceeds from a bank guarantee amounting to USD815,058 from a bank.

The above transactions were completed on 29 April 2004, and resulted in a gain of RM0.8 million to the Group.

- (c) On 19 March 2004, the Company and Bestform Limited, a wholly-owned subsidiary, entered into four separate Sale & Purchase of Shares Agreements for the proposed disposals of 7,735,220 ordinary shares of AUD1.00 each representing approximately 51% equity interest and 66,061,666 Class B Convertible (Non-voting) ordinary shares of AUD1.00 each in OGL. The disposals were completed on 15 April 2004. As a consequence of these disposals, the Group ceased operations in the timber segment. The disposals resulted in a gain to the Group of RM37.6 million, and a gain of RM1.14 million to the Company.

DIRECTORS' REPORT (Cont'd)

SIGNIFICANT EVENTS (Cont'd)

- (d) On 25 February 2005, Lang Australia Pty Ltd ("LAPL"), a wholly-owned subsidiary of the Company, entered into the Agreement with Asset 1 (WTC) Pty Ltd ("Asset1") for the proposed disposal of the World Trade Centre Melbourne and including the entire issued and paid up share capital of AUD1.00 in World Trade Centre Melbourne Pty Ltd for a total cash consideration of AUD112.0 million plus Australian Goods and Services Tax, if any.

Pursuant to the Agreement, LAPL and Asset1 have executed a Put and Call Option Deed ("OA") on 13 May 2005. The approvals from the mortgage holders were obtained on 28 April 2005 and 13 May 2005, the approval from the Securities Commission was obtained on 23 June 2005 and the approval from the shareholders of the Company was obtained at an Extraordinary General Meeting convened on 29 June 2005.

Asset1 has exercised the Call Option on 5 July 2005. As the Call Option was exercised on 5 July 2005, barring any unforeseen circumstances, based on the terms and conditions of the OA, the proposed disposal is expected to be completed in the financial year ending 31 March 2006. The disposal is expected to result in a gain of AUD13.32 million to the Group.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 20 May 2005, Sri Damansara Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company, entered into a conditional Sale & Purchase Agreement with Indo Aman Bina Sdn Bhd ("IABSB"), a wholly-owned subsidiary of TA Enterprise Bhd, for the proposed disposal of 2 parcels of freehold land for a cash consideration of RM79.7 million. The proposed disposal is subject to the approvals being obtained from the Foreign Investment Committee, shareholders of TA Enterprise Bhd and other relevant authorities/parties.

On 20 July 2005, SDSB entered into a separate conditional Sale & Purchase Agreement with IABSB for the proposed disposal of 8 parcels of freehold land for a total cash consideration of RM109.9 million. The above disposals are expected to result in a net gain of RM76.4 million to the Group.

- (b) On 20 June 2005, Landgen Property Management Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional Sale of Lease Agreement with Auto Parking Inc Sdn Bhd for the sale of the lease in respect of a parcel of land held under PN 9399 Lot 70, Seksyen 59 Bandar Kuala Lumpur for a total cash consideration of RM7.4 million. The disposal is expected to result in a gain of RM0.9 million to the Group.

AUDITORS

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

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

Datuk Oh Chong Peng

M.R Gopala Krishnan C.R.K Pillai

Kuala Lumpur, Malaysia
28 July 2005



STATEMENT BY DIRECTORS

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

We, Datuk Oh Chong Peng and M.R Gopala Krishnan C.R.K Pillai, being two of the Directors of Land & General Berhad, do hereby state that, in our opinion, the accompanying financial statements set out on pages 37 to 93 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 March 2005 and of the results and the cash flows of the Group and of the Company for the period then ended.

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

Datuk Oh Chong Peng

M.R Gopala Krishnan C.R.K Pillai

Kuala Lumpur, Malaysia
28 July 2005

STATUTORY DECLARATION

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

I, M.R Gopala Krishnan C.R.K Pillai, being the Director primarily responsible for the financial management of Land & General Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 93 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 M.R Gopala Krishnan C.R.K Pillai
at Kuala Lumpur in the Federal Territory
on 28 July 2005

M.R Gopala Krishnan C.R.K Pillai

Before me,
PESURUHJAYA SUMPAH MALAYSIA
NO. W181
MAISHARAH BINTI ABU HASSAN

Kuala Lumpur
28 July 2005



REPORT OF THE AUDITORS

to the members of Land & General Berhad (5507-H)

We have audited the financial statements set out on pages 37 to 93. 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 purposes. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2005 and of the results and the cash flows of the Group and of the Company for the period then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the 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 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 14 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

Sukanta Kumar Dutt
No. 1556/08/06 (J)
Partner

Kuala Lumpur, Malaysia
28 July 2005



INCOME STATEMENTS

for the period ended 31 March 2005

	Note	Group		Company	
		1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Revenue	3	165,773	212,897	3,893	18,636
Other operating income	4	32,390	53,534	7,237	30,103
Raw materials and consumables used		(5,903)	(8,216)	–	–
Property development expenditure recognised as expenses		(31,513)	(89,663)	–	–
Staff costs	5	(29,096)	(24,485)	(4,393)	(3,258)
Depreciation		(20,050)	(15,462)	(1,016)	(759)
Impairment losses		(81,776)	(15,255)	(30,076)	(29,772)
Other operating expenses		(145,015)	(63,741)	(234,944)	(27,046)
Gain on disposal of discontinued operations in respect of a subsidiary	7(a)	37,607	–	1,139	–
Gain on other disposals of subsidiaries	7(b)	11,221	15,142	23,568	3,206
Gain/(Loss) on disposal of associates		–	386	–	(1,400)
(Loss)/Profit from operations		(66,362)	65,137	(234,592)	(10,290)
Finance costs	8	(67,618)	(47,755)	(24,549)	(21,621)
Share of results of associates		864	638	–	–
Share of results of jointly controlled entities		(1,857)	(1,857)	–	–
(Loss)/Profit before taxation	9	(134,973)	16,163	(259,141)	(31,911)
Taxation:					
- Company and subsidiaries		5,502	(7,703)	12,808	1,409
- Associates		–	(97)	–	–
	10	5,502	(7,800)	12,808	1,409
(Loss)/Profit after taxation		(129,471)	8,363	(246,333)	(30,502)
Minority interests		(2,371)	(1,659)	–	–
Net (loss)/profit for the period/year		(131,842)	6,704	(246,333)	(30,502)
(Loss)/Earnings per share (sen):					
- Basic	11	(22.57)	1.20		
- Diluted	11	N/A	N/A		

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

BALANCE SHEETS

as at 31 March 2005

	Note	Group		Company	
		31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	413,912	461,637	24,816	27,424
Land held for property development	13(a)	356,293	437,418	–	–
Investments in subsidiaries	14	–	–	322,620	407,501
Investments in associates	15	9,199	8,936	8,336	–
Investments in jointly controlled entities	16	(5,475)	(3,618)	–	–
Other investments	17	7,053	16,319	6,879	620
Long term receivable	18	11,940	–	11,940	–
Deferred tax assets	31	6,702	8,009	–	–
		799,624	928,701	374,591	435,545
CURRENT ASSETS					
Property development costs	13(b)	40,538	56,068	–	–
Assets held for sale	19	6,014	10,212	–	–
Inventories	20	67,613	193,649	–	–
Trade receivables	21	24,268	69,124	–	–
Other receivables	22	103,705	126,534	135,421	345,402
Tax recoverable		480	13,866	–	5,850
Deposits, cash and bank balances	23	124,361	95,696	60,873	19,155
		366,979	565,149	196,294	370,407
CURRENT LIABILITIES					
Trade payables	24	25,081	50,641	–	–
Other payables	25	191,330	174,419	146,832	105,490
Borrowings	26	203,378	270,317	5,845	12,166
Taxation		7,021	6,349	–	–
		426,810	501,726	152,677	117,656
NET CURRENT (LIABILITIES)/ASSETS		(59,831)	63,423	43,617	252,751
		739,793	992,124	418,208	688,296

BALANCE SHEETS

as at 31 March 2005 (Cont'd)

	Note	Group		Company	
		31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
REPRESENTED BY:					
Share capital	29	595,623	582,877	595,623	582,877
Share premium		133,003	133,003	133,003	133,003
Reserves	30	99,559	145,513	–	–
Accumulated losses		(655,582)	(524,429)	(663,786)	(417,453)
Shareholders' equity		172,603	336,964	64,840	298,427
Minority interests		4,727	10,255	–	–
		177,330	347,219	64,840	298,427
Borrowings	26	538,704	603,530	353,368	389,869
Deferred tax liabilities	31	23,759	41,375	–	–
Non-current liabilities		562,463	644,905	353,368	389,869
		739,793	992,124	418,208	688,296

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2005

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Non-distributable		Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
				Capital redemption reserve RM'000	Reserve on consolidation RM'000			
At 1 January 2003	537,507	133,003	689	84	34,375	81,136	(531,133)	255,661
Foreign exchange differences not recognised in income statement	-	-	-	-	-	39,378	-	39,378
Reserve on consolidation relating to subsidiary disposed of	-	-	-	-	(10,149)	-	-	(10,149)
Issue of shares	45,370	-	-	-	-	-	-	45,370
Net profit for the financial year	-	-	-	-	-	-	6,704	6,704
At 31 December 2003	582,877	133,003	689	84	24,226	120,514	(524,429)	336,964
At 1 January 2004	582,877	133,003	689	84	24,226	120,514	(524,429)	336,964
Foreign exchange differences not recognised in income statement	-	-	-	-	-	7,866	-	7,866
Reserve on consolidation relating to disposal of subsidiary	-	-	-	-	-	(53,131)	-	(53,131)
Disposal of a subsidiary	-	-	(689)	-	-	-	689	-
Issue of shares	12,746	-	-	-	-	-	-	12,746
Net loss for the financial period	-	-	-	-	-	-	(131,842)	(131,842)
At 31 March 2005	595,623	133,003	-	84	24,226	75,249	(655,582)	172,603

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2005

	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2003	537,507	133,003	(386,951)	283,559
Issue of shares	45,370	–	–	45,370
Loss for the financial year	–	–	(30,502)	(30,502)
At 1 January 2004	582,877	133,003	(417,453)	298,427
Issue of shares	12,746	–	–	12,746
Loss for the financial period	–	–	(246,333)	(246,333)
At 31 March 2005	595,623	133,003	(663,786)	64,840

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

CASH FLOW STATEMENTS

for the period ended 31 March 2005

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	322,524	241,455	1,222	18,658
Cash paid to suppliers and employees	(171,983)	(225,827)	(11,175)	(19,391)
Taxation paid	(7,391)	(5,515)	–	–
Tax refund	18,737	–	18,732	216
Other operating receipts	–	839	174	450
Other operating payments	(21)	–	–	–
Net cash inflow/(outflow) from operating activities	161,866	10,952	8,953	(67)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment in associate	–	(9,492)	–	–
Proceeds from disposal of subsidiaries	2,313	6,160	3,894	900
Proceeds from disposal of other investments	4,790	3,566	4,300	–
Interest received	5,016	2,451	–	–
Purchase of property, plant and equipment	(3,087)	(1,926)	(629)	(484)
Proceeds from disposal of property, plant and equipment	11,338	3,315	38	3,128
Dividends received	10	184	–	890
Others	9,152	521	16,274	–
Net cash inflow from investing activities	29,532	4,779	23,877	4,434
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of hire purchase obligations	(221)	–	(221)	–
Proceeds from short term loans	–	99,421	–	–
Repayment of term loans	(73,691)	(80,839)	(4,812)	–
Repayment of Redeemable Convertible Secured Loan Stocks	(37,836)	–	(37,836)	–
Overdrafts settled under the Composite Debt Restructuring Scheme	–	32,715	–	32,715
Interest payments	(57,457)	(37,374)	(30,113)	(10,044)
Dividends paid to minority shareholders	(657)	(104)	–	–
Loan from subsidiaries	–	–	72,195	–
Others	1,630	(736)	9,675	(106)
Net cash (outflow)/inflow from investing activities	(168,232)	13,083	8,888	22,565
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,166	28,814	41,718	26,932
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	22,685	(12,864)	19,155	(7,777)
FOREIGN EXCHANGE DIFFERENCES ON OPENING BALANCES	293	6,735	–	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR (Note 23)	46,144	22,685	60,873	19,155

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and renting of assets.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes to the activities of the Group and the Company during the financial period other than the Group has ceased involvement in the timber operations as a result of disposal of a subsidiary, Overseas & General Limited.

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

The address of the registered office of the Company is 2nd Floor, 7 Persiaran Dagang, Bandar Sri Damansara, 52200 Kuala Lumpur, Malaysia.

During the period, the Company changed its financial year end from 31 December to 31 March. Accordingly, these financial statements cover 15 months from 1 January 2004 to 31 March 2005. As such, comparative amounts for the income statements, statements of changes in equity, cash flow statements and the related notes are not considered comparable.

The number of employees in the Group and the Company at the end of the financial period were 462 and 57 (2003: 895 and 63) persons respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 28 July 2005.

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 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 entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. 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 consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

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 and exchange differences.

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 acquiree's equity since then.

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

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

(iii) Jointly controlled entities

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

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities during the financial period is included in the consolidated income statement. Equity accounting is discontinued when the carrying amount of the investment in a jointly controlled entity reaches zero, unless the Group has incurred obligation or made payments on behalf of the jointly controlled entity.

The Group's interest in jointly controlled entities is carried at in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of the acquisition.

Goodwill on acquisition of subsidiaries occurring on or after 1 January 2002 are included in the balance sheet as intangible assets at cost. Goodwill on acquisition of jointly controlled entities and associates occurring on or after 1 January 2002 are included in investments in jointly controlled entities and associates respectively. When an indication of impairment exists, the carrying amount of the goodwill is assessed and written down immediately to its recoverable amount and the decrease is charged to the income statement.

Negative goodwill represents the excess of the fair value of the Group's share of identifiable net assets acquired over the cost of acquisition and is credited to reserves in the year of acquisition. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

Goodwill on acquisitions that occurred prior to 1 January 2002 was charged in full to shareholders' equity; such goodwill has not been retrospectively capitalised as it was impractical to reinstate.

(d) Investments

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

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

(e) Property, plant and equipment

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(o).

Certain freehold and leasehold lands and buildings have not been revalued since they were first revalued. The Directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of IAS 16 (revised): Property, Plant and Equipment, these assets continue to be stated at their valuation less depreciation and impairment losses.

Freehold lands are not depreciated as they have an infinite life. Leasehold lands are amortised in equal instalments over the period of the respective leases which range from 26 to 99 years. Leasehold buildings are amortised in equal instalments over the period of the respective leases that range from 26 to 50 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold buildings	2% - 10%
Plant and machinery	5% - 30%
Motor vehicles	20%
Furniture, fittings and equipment	7.5% - 30%

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Property, plant and equipment (Cont'd)

Depreciation on assets under construction commences when the assets are ready for their intended use.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken down to accumulated losses.

(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 significant 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(o).

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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 of 2 to 4 years.

(ii) Property development costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the surveys of work performed.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Inventories

Cost of completed properties held for sale are valued at the lower of cost and net realisable value.

Cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(h) Cash and Cash Equivalents

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

(i) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(e).

(j) 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.

Provision for restructuring costs is recognised in the period in which the Group becomes legally or constructively committed to payment.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period 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 from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

(l) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period 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. Such short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(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) Sale of properties

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Revenue Recognition (Cont'd)

(ii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income

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

(iv) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(v) Management fees

Management fees is recognised on an accrual basis.

(vi) Tuition fees

Revenue from tuition and registration fees are recognised over the period of instruction, net of discount.

(n) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at period-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Foreign Currencies (Cont'd)

(ii) Foreign entities (Cont'd)

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	31.3.2005 RM	31.12.2003 RM
Australian Dollars	2.92	2.83
British Pound Sterlings	7.11	6.73
Fijian Dollars	N/A	2.20
Papua New Guinea Kina	N/A	1.15
Singapore Dollars	2.30	2.22
US Dollars	3.80	3.80

(o) Impairment of Assets

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

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(p) Assets Held for Sale

Assets held for sale comprising property, plant and equipment of subsidiaries which have ceased operations are stated at the lower of cost and net realisable value.

(q) Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow or resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risk and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products and services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

(s) Financial Instruments

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

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

(i) Other non-current investments

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

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

(ii) Trade receivables

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

(iii) Trade payables

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Financial Instruments (Cont'd)

(iv) Interest-bearing borrowings

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial period, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

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

(v) Redeemable convertible secured loan stocks ("RCSLS")

The RCSLS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the RCSLS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

The equity portion of the RCSLS is insignificant and the entire RCSLS has been classified as liability.

(vi) Equity instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

3. REVENUE

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Property development	32,548	118,179	–	–
Rendering of services	43,963	35,209	–	–
Dividends from subsidiaries unquoted in Malaysia	–	–	–	15,657
Interest income:				
- Subsidiaries	–	–	1,569	1,908
- Third parties	1,446	387	1,344	387
Rental income:				
- Subsidiaries	–	–	542	434
- Third parties	56,331	35,824	–	–
Sales of timber products	3,158	5,544	–	–
Others	28,327	17,754	438	250
	165,773	212,897	3,893	18,636

4. OTHER OPERATING INCOME

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Rental income	1,308	1,861	52	339
Gain on disposal of property, plant and equipment	600	6,934	36	1,430
Interest income	4,277	2,811	–	–
Interest expense waived on completion of Composite Debt Restructuring Scheme	–	28,132	–	28,132
Gain on disposal of other investments	1,236	–	794	–
Bad debt recovered	6,165	–	6,165	–
Others	18,804	13,796	190	202
	32,390	53,534	7,237	30,103

5. STAFF COSTS

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Wages, salaries and bonus	24,152	18,561	3,026	2,586
Defined contribution retirement plan	3,374	1,939	392	268
Other employment benefits	1,570	3,985	975	404
	29,096	24,485	4,393	3,258

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

6. DIRECTORS' REMUNERATION

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Executive:				
- salaries and other emoluments	803	746	803	746
- estimated money value of benefits-in-kind (not charged to the income statement)	21	32	21	32
- defined contribution plan	-	37	-	37
	824	815	824	815
Non-Executive:				
- fees	436	355	436	355
	1,260	1,170	1,260	1,170

7. DISCONTINUING OPERATIONS AND DISPOSAL OF SUBSIDIARIES

(a) Discontinued Operations

On 19 March 2004, the Company and Bestform Limited, a wholly-owned subsidiary, entered into four separate Sale & Purchase of Shares Agreements for the proposed disposals of 7,735,220 ordinary shares of AUD1.00 each representing approximately 51% equity interest and 66,061,666 Class B Convertible (Non-voting) ordinary shares of AUD1.00 each in Overseas & General Limited, a subsidiary of the Company. The above disposals were completed on 15 April 2004. As a consequence of these disposals, the Group ceased operations in the timber segment.

The revenue and results of the subsidiary were as follows:

	Group	
	1.1.2004 to 15.4.2004 RM'000	1.1.2003 to 31.12.2003 RM'000
Revenue	3,158	5,544
Other operating income	342	795
Operating expenses	(4,150)	(13,607)
Loss from operations	(650)	(7,268)
Finance costs	(949)	3,517
Loss before taxation	(1,599)	(3,751)
Taxation	-	-
Net loss for the period/year	(1,599)	(3,751)

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

7. DISCONTINUING OPERATIONS AND DISPOSAL OF SUBSIDIARIES (Cont'd)

(a) Discontinued Operations (Cont'd)

The net assets of the subsidiary were as follows:

	Group	
	15.4.2004 RM'000	31.12.2003 RM'000
Property, plant and equipment	17,568	17,799
Investment in associates	8,314	7,962
Other investments	11,839	11,759
Current assets	11,405	23,472
Current liabilities	(3,909)	(4,471)
Long term liabilities	(27,699)	(45,589)
Net assets disposed	17,518	10,932
Transfer from foreign exchange reserve	(53,131)	
	(35,613)	
Total disposal proceeds	(1,994)	
Gain on disposal to the Group	(37,607)	
Disposal proceeds settled by cash	1,994	
Cash inflow arising on disposal:		
Cash consideration, representing cash inflow of the Group	1,994	
Cash and cash equivalents of subsidiaries disposed	(1,341)	
Net cash inflow of the Group	653	

The disposal of subsidiary had the following effect on the financial results of the Company:

	RM'000
Total disposal proceeds	1,139
Less: Net carrying amount of investment in subsidiary	-
Gain	1,139

(b) Disposal of Subsidiaries

On 2 March 2004, Lang Education Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with Rimbun Masyhur Sdn Bhd to dispose off 1,500,000 ordinary shares of RM1.00 each representing its entire 70% equity interest in Twintech Holdings Sdn Bhd (formerly known as L&G Twintech Sdn Bhd). The disposal was completed on 14 December 2004.

During the period, the Company has also liquidated several inactive subsidiaries. The details of the liquidated subsidiaries are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

7. DISCONTINUING OPERATIONS AND DISPOSAL OF SUBSIDIARIES (Cont'd)

(b) Disposal of Subsidiaries (Cont'd)

The disposals had the following effects on the Group's financial results for the period:

	Group 1.1.2004 up to dates of disposals RM'000	1.1.2003 to 31.12.2003 RM'000
Revenue	34,431	27,866
Other operating income	830	28,655
Operating expenses	(26,723)	(26,290)
Profit from operations	8,538	30,231
Finance costs	(1,272)	(1,311)
Profit before taxation	7,266	28,920
Taxation	(392)	(326)
Net profit for the period/year	6,874	28,594

The disposals/liquidation had the following effects on the financial position of the Group as at the end of the period:

	Group As at dates of disposals RM'000	31.12.2003 RM'000
Property, plant and equipment	28,750	20,501
Land held for property development	4,712	4,712
Goodwill	160	-
Other investments	3,800	3,800
Current assets	56,831	79,522
Current liabilities	(64,246)	(60,285)
Long term liabilities	(103)	(423)
Minority interest	(204)	(204)
Net assets disposed	29,700	47,623
Minority interest disposed of	(7,539)	-
Total disposal proceeds	22,161	(33,382)
Gain on disposal to the Group	(11,221)	-
Disposal proceeds settled by:		
Exchange of shares	34	
Tendering of Redeemable Convertible Secured Loan Stocks	28,348	
Cash	5,000	
	33,382	
Cash inflow arising on disposals:		
Cash consideration, representing cash inflow of the Group	288	
Cash and cash equivalents of subsidiaries disposed	(528)	
Net cash outflow of the Group	(240)	

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

7. DISCONTINUING OPERATIONS AND DISPOSAL OF SUBSIDIARIES (Cont'd)

(b) Disposal of Subsidiaries (Cont'd)

The disposals/liquidation of subsidiaries had the following effect on the financial results of the Company:

	RM'000
Total disposal proceeds	51,120
Less: Net carrying amount of investment in subsidiaries	(27,552)
Gain	23,568

8. FINANCE COSTS

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Redeemable Convertible Secured Loan Stocks	18,572	6,771	18,572	6,771
Euro Convertible Bonds	-	4,060	-	4,060
Term loans and short term borrowings	41,594	29,084	5,216	7,892
Hire purchases	145	117	47	28
Bank overdrafts	7,307	7,723	-	1,177
Intercompany loans/advances	-	-	714	1,693
	67,618	47,755	24,549	21,621

9. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is stated after charging/(crediting):

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Auditors' remuneration:				
- Audit fees	275	595	58	72
- Non-audit fee	-	580	-	-
Impairment losses:				
- Investments in subsidiaries	-	-	22,270	25,000
- Investments in associates	975	-	-	-
- Property, plant and equipment	2,219	10,286	2,219	4,250
- Assets held for sale	4,198	-	-	-
- Other investments	5,587	4,969	5,587	522
- Land held for property development	68,797	-	-	-
Liquidated ascertained damages on property development projects	18,509	12,831	-	-
Provision for doubtful debts:				
- Intercompany balances	-	-	226,414	2,489
- Third parties	16,204	6,475	2,135	1,528
Realised foreign exchange loss/(gain)	(402)	710	(426)	(151)
Rental of land and buildings	3,467	1,897	367	261
Unrealised foreign exchange loss/(gain)	3,523	(635)	2,189	8,097
Write down of properties held for sale	5,483	-	-	-
Property development costs written off	4,301	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

10. TAXATION

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Income tax:				
Malaysian income tax	1,727	168	75	2,819
Foreign income tax	17,637	2,104	–	–
Overprovided in prior years	(6,824)	(1,548)	(12,883)	–
	12,540	724	(12,808)	2,819
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	(18,042)	7,076	–	(4,228)
	(18,042)	7,076	–	(4,228)
	(5,502)	7,800	(12,808)	(1,409)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
(Loss)/Profit before taxation	(134,973)	16,163	(259,141)	(31,911)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	(37,792)	4,526	(72,559)	(8,935)
Effect of:				
- Different tax rates in other countries	319	521	–	–
- Income not subject to tax	(18,420)	(26,643)	(8,951)	(5,706)
- Expenses not deductible for tax purposes	50,782	27,982	79,876	13,045
- Utilisation of current period/year's tax losses	(30)	(4,089)	–	–
- Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(980)	(375)	–	–
Deferred tax assets not recognised in respect of current period/year's tax losses and unabsorbed capital allowances	7,443	7,426	1,709	187
Overprovision of tax expense in prior years	(6,824)	(1,548)	(12,883)	–
Tax expense for the period/year	(5,502)	7,800	(12,808)	(1,409)

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net (loss)/profit for the period/year by the weighted average number of ordinary shares in issue during the financial period/year.

	Group	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Net (loss)/profit for the financial period/year	(131,842)	6,704
Weighted average number of ordinary shares in issue ('000)	584,054	560,192
Basic (loss)/earnings per share (sen)	(22.57)	1.20

There is no diluted earnings per share as the effect of the RCSLS is anti dilutive.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Net book value at										
1.1.2004	204,971	113,766	8,189	2,023	-	89,143	2,906	20,658	19,981	461,637
Additions	-	8,564	-	-	-	283	987	3,325	201	13,360
Disposal of subsidiaries	(4,723)	(12,586)	(277)	-	-	(6,407)	(1,435)	(4,365)	(16,951)	(46,744)
Disposals	(43)	(176)	(224)	-	-	(298)	(285)	(50)	-	(1,076)
Transfer to property development costs	(117)	-	-	-	-	-	-	-	-	(117)
Reclassification of assets	-	-	-	-	-	12	-	(12)	-	-
Impairment losses	-	(2,219)	-	-	-	-	-	-	-	(2,219)
Depreciation	-	(5,243)	(23)	(322)	-	(9,045)	(671)	(4,746)	-	(20,050)
Exchange rate differences	3,370	2,715	41	-	-	2,637	34	324	-	9,121
Net book value at 31.03.2005	203,458	104,821	7,706	1,701	-	76,325	1,536	15,134	3,231	413,912
At 31.3.2005:										
At cost	203,458	142,890	7,719	25,673	-	158,125	3,621	42,396	3,231	587,113
At valuation	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(31,600)	(13)	(9,536)	-	(81,800)	(2,085)	(27,262)	-	(152,296)
Accumulated impairment losses	-	(6,469)	-	(14,436)	-	-	-	-	-	(20,905)
Net book value	203,458	104,821	7,706	1,701	-	76,325	1,536	15,134	3,231	413,912

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Net book value at										
1.1.2003	165,882	96,009	8,088	4,379	14,084	66,270	1,776	23,778	20,027	400,293
Additions	19,137	254	232	-	-	437	2,282	1,135	-	23,477
Disposal of subsidiaries	-	-	-	(5,070)	-	-	-	(12)	-	(5,082)
Disposals	-	-	-	-	(3,294)	-	(170)	(92)	-	(3,556)
Assets written off	-	-	-	-	-	(72)	(26)	(122)	-	(220)
Reclassification of assets	502	47	165	9,280	(9,994)	6,109	-	(6,048)	(61)	-
Transfer from property development costs	7,568	2,954	-	-	-	-	-	436	-	10,958
Impairment losses	-	(4,250)	-	(6,036)	-	-	-	-	-	(10,286)
Depreciation	-	(3,718)	(1)	(530)	(796)	(6,178)	(373)	(3,866)	-	(15,462)
Exchange rate differences	11,882	22,470	(295)	-	-	22,577	(583)	5,449	15	61,515
Net book value at 31.12.2003	204,971	113,766	8,189	2,023	-	89,143	2,906	20,658	19,981	461,637
At 31.12.2003:										
At cost	200,411	140,862	8,656	25,673	-	157,316	5,961	57,152	19,981	616,012
At valuation	4,560	4,301	-	-	-	-	-	-	-	8,861
Accumulated depreciation	-	(27,147)	(467)	(17,614)	-	(68,173)	(3,055)	(36,494)	-	(152,950)
Accumulated impairment losses	-	(4,250)	-	(6,036)	-	-	-	-	-	(10,286)
Net book value	204,971	113,766	8,189	2,023	-	89,143	2,906	20,658	19,981	461,637

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company								
Net book value at 1.1.2004	11,988	13,737	65	–	57	1,092	485	27,424
Additions	–	–	–	–	–	386	243	629
Disposals	–	–	–	–	–	–	(2)	(2)
Depreciation	–	(518)	(1)	–	(26)	(294)	(177)	(1,016)
Impairment losses	–	(2,219)	–	–	–	–	–	(2,219)
Net book value at 31.03.2005	11,988	11,000	64	–	31	1,184	549	24,816
At cost	11,988	20,720	76	–	206	1,688	2,571	37,249
Accumulated depreciation	–	(7,501)	(12)	–	(175)	(504)	(2,022)	(10,214)
Accumulated impairment losses	–	(2,219)	–	–	–	–	–	(2,219)
Net book value	11,988	11,000	64	–	31	1,184	549	24,816

The land title of the freehold land of the Company is in the process of being transferred to the Company.

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company								
Net book value at 1.1.2003	–	18,402	67	3,357	76	202	410	22,514
Additions	11,988	–	–	–	–	1,156	186	13,330
Disposals	–	–	–	(3,293)	–	(111)	(7)	(3,411)
Depreciation	–	(415)	(2)	(64)	(19)	(155)	(104)	(759)
Impairment losses	–	(4,250)	–	–	–	–	–	(4,250)
Net book value at 31.12.2003	11,988	13,737	65	–	57	1,092	485	27,424
At cost	11,988	20,720	76	–	206	1,307	2,852	37,149
Accumulated depreciation	–	(2,733)	(11)	–	(149)	(215)	(2,367)	(5,475)
Accumulated impairment losses	–	(4,250)	–	–	–	–	–	(4,250)
Net book value	11,988	13,737	65	–	57	1,092	485	27,424

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The freehold and leasehold land and buildings of the subsidiaries stated at valuation were revalued between 1984 and 1998 based on valuations carried out either by independent professional valuers or on an open market basis.

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Net book value of revalued property, plant and equipment at 31 December had these assets been carried at cost less depreciation:		
Freehold land and buildings	–	5,764
	–	5,764

Included in the property, plant and equipment of the Group and Company are the following property, plant and equipment held under finance lease agreements:

	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Group			
At 31 March 2005			
At cost	1,323	–	1,323
Accumulated depreciation	(414)	–	(414)
Net book value	909	–	909
At 31 December 2003			
At cost	2,754	757	3,511
Accumulated depreciation	(710)	(248)	(958)
Net book value	2,044	509	2,553
Company			
At 31 March 2005			
At cost	1,152	–	1,152
Accumulated depreciation	(360)	–	(360)
Net book value	792	–	792
At 31 December 2003			
At cost	1,432	–	1,432
Accumulated depreciation	(296)	–	(296)
Net book value	1,136	–	1,136

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The depreciation charge for the financial period in respect of property, plant and equipment acquired under finance lease of the Group and Company amounted to RM613,366 (2003: RM421,000) and RM288,000 (2003: RM128,000), respectively.

Certain land and buildings of the subsidiaries have been pledged to financial institutions for facilities granted to the Group. The net book value of these land and buildings are as follows:

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Freehold land	158,983	157,297
Freehold buildings	98,685	101,230
Assets under construction	3,231	3,231
	260,899	261,758

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Freehold/leasehold lands, at cost	188,995	190,217
Development costs	318,268	329,374
Accumulated impairment loss	(150,970)	(82,173)
	356,293	437,418
Freehold/leasehold land, at cost:		
At beginning of period/year	190,217	190,217
Transfer to property development costs	(1,222)	-
At end of period/year	188,995	190,217
Less: Accumulated impairment losses		
At beginning of period/year	36,673	36,673
Impairment loss during the period	68,797	-
At end of period/year	105,470	36,673
Development costs:		
At beginning of period/year	329,374	325,277
Addition	536	4,097
Transfer to property development costs	(11,642)	-
At end of period/year	318,268	329,374
Less: Accumulated impairment losses		
At beginning of period/year	45,500	48,146
Reversal of impairment loss	-	(2,646)
At end of period/year	45,500	45,500
Carrying amount at end of period/year	356,293	437,418

Leasehold land together with development costs with a carrying value of RM127,112,655 (2003: RM133,153,470) are pledged as security for the borrowings of the Group.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (Cont'd)

(b) Property development costs

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
At beginning of the period/year:		
- Land	8,167	12,528
- Development costs	264,647	556,800
- Accumulated costs charged to income statement	(216,746)	(459,818)
	56,068	109,510
Costs incurred during the period/year:		
- Transfer from land held under property development		
(i) land	1,222	-
(ii) development costs	11,642	-
- Land costs transferred from/(to) property, plant and equipment (Note 12)	117	(973)
- Development costs transferred from/(to) property, plant and equipment (Note 12)	-	(9,985)
- Development costs incurred	7,303	158,953
- Transfer to inventories	-	(111,774)
- Costs charged to income statement	(31,513)	(89,663)
- Development costs written off	(4,301)	-
	(15,530)	(53,442)
At end of the period/year	40,538	56,068
At end of the period/year:		
- Land	6,218	8,167
- Development costs	90,790	264,647
- Accumulated cost charged to income statement	(56,470)	(216,746)
	40,538	56,068

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.3.2005 RM'000	31.12.2003 RM'000
Unquoted shares, at cost	535,345	752,609
Less: Accumulated impairment losses	(212,725)	(345,108)
	322,620	407,501
Quoted shares outside Malaysia, at cost	-	26,859
Less: Accumulated impairment losses	-	(26,859)
	-	-
	322,620	407,501
Market value of quoted shares outside Malaysia	-	1,057

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

14. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Country of Incorporation	Group Equity Interest Held	
			31.3.2005 %	31.12.2003 %
Associated Commercial Incorporated	Investment holding	British Virgin Islands	100.0	100.0
Bandar Sungai Buaya Sdn Bhd	Property development	Malaysia	100.0	100.0
Banjara Marketing Services Ltd	Investment holding	British Virgin Islands	100.0	100.0
Bestform Limited	Investment holding	Isle of Man	100.0	100.0
Clarity Crest Sdn Bhd	Cultivation of rubber and oil palm	Malaysia	100.0	100.0
Jade Commercial Ventures Ltd	Investment holding	British Virgin Islands	100.0	100.0
Key Century Sdn Bhd**	Investment holding	Malaysia	–	100.0
L&G Resources (1994), Inc.	Investment holding	USA	100.0	100.0
Land & General Properties Sdn Bhd	Property development	Malaysia	100.0	100.0
Land & General Australia (Holdings) Pty Ltd	Investment holding	Australia	100.0	100.0
Landgen Property Management Sdn Bhd	Managing underground car park and commercial complex	Malaysia	100.0	100.0
Lang Education Holdings Sdn Bhd	Investment holding	Malaysia	100.0	100.0
Lang Tooling Sdn Bhd	Dormant	Malaysia	100.0	100.0
Lembah Beringin Sdn Bhd	Property development	Malaysia	100.0	100.0
Nexus Investments International Limited	Investment holding	British Virgin Islands	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

14. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Principal Activities	Country of Incorporation	Group Equity Interest Held	
			31.3.2005 %	31.12.2003 %
Oasis Frontier Sdn Bhd	Dormant	Malaysia	100.0	100.0
Overseas & General Limited [^]	Investment holding	Isle of Man	–	51.0
Premier Link Resources Ltd	Investment holding	British Virgin Islands	100.0	100.0
Spellgaze Limited ⁺	Investment holding	Isle of Man	–	100.0
Sri Damansara Sdn Bhd	Property development	Malaysia	100.0	100.0
Syarikat Trimal Sdn Bhd	Property development	Malaysia	100.0	100.0
Vista Raya Sdn Bhd	Retailing of furniture	Malaysia	100.0	100.0
Winlink Pte Ltd*	Dormant	Singapore	100.0	100.0
Clarity Fortune Sdn Bhd**	Dormant	Malaysia	–	100.0
Lang Furniture (Pahang) Sdn Bhd	Dormant	Malaysia	100.0	100.0
Subsidiaries of L&G Resources (1994), Inc.:				
L&G Display Technologies, Inc.	Investment holding	USA	100.0	100.0
L&G Sensor Technology, Inc. [^]	Investment holding	USA	–	100.0
US Furniture Industries, Inc.	Dormant	USA	100.0	100.0
Subsidiaries of Land & General Australia (Holdings) Pty Ltd:				
Lang Melbourne Pty Ltd *	Investment holding	Australia	100.0	100.0
World Trade Centre Holdings Pty Ltd*	Dormant	Australia	100.0	100.0
Flinders Wharf Pty Ltd*	Investment holding	Australia	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

14. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Principal Activities	Country of Incorporation	Group Equity Interest Held	
			31.3.2005 %	31.12.2003 %
Subsidiaries of Land & General Australia (Holdings) Pty Ltd: (Cont'd)				
Flinders Wharf One Pty Ltd*	Investment holding	Australia	100.0	100.0
Flinders Wharf Two Pty Ltd*	Investment holding	Australia	100.0	100.0
Flinders Wharf Land Pty Ltd*	Property investment	Australia	100.0	100.0
FW Financing Solutions Pty Ltd*	Property financing	Australia	50.0	50.0
PLR Mayfields Pty Ltd *	Investment holding	Australia	100.0	100.0
Hidden Valley Australia Pty Ltd*	Property development & investment	Australia	50.0	50.0
Subsidiaries of Lang Education Holdings Sdn Bhd:				
Lang Education Sdn Bhd	Education services	Malaysia	90.0	90.0
Twintech Holdings Sdn Bhd^ (formerly known as L&G Twintech Sdn Bhd)	Management and operation of private education institution	Malaysia	—	70.0
Subsidiaries of Lembah Beringin Sdn Bhd:				
Beringin Equestrian Park Sdn Bhd	Dormant	Malaysia	100.0	100.0
Beringin Golf Course Sdn Bhd	Rental of golf course and club house	Malaysia	100.0	100.0
Lang Media Sdn Bhd	Dormant	Malaysia	100.0	100.0
Subsidiaries of Overseas & General Limited^:				
Overseas & General SARL^	Dormant	Republic of Cameroon	—	51.0

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

14. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Principal Activities	Country of Incorporation	Group Equity Interest Held	
			31.3.2005 %	31.12.2003 %
Subsidiaries of Overseas & General Limited^: (Cont'd)				
Lang Timbers Sdn Bhd^	Provision of management services	Malaysia	–	51.0
Fenning Pacific (Fiji) Ltd^	Investment holding	Fiji	–	51.0
Subsidiaries of Sri Damansara Sdn Bhd:				
Sri Damansara Club Bhd	Management of club activities	Malaysia	100.0	100.0
Exotic Acres Sdn Bhd	Dormant	Malaysia	100.0	100.0
Subsidiaries of Syarikat Trimal Sdn Bhd:				
Mentari Unggul Sdn Bhd	Dormant	Malaysia	70.0	70.0
Tinvein Nominees Sdn Bhd	Investment holding	Malaysia	100.0	100.0
Subsidiary of US Furniture Industries, Inc.:				
M.G. Sales Corporation	Dormant	USA	100.0	100.0
Subsidiaries of World Trade Centre Holdings Pty Ltd:				
- Lang Australia Pty Ltd*	Property management	Australia	100.0	100.0
- World Trade Centre Melbourne Pty Ltd*	Holder of the business name "World Trade Centre Melbourne"	Australia	100.0	100.0
Subsidiary of Flinders Wharf One Pty Ltd and Flinders Wharf Two Pty Ltd (each 25.0%):				
Flinders Wharf Management Pty Ltd*	Property management	Australia	50.0	50.0

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

14. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Principal Activities	Country of Incorporation	Group Equity Interest Held	
			31.3.2005 %	31.12.2003 %
Subsidiary of FW Financing Solutions Pty Ltd:				
FW Development Pty Ltd*	Property development	Australia	50.0	50.0
Subsidiaries of Twintech Holdings Sdn Bhd (formerly known as L&G Twintech Sdn Bhd):				
Modern Corporate Systems Sdn Bhd^	Management and operation of private education institution (branch campus)	Malaysia	—	49.0
Infinite Alpha Sdn Bhd^	Dormant	Malaysia	—	70.0
Subsidiaries of Fenning Pacific (Fiji) Ltd:				
The Pacific Lumber Company Limited^	Kiln drying and marketing of timber products	Fiji	—	49.4
Timbers (Fiji) Ltd^	Logging and sawmilling operations	Fiji	—	42.2
Subsidiary of Tinvein Nominees Sdn Bhd:				
Navistar Sdn Bhd	Property development	Malaysia	100.0	100.0

* Audited by affiliate of Ernst & Young.

** Companies placed under liquidation process during the financial period.

+ Companies deregistered during the financial period.

^ Disposal of companies completed during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Unquoted shares, at cost:				
- In Malaysia	43,908	43,943	43,908	43,908
- Outside Malaysia	8,336	8,901	8,336	—
Share of post-acquisition profit	863	—	—	—
	53,107	52,844	52,244	43,908
Less: Accumulated impairment losses	(43,908)	(43,908)	(43,908)	(43,908)
	9,199	8,936	8,336	—

The Group's interests in the associates is analysed as follows:

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Share of net assets	9,199	8,936
Goodwill on acquisition	—	—
	9,199	8,936

Details of the associates are as follows:

Name of Associates	Principal Activities	Country of Incorporation	Group Equity Interest Held	
			31.3.2005 %	31.12.2003 %
C.I. Damansara Quarry Sdn Bhd	Dormant	Malaysia	35.0	35.0
BMG Home Center Sdn Bhd [^]	Dormant	Malaysia	—	20.0
Crystal Clear Technology Sdn Bhd	Manufacture of liquid crystal display	Malaysia	32.6	36.0
Projass Langbuilt Sdn Bhd	Mass housing using system housing	Malaysia	50.0	50.0
Protonweb BPO Private Limited	Information technology enabled services	India	30.0	15.3

[^] Struck off during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Unquoted shares at cost	79,509	79,509	79,509	79,509
Share of post-acquisition loss	(5,475)	(3,618)	—	—
Less: Accumulated impairment losses	(79,509)	(79,509)	(79,509)	(79,509)
	(5,475)	(3,618)	—	—

Details of the jointly controlled entities are as follows:

Name of Jointly Controlled Entity	Principal Activities	Country of Incorporation	Group Equity Interest Held	
			31.3.2005 %	31.12.2003 %
Ansad Petrol Joint Venture	Oil and gas production and exploration activities	Azerbaijan	17.15	17.15
Hidden Valley Pty Ltd	Property development	Australia	50.00	50.00

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

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Property, plant and equipment	3,079	4,619
Non-current assets	7,298	6,578
Current assets	909	1,728
Non-current liabilities	(15,381)	(15,031)
Current liabilities	(1,380)	(1,512)
Net assets	(5,475)	(3,618)

Share of capital commitment	1,459	1,415
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	Group	
	1.1.2004 to 31.3.2005 RM'000	1.1.2003 to 31.12.2003 RM'000
Revenue	9,599	6,670
Expenses	(11,456)	(8,527)
Loss before taxation	(1,857)	(1,857)
Taxation	—	—
Loss after taxation	(1,857)	(1,857)

The investment in Ansad Petrol Joint Venture has been fully provided for and no further losses are to be shared to the Group. As a result, the Group's share of assets, liabilities, revenue and expenses are not included in the above.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

17. OTHER INVESTMENTS

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Unquoted shares, at cost	104,090	17,899	28,430	620
Quoted shares, at cost				
- outside Malaysia	39,895	33,359	11,846	–
Investment in limited partnership, at cost	–	17,100	–	–
Less: Accumulated impairment losses	(136,932)	(52,039)	(33,397)	–
	7,053	16,319	6,879	620
Market values of quoted shares:				
Outside Malaysia	5,400	7,472	6,447	–

The market value for a foreign quoted investment is not included in the market value above due to sale restrictions imposed on the security.

18. LONG TERM RECEIVABLES

	Group and Company	
	31.3.2005 RM'000	31.12.2003 RM'000
Amount receivable	15,440	–
Less: Amount receivable within the next twelve months (Note 22)	(3,500)	–
Amount receivable after the next twelve months	11,940	–

The amount is due from a former subsidiary, Twintech Holdings Sdn Bhd (formerly known as L&G Twintech Sdn Bhd), secured and bears interest at a rate of 9% (2003: NIL) per annum.

19. ASSETS HELD FOR SALE

	Buildings	Short Leasehold Land	Total
	RM'000	RM'000	RM'000
Group			
At net realisable value:			
At 31.3.2005	4,152	1,862	6,014
At 31.12.2003	8,350	1,862	10,212

The above assets are arising from a subsidiary which have ceased operations.

The land and buildings have been pledged to banks for credit facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

20. INVENTORIES

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
At cost:		
Properties held for sale	55,720	172,943
Raw materials	29	687
Consumable stores	271	158
	56,020	173,788
At net realisable value:		
Properties held for sale	11,593	17,331
Finished goods - manufactured timber products	-	2,530
	11,593	19,861
	67,613	193,649

The carrying value of the inventories pledged to financial institutions for facilities granted to the Group are as follows:

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Properties held for sale	37,146	40,244

21. TRADE RECEIVABLES

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Amount outstanding	39,672	89,218
Less: Provision for doubtful debts	(15,404)	(20,094)
	24,268	69,124

The Group's normal trade credit term ranges from 7 to 30 days (2003: 7 to 30 days).

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

22. OTHER RECEIVABLES

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Deposits	3,084	3,846	255	247
Prepayments	6,111	6,545	230	183
Amounts due from subsidiaries (a)	–	–	125,182	325,493
Amounts due from jointly controlled entities	16,050	15,570	–	–
Amounts due from associates (b)	–	–	–	–
Sundry receivables (c)	57,645	81,153	6,254	19,479
Accrued billings	17,315	19,420	–	–
Amount due from a former subsidiary (Note 18)	3,500	–	3,500	–
	103,705	126,534	135,421	345,402

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

(a) Amounts due from subsidiaries

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Amounts due from subsidiaries	–	–	489,248	529,618
Less: Provision for doubtful debts	–	–	(364,066)	(204,125)
	–	–	125,182	325,493

The Directors, after assessing the financial position of two of its subsidiaries, have made further allowances for the recoverability of the amounts due from these two companies.

(b) Amounts due from associates

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Amounts due from associates	1,305	1,305	1,305	1,305
Less: Provision for doubtful debts	(1,305)	(1,305)	(1,305)	(1,305)
	–	–	–	–

(c) Sundry receivables

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Sundry receivables	62,878	84,562	11,487	22,888
Less: Provision for doubtful debts	(5,233)	(3,409)	(5,233)	(3,409)
	57,645	81,153	6,254	19,479

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Cash on hand and at banks	26,025	45,125	2,017	4,794
Deposits with licensed banks	98,336	50,571	58,856	14,361
	124,361	95,696	60,873	19,155
Bank overdrafts (Note 26)	(78,217)	(73,011)	–	–
Cash and cash equivalents	46,144	22,685	60,873	19,155

- (i) Included in cash at banks of the Group are amounts of RM8,717,201 (2003: RM17,514,193) held under the Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966 (Act 118) and therefore restricted from use in other operations.
- (ii) Included in cash at banks and deposits with licensed banks are amounts of RM1,412,752 (2003: RM3,322,786) and RM25,303,612 (2003: RM13,568,408) held in Escrow Accounts pursuant to a debt restructuring agreement. The application of the monies is governed by the agreement.
- (iii) Deposits of the Group and the Company amounting to RM852,000 (2003: RM1,572,000) and RM852,000 (2003: RM794,000) respectively, are pledged to banks for credit facilities granted to the Company.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	31.3.2005 %	31.12.2003 %	31.3.2005 %	31.12.2003 %
Licensed banks	3.79	3.57	2.63	2.62

The average maturities of deposits as at the end of the financial period were as follows:

	Group		Company	
	31.3.2005 Days	31.12.2003 Days	31.3.2005 Days	31.12.2003 Days
Licensed banks	107	88	107	34

24. TRADE PAYABLES

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Trade payables	25,081	50,641

The normal trade credit terms granted to the Group is 30 days (2003: 30 days).

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

25. OTHER PAYABLES

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Other payables	71,761	89,424	5,294	5,278
Accruals	38,776	25,373	2,951	8,371
Amounts due to subsidiaries	–	–	138,448	91,653
Liquidated ascertained damages	80,649	58,166	–	–
Retrenchment costs	–	602	–	–
Hire purchase and lease obligations repayable within 12 months (Note 28)	144	854	139	188
	191,330	174,419	146,832	105,490

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment except for certain balances due to subsidiaries amounting to RM15,011,168 (2003: RM4,371,000) where interest is charged at 5.0% (2003: 6.7% to 9.0%).

26. BORROWINGS

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Short term borrowings				
Secured:				
Bank overdrafts	78,217	73,011	–	–
Bank bills	10,209	83,166	–	–
Revolving credits	14,000	14,000	–	–
Term loans	96,218	90,524	1,111	2,550
Redeemable Convertible Secured Loan Stocks	4,734	9,616	4,734	9,616
	203,378	270,317	5,845	12,166
Long term borrowings				
Secured:				
Bank bills	177,208	184,284	–	–
Term loans	86,327	110,626	78,236	81,609
Redeemable Convertible Secured Loan Stocks	274,793	307,747	274,793	307,747
Hire purchase and finance lease payables	376	873	339	513
	538,704	603,530	353,368	389,869

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

26. BORROWINGS (Cont'd)

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Total borrowings				
Bank overdrafts	78,217	73,011	—	—
Bank bills	187,417	267,450	—	—
Revolving credits	14,000	14,000	—	—
Term loans	182,545	201,150	79,347	84,159
Redeemable Convertible Secured Loan Stocks	279,527	317,363	279,527	317,363
	741,706	872,974	358,874	401,522
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	203,377	270,317	5,845	12,166
More than 1 year and less than 2 years	125,735	19,660	115,525	5,634
More than 2 years and less than 5 years	275,753	169,472	237,067	114,865
5 years or more	136,841	413,525	437	268,857
	741,706	872,974	358,874	401,522

The carrying amounts and fair values of long term borrowings at end of the period are as follows:

	Group		Company	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Term loans	86,327	83,196	78,236	75,139

The other long term borrowings approximate their fair values at the respective balance sheet dates.

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group		Company	
	31.3.2005 %	31.12.2003 %	31.3.2005 %	31.12.2003 %
Bank overdrafts	7.55	8.17	N/A	N/A
Bank bills	6.71	6.71	N/A	N/A
Revolving credits	6.81	6.81	N/A	N/A
Term loans	5.00	5.00	5.00	5.00
Redeemable Convertible Secured Loan Stocks	5.00	5.00	5.00	5.00

The secured bank overdrafts, bank bills, revolving credits and term loans are secured by certain assets of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

27. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS")

On 30 July 2003, the Company issued 16,883,720 nominal value of RCSLS A of RM1.00 each and issued 304,078,917 nominal value of RCSLS B of RM1.00 each. The main features of the RCSLS A and RCSLS B are as follows:

The tenure for the various RCSLS are stated below:

RCSLS A:

- Series 1 - 5 years from the date of issue
- Series 2 - 7 years from the date of issue

RCSLS B:

- Series 1 - 6 years from the date of issue (inclusive) of the RCSLS B Series 2 & 3
- Series 2 - 3 years from the date of issue
- Series 3 - 7 years from the date of issue

The maturity date for the various RCSLS are as follows:

RCSLS A:

- Series 1 - date falling on the 5th anniversary from the date of issue
- Series 2 - date falling on the 7th anniversary from the date of issue

RCSLS B:

- Series 1 - date falling on the 6th anniversary from the date of issue
- Series 2 - date falling on the 3rd anniversary from the date of issue
- Series 3 - date falling on the 7th anniversary from the date of issue

During the tenure of the RCSLS, unless previously redeemed, converted or repurchased, the RCSLS shall be redeemed in seven annual instalments.

The RCSLS bear interest at 5% per annum payable semi-annually in arrears in each year calculated from the date of issue on 30 July 2003.

The RCSLS are convertible into new shares in the Company at the conversion price, the higher of the weighted average market price of the 5 preceding days or RM1.00 nominal amount of the RCSLS, for every one ordinary shares of RM1.00 each, at the option of the holder anytime on or after its issuance date up to the trading day immediately preceding the maturity date.

On or any time after the date of issue of the RCSLS but before the maturity date, if the closing market price of the shares of the Company for 40 consecutive trading days is at least 180% of the conversion price of RM1.00 during the conversion period, all outstanding RCSLS will be converted into shares in the Company at the conversion price.

The new ordinary shares issued from the conversion of RCSLS will be deemed fully paid and rank *pari passu* with all existing ordinary shares of the Company.

The RCSLS is secured by way of fixed charges over the assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

28. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Minimum lease payments:				
- not later than 1 year	184	686	165	230
- later than 1 year and not later than 5 years	440	1,416	403	608
	624	2,102	568	838
Less: Future finance charges	(104)	(375)	(90)	(137)
Present value of finance lease liabilities	520	1,727	478	701
Present value of finance lease liabilities:				
- not later than 1 year	144	854	139	188
- later than 1 year and not later than 5 years	376	873	339	513
	520	1,727	478	701
Analysed as:				
Due within 12 months (Note 25)	144	854	139	188
Due after 12 months (Note 26)	376	873	339	513
	520	1,727	478	701

The hire purchase and lease liabilities bore interest at the balance sheet date at rate 3.75% (2003: 3.75%) per annum.

29. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Authorised:				
At beginning and end of period/year	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At beginning of period/year	582,877	537,507	582,877	537,507
Issued during the period/year	12,746	45,370	12,746	45,370
At end of period/year	595,623	582,877	595,623	582,877

During the financial period, the issued and fully paid-up share capital of the Company was increased from 582,877,030 ordinary shares of RM1.00 each to 595,622,530 ordinary shares of RM1.00 each by the issuance of 12,745,500 new ordinary shares to identified property purchasers and certain contractors and consultants of two of its subsidiaries. The ordinary shares were issued as a settlement of the amounts due by the two subsidiaries to property purchasers, contractors and consultants.

The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

30. RESERVES

		Group		Company	
		31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Revaluation reserve	(a)	–	689	–	–
Capital redemption reserve	(b)	84	84	–	–
Reserve on consolidation	(c)	24,226	24,226	–	–
Foreign exchange reserve	(d)	75,249	120,514	–	–
		99,559	145,513	–	–

The movements in each category of reserve were as follows:

(a) Revaluation reserve

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
At beginning of period/year	689	689
Disposal of a subsidiary	(689)	–
At end of period/year	–	689

This reserve includes the cumulative net change arising from the revaluation of freehold land above this cost.

(b) Capital redemption reserve

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
At beginning and end of period/year	84	84

This reserve is arising from the redemption of redeemable preference shares issued by the subsidiaries.

(c) Reserve on consolidation

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
At beginning of period/year	24,226	34,375
Disposal of subsidiaries	–	(10,149)
At end of period/year	24,226	24,226

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

30. RESERVES (Cont'd)

(d) Foreign exchange reserve

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
At beginning of period/year	120,514	81,136
Arising in the period/year	7,866	39,378
Disposal of subsidiaries	(53,131)	–
At end of period/year	75,249	120,514

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

31. DEFERRED TAX

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
At beginning of period/year	(33,366)	(19,060)	–	(4,228)
Recognised in income statement (Note 10)	18,042	(7,076)	–	4,228
Exchange differences	(1,733)	(7,230)	–	–
At end of period/year	(17,057)	(33,366)	–	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	6,702	8,009	–	–
Deferred tax liabilities:				
- subject to income tax	(23,759)	(41,375)	–	–
	(17,057)	(33,366)	–	–

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

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Deferred tax assets:		
Property, plant and equipment	–	29
Provisions	6,661	7,563
Tax losses	41	417
	6,702	8,009
Deferred tax liabilities:		
Property, plant and equipment	(12,092)	(19,192)
Accrued billings	(9,947)	(20,337)
Others	(1,720)	(1,846)
	(23,759)	(41,375)

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

31. DEFERRED TAX (Cont'd)

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

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Unused tax losses	325,881	116,400	21,870	21,870
Unabsorbed capital allowances	21,332	-	8,785	-
Deductible temporary differences	18,213	19,098	-	-
	365,426	135,498	30,655	21,870

The unused tax losses and deductible temporary differences are available indefinitely for offset against future taxable profits of the respective subsidiaries.

32. CAPITAL COMMITMENTS

	Group	
	31.3.2005 RM'000	31.12.2003 RM'000
Capital expenditure:		
Approved but not contracted for,		
- property, plant and equipment	166	278

33. MATERIAL LITIGATION

- (a) On 28 August 2001, Citibank Malaysia Berhad ("Citibank") served on Bandar Sungai Buaya Sdn Bhd ("BSB"), a subsidiary of the Company, an Originating Summons seeking, among others, that the land held under H.S.(D) No. 10778, PT No. 10452, Mukim Serendah and H.S.(D) No. 10779, PT No. 10453, Mukim Serendah charged to Citibank, be sold by public auction pursuant to Section 256 & 257 of the National Land Code to satisfy the sum secured under the charge including all interest, costs and expenses incurred.

On 23 October 2002, the Court granted Order in Terms of the Originating Summons whereby the land is ordered to be sold by public auction pursuant to Sections 256 and 257 of the National Land Code to satisfy the sum secured under the charge including all interest, costs and expenses incurred. 6 attempts to auction off the lands were conducted on 14 February 2004, 28 April 2004, 5 August 2004, 15 December 2004, 9 March 2005 and 6 June 2005 with the reserve price being set at RM124.5 million, RM103.0 million, RM92.7 million, RM72.1 million, RM64.9 million and RM58.4 million respectively. All were unsuccessful. The High Court has since fixed for a new auction to be held on 6 September 2005 with reserve price of RM52.6 million.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

33. MATERIAL LITIGATION (Cont'd)

- (b) A subsidiary of the Company, Sri Damansara Sdn Bhd ("SD") was served with a Section 218 notice dated 11 November 2002 pursuant to the Companies Act, 1965 in respect of the payment of RM2.5 million alleged to be due to Brunfield Engineering Sdn Bhd ("BE") for works it has undertaken. Following this notice, the Company and SD have served a Writ of Summons dated 30 November 2002 on BE, pursuant to which the Company and SD applied for inter alia, an interim injunction against BE in order that BE is restrained from proceeding with a winding-up petition against SD until this claim has been arbitrated. SD's application for the injunction was allowed on 12 August 2003. Brunfield has filed an appeal at the Court of Appeal to set aside the injunction order, but did not take any steps thereafter to prosecute the appeal.

On 23 September 2003, the Court ordered the Company to be struck off as a party to the suit. The Court has at the request of BE's counsel, granted an adjournment of the hearing on 24 March 2004 to enable BE to concede to SD's claim and settle the issue of cost. On 11 August 2004, the Court dismissed SD's application under Order 14 with cost and proceeded to fix 3 June 2005 as the date for case management. SD has instructed its solicitors to proceed to set down the matter for trial. On 3 June 2005, the Court adjourned the matter to 5 September 2005 to enable the parties to put in the trial documents.

- (c) Bumiputera-Commerce Bank Berhad ("BCB") served a Writ of Summons dated 13 December 2002 on a subsidiary of the Company, Lembah Beringin Sdn Bhd ("LB"). Under this Writ, BCB claimed for payment of RM19.3 million together with interests and costs, being the amount due and owing by LB to BCB under an overdraft of RM3.0 million and a term loan of RM17.0 million. LB has entered its appearance and its defence has been filed.

Pursuant to the aforesaid overdraft and term loan, a Form 16D under the National Land Code dated 13 December 2002 has been served on Clarity Crest Sdn Bhd ("CC") as the Charger demanding for payment of the RM19.3 million.

The matter came up for decision on 7 April 2004 in respect of BCB's application under Order 14 of the Rules of the High Court, 1980. The Court allowed BCB's application with costs. LB has filed the Notice of Appeal to the Judge in Chambers.

On 9 April 2003, BCB served on CC an originating Summons dated 9 April 2003. BCB is seeking for an order for sale of the properties secured by charge to recover the amount due amounting to RM19.9 million as at 20 March 2003 and for an Order for the Defendant (i.e. CC) to give vacant possession of the Land No. 7555, Lot No. 430 and Grant 39994 Lot No. 501 both of which are situated in Mukim Kerling, Daerah Hulu Selangor, Negeri Selangor.

LB has filed the Memorandum of Appearance and Affidavit in Reply opposing the Originating Summons.

On 2 May 2003, LB had a common lenders meeting in order to resolve the matter and had presented a proposal for BCB's consideration. BCB has agreed to withhold proceedings against LB for a period of three months ending August 2003. On 14 April 2004, BCB obtained an order in terms of their application and the matter was fixed for auction on 29 October 2004. 2 attempts to auction off the Lands were conducted on 29 October 2004 and 22 December 2004. Both were unsuccessful. BCB has since filed a Summons for Direction and the Court has allowed BCB's application for an Order for Sale. The matter is now fixed for auction on 8 August 2005.

LB has proposed to BCB that all actions against LB be stayed and that all recovery actions to be concentrated against CC. BCB has agreed to the request. In consideration of BCB's indulgence, the appeal as referred above has been withdrawn.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

34. CONTINGENT LIABILITIES

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Secured:				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	–	–	84,930	81,322
Unsecured:				
Corporate guarantees given to third parties	–	6,942	–	6,942
	–	6,942	84,930	88,264

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	31.3.2005 RM'000	31.12.2003 RM'000
Interest income from subsidiaries	1,569	1,908
Rental income from subsidiaries	542	434
Gross dividends from subsidiaries	–	15,658
Management fees from subsidiaries	300	240

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

36. SIGNIFICANT EVENTS

- (a) On 2 March 2004, Lang Education Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with Rimbun Masyhur Sdn Bhd ("RMSB") to dispose of 1,500,000 ordinary shares of RM1.00 each representing its entire 70% equity interest in Twintech Holdings Sdn Bhd (formerly known as L&G Twintech Sdn Bhd); and Lembah Beringin Sdn Bhd ("LBSB"), a wholly-owned subsidiary of the Company, entered into an Agreement with RMSB for the disposal of 50 acres of land in LBSB for a total purchase consideration of RM33.3 million to be satisfied by way of tendering the Redeemable Convertible Secured Loan Stocks with an aggregate face value of RM28.3 million together with a cash sum of RM5.0 million. The above disposals were completed on 14 December 2004, and resulted in a gain to the Group of RM15.5 million.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

36. SIGNIFICANT EVENTS (Cont'd)

- (b) On 18 March 2004, Overseas & General Limited ("OGL"), a subsidiary of the Company, entered into the Agreement with the Company for the sale of certain assets in consideration of the early redemption of the 15,000,000 convertible bonds, with face value of AUD15.0 million, under the terms set out below:
- (i) OGL would redeem 4,450,000 convertible bonds within 14 days from the date of execution of the Agreement by way of cash payment of AUD4.45 million to the Company;
 - (ii) OGL would redeem 6,200,000 convertible bonds by way of transfer to the Company of its assets, namely:
 - 13,002,000 ordinary shares in a corporation quoted outside Malaysia; and
 - 1,500,000 ordinary shares in an associate.
 - (iii) OGL would redeem the balance of 4,350,000 convertible bonds by applying the proceeds from a bank guarantee amounting to USD815,058 from a bank.

The above transactions were completed on 29 April 2004, and resulted in a gain of RM0.8 million to the Group.

- (c) On 19 March 2004, the Company and Bestform Limited, a wholly-owned subsidiary, entered into four separate Sale & Purchase of Shares Agreements for the proposed disposals of 7,735,220 ordinary shares of AUD1.00 each representing approximately 51% equity interest and 66,061,666 Class B Convertible (Non-voting) ordinary shares of AUD1.00 each in OGL. The disposals were completed on 15 April 2004. As a consequence of these disposals, the Group ceased operations in the timber segment. The disposals resulted in a gain to the Group of RM37.6 million, and a gain of RM1.14 million to the Company.
- (d) On 25 February 2005, Lang Australia Pty Ltd ("LAPL"), a wholly-owned subsidiary of the Company, entered into the Agreement with Asset 1 (WTC) Pty Ltd ("Asset1") for the proposed disposal of the World Trade Centre Melbourne and including the entire issued and paid up share capital of AUD1.00 in World Trade Centre Melbourne Pty Ltd for a total cash consideration of AUD112.0 million plus Australian Goods and Services Tax, if any.

Pursuant to the Agreement, LAPL and Asset1 have executed a Put and Call Option Deed ("OA") on 13 May 2005. The approvals from the mortgage holders were obtained on 28 April 2005 and 13 May 2005, the approval from the Securities Commission was obtained on 23 June 2005 and the approval from the shareholders of the Company was obtained at an Extraordinary General Meeting convened on 29 June 2005.

Asset1 has exercised the Call Option on 5 July 2005. As the Call Option was exercised on 5 July 2005, barring any unforeseen circumstances, based on the terms and conditions of the OA, the proposed disposal is expected to be completed in the financial year ending 31 March 2006. The disposal is expected to result in a gain of AUD13.32 million to the Group.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

37. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 20 May 2005, Sri Damansara Sdn Bhd ("SDSB"), a wholly-owned subsidiary of the Company, entered into a conditional Sale & Purchase Agreement with Indo Aman Bina Sdn Bhd ("IABSB"), a wholly-owned subsidiary of TA Enterprise Bhd, for the proposed disposal of 2 parcels of freehold land for a cash consideration of RM79.7 million. The proposed disposal is subject to the approvals being obtained from the Foreign Investment Committee, shareholders of TA Enterprise Bhd and other relevant authorities/parties.

On 20 July 2005, SDSB entered into a separate conditional Sale & Purchase Agreement with IABSB for the proposed disposal of 8 parcels of freehold land for a total cash consideration of RM109.9 million. The above disposals are expected to result in a net gain of RM76.4 million to the Group.

- (b) On 20 June 2005, Landgen Property Management Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional Sale of Lease Agreement with Auto Parking Inc Sdn Bhd for the sale of the lease in respect of a parcel of land held under PN 9399 Lot 70, Seksyen 59 Bandar Kuala Lumpur for a total cash consideration of RM7.4 million. The disposal is expected to result in a gain of RM0.9 million to the Group.

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, liquidity and credit risks. It is the Group's policy not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

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

(c) Foreign Exchange Risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in currency other than Ringgit Malaysia. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currency give rise to foreign exchange exposures. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

38. FINANCIAL INSTRUMENTS (Cont'd)

(c) Foreign Exchange Risk (Cont'd)

The currency exposure profile of financial assets and financial liabilities of the Group and of the Company are as follows:

	Group		Company	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Functional Currency				
Trade Receivables				
Australian Dollar	6,616	11,516	–	–
US Dollar	1,900	1,900	–	–
	8,516	13,416	–	–
Cash and Cash Equivalents				
Australian Dollar	37,299	38,647	–	–
US Dollar	14	8,009	–	–
Others	6,874	183	–	–
	44,187	46,839	–	–
Trade Payables				
Australian Dollar	–	499	–	–
Others	38	36	–	–
	38	535	–	–
Borrowings				
Australian Dollar	187,573	268,083	–	–
US Dollar	–	54,080	51,640	55,770
Fijian Dollar	–	8,086	–	–
	187,573	330,249	51,640	55,770

(d) Liquidity Risk

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

38. FINANCIAL INSTRUMENTS (Cont'd)

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with appropriate creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximated their fair values. It is not practicable to estimate the fair values of amounts due to holding and related companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

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

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

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

(ii) Marketable securities

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

(iii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

39. SEGMENT INFORMATION

(a) Business Segments

The Group adopts business segment analysis as its primary reporting format and geographical segment as its secondary reporting format.

The Group is organised on a worldwide basis into four major business segments:

- (i) Properties - property development and property investments
- (ii) Timber - extraction of timber and downstream timber activities
- (iii) Education - education services

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

39. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Properties RM'000	Timber RM'000	Education RM'000	Group RM'000
31 March 2005				
Revenue				
External sales	122,784	3,158	39,831	165,773
Total revenue	122,784	3,158	39,831	165,773
Result				
Segment results	(132,112)	227,881	10,213	105,982
Gain on disposal of subsidiaries				11,221
Gain on discontinuing operation				37,607
Unallocated corporate expenses				(221,172)
Loss from operations				(66,362)
Finance costs, net				(67,618)
Share of results of jointly controlled entities				(1,857)
Share of results of associates				864
Taxation				5,502
Loss after taxation				(129,471)
Minority interests				(2,371)
Net loss for the period				(131,842)
Assets				
Segment assets	882,615	–	3,022	885,637
Interest bearing short term deposits				98,336
Investments in associates				9,199
Investments in jointly controlled entities				(5,475)
Unallocated corporate assets				178,906
Consolidated total assets				1,166,603
Liabilities				
Segment liabilities	163,873	–	2,485	166,358
Interest bearing borrowings				742,082
Unallocated corporate liabilities				80,833
Consolidated total liabilities				989,273

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

39. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Properties RM'000	Timber RM'000	Education RM'000	Group RM'000
31 March 2005				
Other Information				
Depreciation	17,274	370	1,390	19,034
Unallocated portion				1,016
				20,050
Impairment losses and write off of property, plant and equipment				2,219
Provision for doubtful debts	7,252	194	2,535	9,981
Unallocated portion				6,223
				16,204
Unallocated portion				5,587

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

39. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Properties RM'000	Timber RM'000	Education RM'000	Group RM'000
31 December 2003				
Revenue				
External sales	175,258	5,544	32,095	212,897
Total revenue	175,258	5,544	32,095	212,897
Results				
Segment results	31,202	19,941	9,652	60,795
Gain on disposal of subsidiaries				15,142
Gain on disposal of associates				386
Unallocated corporate expenses				(11,186)
Profit from operations				65,137
Finance costs, net	(48,834)	1,079	–	(47,755)
Share of results of associates				638
Share of results of jointly controlled entities	(1,857)	–	–	(1,857)
Taxation				(7,800)
Profit after taxation				8,363
Minority interests				(1,659)
Net profit for the year				6,704
Assets				
Segment assets	1,221,269	44,307	42,867	1,308,443
Interest bearing short term deposits				50,571
Associates and jointly controlled entities	(2,644)	7,962	–	5,318
Unallocated corporate assets				129,518
Consolidated total assets				1,493,850
Liabilities				
Segment liabilities	184,270	2,408	8,982	195,660
Interest bearing borrowings				873,847
Unallocated corporate liabilities				77,124
Consolidated total liabilities				1,146,631

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

39. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Properties RM'000	Timber RM'000	Education RM'000	Group RM'000
31 December 2003				
Other information				
Capital expenditure	278	–	–	278
Depreciation	13,388	115	1,197	14,700
Unallocated portion				762
				15,462
Impairment losses and write off of property, plant and equipment	6,036	–	–	6,036
Unallocated portion				4,250
				10,286
Provision for doubtful debts	52	542	1,852	2,446
Unallocated portion				4,029
				6,475
Impairment loss in value of investments				4,969

(b) Geographical Segments

The Group also operates in the following main geographical areas:

- (i) Malaysia - mainly property development
- (ii) Australia - property development, investment holding and timber activities
- (iii) United States of America and Others - investment holding

	Total Revenue from External Customers		Segment Assets		Capital expenditure	
	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000	31.3.2005 RM'000	31.12.2003 RM'000
Malaysia	77,595	81,668	751,327	983,006	–	278
Australia	88,178	131,229	302,266	455,738	–	–
United States of America	–	–	(34,430)	15,723	–	–
Others	–	–	143,716	34,065	–	–
	165,773	212,897	1,162,879	1,488,532	–	278
Group's share in Associates Jointly controlled entities	–	–	9,199	–	–	–
	–	–	(5,475)	5,318	–	–
Consolidated	165,773	212,897	1,166,603	1,493,850	–	278

NOTES TO THE FINANCIAL STATEMENTS

- 31 March 2005 (Cont'd)

40. COMPARATIVES

The following comparative amounts as at 31 December 2003 have been reclassified to conform with current period's presentation:

Company	As Restated RM'000	Adjustments RM'000	As Previously stated RM'000
Non-Current assets			
Amounts due from subsidiaries	–	25,361	25,361
Current assets			
Amounts due from subsidiaries	325,493	(25,361)	300,132

ANALYSIS OF SHAREHOLDINGS

- as at 29 July 2005

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	124	0.39	3,148	0.00
100 - 1,000	6,955	21.98	6,800,896	1.14
1,001 - 10,000	19,046	60.19	88,590,379	14.81
10,001 - 100,000	5,032	15.90	153,551,579	25.66
100,001 to less than 5% of issued shares	484	1.53	279,413,288	46.70
5% and above of issued shares	1	0.01	69,945,240	11.69
	31,642	100.00	598,304,530	100.00

SUBSTANTIAL SHAREHOLDERS

Names	No. of Shares		%
	Direct	Indirect	
1 Employees Provident Fund Board	69,945,240	0	11.69
2 Tan Sri Azmi Wan Hamzah	3,000,000	32,283,882	5.9

THIRTY (30) LARGEST SHAREHOLDERS

Names	No. of Shares	%
1. Employees Provident Fund Board	69,945,240	11.69
2. Kuala Lumpur City Nominees (Asing) Sdn Bhd Sung Hung Kai Investment Services Limited for Honest Opportunity Limited	25,445,100	4.25
3. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Malayasset Ventures Sdn Bhd (17353 JTRK)	24,753,247	4.14
4. HSBC Nominees (Asing) Sdn Bhd Baring (Guernsey) Ltd For Atlantis Asian Recovery Fund Plc	16,000,000	2.67
5. Permodalan Nasional Berhad	7,392,000	1.24
6. RHB Capital Nominees (Asing) Sdn Bhd RHB Bank (L) Ltd	6,572,180	1.10
7. Lembaga Tabung Haji	5,775,000	0.97
8. Seraya Acres Sdn Bhd	5,300,000	0.89
9. Menta Construction Sdn Bhd	3,963,000	0.66
10. Lembaga Tabung Amanah Warisan N.Terengganu	3,738,000	0.62
11. Jasmurni Sdn Bhd	3,581,500	0.60
12. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	3,500,000	0.58
13. Time Automation & Management Services Sdn Bhd	3,421,000	0.57
14. United Earthwork Sdn Bhd	3,112,000	0.52

ANALYSIS OF SHAREHOLDINGS - as at 29 July 2005 (Cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)

Names	No. of Shares	%
15. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Malayasset Ventures Sdn Bhd (4855 JTRK)	3,066,753	0.51
16. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Nik Awang @ Wan Azmi bin Wan Hamzah (T51-6110525437)	3,000,000	0.50
17. Perlis State Economic Development Corporation	2,748,727	0.46
18. PAB Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Chieng Ing Mui (SMF-CTL)	2,400,000	0.40
19. RHB Merchant Nominees (Tempatan) Sdn Bhd RHB Sakura Merchant Bankers Berhad (CB)	2,332,707	0.39
20. Citicorp Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Marktes Fund	2,261,700	0.38
21. Kenneison Brothers Sdn Bhd	2,148,000	0.36
22. Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Foot Lan	2,100,000	0.35
23. Shamsudin bin Md Dubi	2,013,500	0.34
24. RHB Capital Nominees (Asing) Sdn Bhd Pledged Securities Account For Rohas Sdn Bhd (981063)	2,000,000	0.33
25. Cartaban Nominees (Asing) Sdn Bhd Dbsvickers For Hpl Investors Pte Ltd (0011019)	2,000,000	0.33
26. Darsan Singh a/l Balwant Singh	1,954,000	0.33
27. Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Wei Yoon (472661)	1,883,000	0.31
28. Citicorp Nominees (Tempatan) Sdn Bhd Citibank Berhad (L & G Bhd)	1,740,653	0.29
29. YTL Power International Berhad	1,700,000	0.28
30. RHB Nominees (Asing) Sdn Bhd Sarasin-Rabo Nominees (Singapore) Pte Ltd For Halfmoon Bay Enterprises Limited	1,667,886	0.28

LIST OF PROPERTIES

- as at 31 March 2005

LOCATION	HECTARES	DESCRIPTION	NET BOOK VALUE RM'000
P.T. 8, Section 59 District of Federal Territory Town of Kuala Lumpur Federal Territory	2.92	Underground carpark and commercial complex situated on leasehold land expiring in 2031 Age of buildings: 16 years	6,195
Lot No. 70, Section 51 Bandar Kuala Lumpur	1.02	Vacant freehold land for commercial development	14,993
Lot 33, Villa Putera Condominium Jalan Tun Ismail, Kuala Lumpur	0.15	Residential and commercial units on freehold land Age of buildings: 12-13 years	2,710
Ladang Kerling Mukim Kerling District of Ulu Selangor Selangor	1,009.71	Freehold rubber and oil palm estate land	149,994
Bandar Sri Damansara Housing Development Project, Balance of development land in Mukim Sungai Buloh District of Petaling Gombak, Selangor	44.18	Freehold development land	127,983
Bandar Sungai Buaya Housing Development Project, Balance of development land in Ladang Sungai Buaya Mukim Serendah District of Ulu Selangor Selangor	458.36	Leasehold development land expiring in 2095	85,753
Lembah Beringin Housing Development Project, Balance of development land in Ladang Sungai Belata Mukim Kuala Kalumpang/Sungai Gumut/Kerling Ulu Selangor, Selangor	593.52	Freehold development land	112,136
Beringin Golf Course 44010 Kuala Kubu Bharu Hulu Selangor Selangor	63.64	18 hole golf course and club house situated on freehold land Age of building: 6 years	15,482
Lembah Beringin, Ladang Sungai Belata Mukim Kuala Kalumpang Ulu Selangor, Selangor	3.15	Freehold land held for equestrian park	282

LIST OF PROPERTIES - as at 31 March 2005 (Cont'd)

LOCATION	HECTARES	DESCRIPTION	NET BOOK VALUE RM'000
Sekolah Sri Bestari, Persiaran Margosa Bandar Sri Damansara 52200 Kuala Lumpur	–	Private school building complex Age of buildings: 5-7 years	11,000
Lot 2058 & 2059, Mukim Tebrau Daerah Johor Bahru, Johor	5.56	Vacant freehold lands	11,988
HS(D) 14975, P.T. No.3389 Mukim Semantan, District of Termerloh Pahang	4.86	Vacant leasehold land expiring in 2055	64
Lot 23304, Persiaran Perdana Bandar Sri Damansara 52200 Kuala Lumpur	14.48	Sri Damansara Club house situated on freehold land Age of buildings: 10 years	4,547
Lot P.T. 307641 Jalan Tembaga SD 5/2A Bandar Sri Damansara 52200 Kuala Lumpur	0.40	Hawker centre situated on freehold land Age of buildings: 7 years	4,288
Lot Nos. 659, 663, 664 & 665 Mukim Sungai Petani District of Kuala Muda, Kedah	14.71	Freehold development land	6,859
<u>Overseas</u>			
World Trade Centre, Melbourne Australia	2.77	5-interlinked buildings situated on freehold land Age of buildings: 21 years	231,446

Note:

The List of Properties contains all land and buildings which belong to the Group and are classified as non-current assets in the Balance Sheet as at 31 March 2005. This list has been revised and adjusted to reflect the net book carrying values of the assets of the Group.

The major revisions pertain to the net book values of the "Balance of development land" which includes cost of land plus property development costs less impairment losses. (Previously, only land cost was disclosed.)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of Land & General Berhad will be held at the Saga Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 28 September 2005 at 3.00 p.m. for the following purposes:-

1. To receive and adopt the Audited Financial Statements for the financial period 15 months ended 31 March 2005 and the Reports of the Directors and Auditors thereon (Resolution 1)
2. To approve the payment of Directors' fees (Resolution 2)
3. To re-elect the following Directors:

Datuk Oh Chong Peng	(Resolution 3)
G. Krishnan	(Resolution 4)
Vice Admiral (R) Dato' Seri Ahmad Ramli Hj Mohd Nor	(Resolution 5)
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration (Resolution 6)
5. **AS SPECIAL BUSINESS**

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

Allotment of shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 7)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."
6. To transact any other business for which due notice shall have been given

By order of the Board

LIM FONG EEN
Company Secretary
 (MAICSA 0785833)
 Kuala Lumpur
 6 September 2005

Notes:-

1. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
3. The Proxy Form, duly completed, must be deposited at the Registered Office of the Company, 2nd Floor, 7 Persiaran Dagang, Bandar Sri Damansara, 52200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
4. Explanatory Notes on Special Business:-
 Resolution pursuant to Section 132D of the Companies Act, 1965
 Proposed Resolution 7, if passed will give the Directors of the Company, from the date of the above Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting expires, at the next Annual General Meeting.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION PURSUANT TO ARTICLE 93 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Directors who are standing for re-election at the 42nd Annual General Meeting of the Company are as follows:-

- (i) Datuk Oh Chong Peng
- (ii) G. Krishnan
- (iii) Vice Admiral (Rtd) Dato' Seri Ahmad Ramli Hj Mohd Nor

2. PROFILES OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The profiles of Directors standing for re-election are set out on pages 8 and 10.

3. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

A total of six Board Meetings were held during the financial period 15 months ended 31 March 2005.

The attendance of the Directors standing for re-election at the 42nd Annual General Meeting are disclosed in the Corporate Governance Statement under the section entitled "Board Meetings" on page 17 of this Annual Report.

4. PLACE, DATE AND TIME OF GENERAL MEETING HELD DURING THE FINANCIAL PERIOD

Date	Time	Place
29 June 2004*	10.00 a.m.	Saga Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur

*41st Annual General Meeting

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LAND & GENERAL BERHAD

(Company No. 5507-H)
(Incorporated in Malaysia)

PROXY FORM

I/We _____

of _____

being a member / members of LAND & GENERAL BERHAD hereby appoint _____

or failing him, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of Land & General Berhad to be held at the Saga Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 28 September 2005 at 3.00 p.m. and at any adjournment thereof.

My/our proxy/proxies shall vote as indicated below:-

	RESOLUTIONS	FOR	AGAINST
No. 1	Adoption of Audited Financial Statements and Reports		
No. 2	Payment of Directors' fees		
	Re-election of Directors:		
No. 3	Datuk Oh Chong Peng		
No. 4	G. Krishnan		
No. 5	Vice Admiral (R) Dato' Seri Ahmad Ramli Hj Mohd Nor		
No. 6	Re-appointment of Auditors		
No. 7	Approval under Section 132D, Companies Act 1965		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast on the resolutions specified. If you do not do so, your proxy/proxies will vote or abstain from voting at his/her/their discretion.)

No. of Shares	
---------------	--

Signature : _____

Date : _____

1. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
4. The Proxy Form, duly completed, must be deposited at the Registered Office of the Company, 2nd Floor, 7 Persiaran Dagang, Bandar Sri Damansara, 52200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.



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Stamp

The Company Secretary
Land & General Berhad
2nd Floor
7 Persiaran Dagang
Bandar Sri Damansara
52200 Kuala Lumpur

Please fold here