

NOTES TO THE INTERIM FINANCIAL REPORT

A 1. Accounting Policies

The interim financial statements have been prepared in compliance with MASB 26, Interim Financial Reporting and Paragraph 9.22 and part A of Appendix 9B of Bursa Securities Listing Requirements.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for the year ended 31 December 2004.

A 2. Audit Report

There were no audit qualifications on annual audit report of the preceding annual financial statements.

A 3. Seasonal or Cyclical factors

The Group's operations were not significantly affected by seasonal or cyclical factors in this financial period to date other than the hotel performance which is usually influenced positively by the festive and holiday seasons.

A 4. Unusual Items

There were no material items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

A 5. Changes in Estimate

There were no material changes in estimate which have a material effect in the current interim period.

A 6. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial period to date.

A 7. Dividends Paid

There were no dividends paid during the financial period under review.

A 8 Segmental Reporting

Analysis by business segment of industries for the period ended 31 March 2005:

| Revenue | Hotel | Property | Property | Others | Consolidated |
|---------------------------------|--------|-----------------------|----------------------|--------|--------------|
| | RM'000 | Development RM'000 | Investment RM'000 | RM'000 | RM'000 |
| External sales | 7,798 | 27,165 | 6,779 | 1,227 | 42,969 |
| Results | | | | | |
| Segment operating profit/(loss) | 838 | (734) | 3,025 | (281) | 2,848 |
| Net finance cost | | | | | (1,295) |
| Profit before taxation | | | | | 1,553 |
| Taxation | | | | | (1,258) |
| Profit after taxation | | | | | 295 |

A 9 Valuation of Property, Plant and Equipment and Investment Property

The valuations of property, plant and equipment and investment property have been brought forward without any amendments from the previous financial statements.

A 10 Subsequent Events

There were no material events subsequent to the period ended 31 March 2005 as at 18 May 2005, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

A 11 Effect of changes in the Composition of the Group

There were no material changes in the composition of the Group for the financial period to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A 12 Changes in Contingent Liabilities

There were no material changes in contingent liabilities since 31 December 2004.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B 1. Review of Performance

Profit before taxation for the current quarter was RM1.6 million as compared to RM2.5 million in the corresponding quarter last year.

Hotel Division recorded a lower operating profit compared to the corresponding quarter last year due mainly to a loss incurred by Ferringhi Beach Hotel arising from the impact of the December 2004 Tsunami. After interest charges, the Hotel Division contributed a loss to the Group.

Property Investment Division performed better due to higher average rental rates with maintainable occupancy level.

Property Development Division incurred a loss due to lower construction billings during the first quarter of the year as well as lower sales achieved from last year .

B 2. Comment on material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

For the quarter under review, the Group recorded profit before tax of RM1.6 million as compared to RM4.5 million in the fourth quarter 2004. This decline in profit is mainly due to losses incurred by the Hotel and Property Development Divisions while the Property Investment Division maintain its profit contribution to the Group.

B 3. Prospects

Hotel Division's outlook is positive as Malaysia is targeting 16.7 million tourist arrivals in year 2005 as reported by Ministry of Culture, Art & Tourism and travelling pattern is expected to go back to normal. The Division has embarked on several new aggressive marketing strategies to capture a bigger market share and enhance its business competitiveness through progressive refurbishment of its rooms and facilities.

Property Investment Division is expected to perform better in tandem with the economic outlook and will continue to improve and upgrade the facilities, maintenance, services and organise promotional programme to enhance public awareness about City Square Centre.

Property Development Division is facing an ever more challenging and competitive environment evidenced by its poor performance for the first quarter. The Division must gear itself to continuously review and implement new and innovative marketing strategies in this highly competitive market to at least maintain its performance.

B 4. Variance of actual and forecast revenue

The Group has not issued any profit forecasts for the period under review.

B 5. Taxation

| Taxation comprises: | Current Year Quarter Ended 31-Mar-05 RM'000 | Cumulative Current Year To Date 31-Mar-05 RM'000 |
|---|---|--|
| Current taxation | 1,021 | 1,021 |
| Deferred taxation | (177) | (177) |
| Underprovision of taxation in prior years | 414 | 414 |
| | <u>1,258</u> | <u>1,258</u> |

The effective tax rate of the Group for current quarter is higher mainly due to certain expenses which are not deductible for tax purposes and certain deferred tax assets of subsidiary companies have not been recognised as they are not probable to generate foreseeable future taxable profit.

B 6. Profits / (losses) on sales of Unquoted Investments and / or Properties

There were no sales of unquoted investments and / or properties during the current financial period to date.

B 7. Particulars of Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities during the current financial period to date.

B 8. Status of Corporate Proposals

(a) Status of Corporate Proposals

There were no announced corporate proposals that were not completed as at 18 May 2005.

(b) Status of Utilisation of Proceeds Raised from Corporate Proposal.

There were no proceeds raised from any corporate proposal.

B 9. Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2005 are as follows:

Long Term Borrowings-Secured

| | |
|----------------------------|----------------|
| At 31 March 2005 | 323,939 |
| Repayable within 12 months | <u>(5,347)</u> |
| | <u>318,592</u> |

Short Term Borrowings-Secured

| | |
|---|---------------|
| Bank overdraft | 4,997 |
| Bridging loans | 53,870 |
| Revolving credit | 1,000 |
| Current portion of long term borrowings | <u>5,347</u> |
| | <u>65,214</u> |

There is no foreign loan included in the above borrowings.

B 10. Off Balance Sheet Financial Instruments

The Group has no financial instruments with off balance sheet risk as at 18 May 2005, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

B 11. Changes in Material Litigation

- a) The Company and 4 of its subsidiary companies together with Low Yat Construction Company Sdn Berhad are suing Kumpulan Jurutera Maju Sdn Bhd, Setegap Bhd, The Universal Builder Sdn Bhd (the first suit) and Datuk Bandar Kuala Lumpur (the second suit) respectively for negligence and nuisance in connection to the construction of an underpass along Jalan Tun Razak at the main frontage and access road to City Square Centre.

The first suit which was fixed for hearing on 16 to 20 May 2005 has been postponed until further notice from the Court.

The date of hearing of the second suit has not been fixed because the court is awaiting the outcome of an appeal at the Court of Appeal.

- b) A wholly owned subsidiary, Rawang Lakes Sdn Bhd (RLSB) is counter claiming for damages and loss for breach of contract against the claim by one of its contractor, Mampu Jaya Sdn Bhd (MJSB) for payment for work done. RLSB is also seeking to set aside the ex-parte interim injunction granted to MJSB earlier on certain development. RLSB application to set aside the ex-parte interim injunction is fixed for further mention on 29 June 2005.

MJSB has filed an appeal against the dismissal of their summary judgement application which was initially fixed for hearing on 14 March 2005. The appeal has been adjourned for decision on 29 June 2005.

B 12. Dividend

The Board of Directors does not recommend any dividend payment for the first quarter ended 31 March 2005.

B 13. Earnings per share

The basic earnings per share for the periods are based on the Group's profit after taxation for the periods divided by the number of ordinary shares of the Company in issue during the periods as follows:

| | Current Year Quarter Ended 31-Mar-05 | Cumulative Current Year To Date 31-Mar-05 |
|--------------------------------|---|--|
| Profit after taxation (RM'000) | 295 | 295 |
| Number of shares ('000) | 710,341 | 710,341 |
| Basic earning per share (sen) | 0.04 | 0.04 |

Fully diluted earnings per share is not shown as the effect of the assumed full exercise of Employees' Share Option Scheme is antidilutive.

By Order of the Board

Mdm Oh Leen May
Mdm Chan Kam Lye
Company Secretaries

24 May 2005

