Company No. 573382-P

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2006

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CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company.

The principal activities of the Subsidiary Companies are set out in Note 6 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit after taxation / Profit attributable to shareholders	20,034,336	8,263,246
Retained earnings brought forward	34,283,774	9,079,502
Profit available for appropriation	54,318,110	17,342,748
Dividends	(1,782,007)	(1,782,007)
Retained earnings carried forward	52,536,103	15,560,741

DIVIDENDS

Since the end of the previous financial year, a final dividend of 2 sen gross per ordinary share less income tax at 28% amounting to RM1,782,007 in respect of financial year ended 31 December 2005 was paid on 8 August 2006.

The Directors now recommend a first and final dividend of 5 sen gross per ordinary share less income tax at 27% in respect of the financial year ended 31 December 2006 which, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, will be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the Directors. Based on the outstanding issued and paid-up share capital of the Company as at 31 December 2006 of 123,750,450 ordinary shares, the final dividend amounts to RM4,516,891 (3-65 sen net per ordinary share). Such dividend, if approved by the shareholders will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

CREST BUILDER HOLDINGS BERHAD
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RESERVES AND PROVISIONS

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

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from 113,749,500 to 123,750,450 by way of :-

a) The conversion of RM10,000,000 nominal value of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into 10,000,000 new ordinary shares of RM1-00 each fully paid up at a conversion price of RM1-00 per ordinary share.

b) The issuance of 950 new ordinary shares of RM1-00 each pursuant to conversion of 950 Warrants 2003 / 2013 at a exercise price of RM1-00 cash per warrant.

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

ICULS

On 25 February 2003, the Company issued 18,500,000 of 3 year 3% - 7% ICULS 2003 / 2006 at a nominal value of RM1-00 each for the purpose of acquiring the listing status of MGR Corporation Berhad.

Up to 13 May 2004, a total of 8,500,000 ICULS had been converted into 8,500,000 new ordinary shares of RM1-00 each fully paid up at a conversion price of RM1-00 per share. No ICULS was converted subsequently up to its date of maturity.

At the date of maturity of 24 February 2006, the remaining outstanding 10,000,000 ICULS have been automatically converted into 10,000,000 new ordinary shares of RM1-00 each fully paid at a conversion of RM1-00 per share.

Details of the ICULS are set out in Note 26 to the financial statements.

CREST BUILDER HOLDINGS BERHAD
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WARRANTS 2003 / 2013

On 25 February 2003, the Company issued a renounceable rights issue of 24,000,000 warrants to entitled shareholders at an issue price of RM0-30 per warrant, on the basis of 1-008 warrants for every four (4) existing shares held on the entitlement date.

During the financial year, 950 warrants had been converted into 950 new ordinary shares of RM1-00 each at an exercise price of RM1-00 cash per warrant.

As at 31 December 2006, the total number of warrants which remain unconverted amounted to 23,999,050 units.

Details of the warrants are set out in Note 27 to the financial statements.

SHARE OPTIONS

During the financial year, no share options have been granted.

DIRECTORS

The Directors in office since the date of the last report are :-

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
YONG SOON CHOW
KOH HUA LAN (f)
LEE SOOI TENG
LOO SHEN CHANG
KEONG CHOON KEAT
MOHD KHASAN BIN AHMAD
KAM YONG KAN

In accordance with Article 79 of the Company's Article of Association, TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH, LEE SOOI TENG and KAM YONG KAN retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election respectively.

CREST BUILDER HOLDINGS BERHAD
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DIRECTORS' INTERESTS

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, interest in ordinary shares and debentures of the Company and its related corporations, as stated below :-

	……………Number of ordinary shares of RM1-00 each………..				
	At 1 / 1 / 2006	Bought	Sold		At 31 / 12 / 2006
COMPANY					
DIRECT INTEREST					
YONG SOON CHOW	42,418,000	-	-		42,418,000
KOH HUA LAN (f)	3,945,500	-	-		3,945,500
LEE SOOI TENG	200,000	-	-		200,000
KEONG CHOON KEAT	20,000	-	-		20,000
KAM YONG KAN	-	30,000	-		30,000
INDIRECT INTEREST					
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH ^	6,807,939	-	-		6,807,939
YONG SOON CHOW **	12,870,808	10,000,000	11,260,000	~	11,610,808
KOH HUA LAN (f) **	51,343,308	10,000,000	61,343,308	~	-
LEE SOOI TENG *	12,000	-	-		12,000
KEONG CHOON KEAT *	30,000	-	-		30,000

	...……….………………Number of warrants……………………..				
	At 1 / 1 / 2006	Bought	Sold		At 31 / 12 / 2006
COMPANY					
DIRECT INTEREST					
YONG SOON CHOW	7,999,916	-	-		7,999,916
KOH HUA LAN (f)	1,400,000	-	-		1,400,000
INDIRECT INTEREST					
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH ^	3,000,000	-	-		3,000,000
YONG SOON CHOW *	1,400,000	-	-		1,400,000
KOH HUA LAN (f) *	7,999,916	-	7,999,916	~	-

^ Held by a company in which the Director has interest
* Held by spouse
** Held by spouse and dependent
~ Cessation of deemed interest by virtue of Section 6A of the Companies Act, 1965

By virtue of their interests in the shares of the Company and pursuant to Section 6A of the Companies Act, 1965, YONG SOON CHOW and KOH HUA LAN were also deemed interested in the shares of all the Subsidiary Companies to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year has any interest in the shares and debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 42 to the financial statements.

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

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

   i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

(b) At the date of this report, the Directors are not aware of any circumstances which would render :-

i) it necessary to write off any bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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 render adherence to the existing methods 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 the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(e) As 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 year which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year except as disclosed in Note 40 to the financial statements.

(f) In the opinion of the Directors :-

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

ii) the results of the operations of the Group and of the Company during the financial year have not been affected by any item, transaction or event of a material and unusual nature; and

iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 43 to the financial statements.

SIGNIFICANT SUBSEQUENT EVENTS

Significant events subsequent to the balance sheet date are disclosed in Note 44 to the financial statements.

AUDITORS

The Auditors, GEP Associates, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 18 April 2007

………………………………………………	………………………………………………
CHAIRMAN	MANAGING DIRECTOR
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH	YONG SOON CHOW

Petaling Jaya

Dated : 18 April 2007

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH and YONG SOON CHOW, being two of the Directors of CREST BUILDER HOLDINGS BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 11 to 86 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results of their operations, changes in equity and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors dated 18 April 2007

……………………………………………….
CHAIRMAN
TENGKU DATO' SULAIMAN SHAH BIN
TENGKU ABDUL JALIL SHAH

…………………………………………
MANAGING DIRECTOR
YONG SOON CHOW

Petaling Jaya
Dated : 18 April 2007

STATUTORY DECLARATION

I, LOO SHEN CHANG, being the Director primarily responsible for the accounting records and financial management of CREST BUILDER HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 11 to 86 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
LOO SHEN CHANG)
at Petaling Jaya)
on 18 April 2007)

………………………………….
LOO SHEN CHANG

Before me

…………………………………
COMMISSIONER FOR OATHS

Company No. 573382-P

AUDITORS' REPORT TO THE MEMBERS OF
CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 11 to 86.

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

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :-

a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of :-

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

    ii) the state of affairs of the Group and of the Company as at 31 December 2006 and of the results of their operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

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

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

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

……………………………………..	……………………………………..
GEP ASSOCIATES	ESTHER TAN CHOON HWA
No : AF 1030	No : 1023 / 03 / 08 (J)
Chartered Accountants	Partner

Petaling Jaya

Dated : 18 April 2007

Company No. 573382-P

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 RM	2005 RM
PROPERTY, PLANT AND EQUIPMENT	4	41,991,603	41,617,776
INVESTMENT PROPERTIES	5	5,115,000	5,798,214
INTERESTS IN ASSOCIATED COMPANY	7	-	346,500
OTHER INVESTMENTS	8	4,554,000	4,554,000
INTANGIBLE ASSETS	9	67,055,363	67,055,363
LAND HELD FOR DEVELOPMENT	10	33,471,001	31,094,394
		152,186,967	150,466,247
CURRENT ASSETS			
Property development costs	11	34,040,032	25,588,146
Trade receivables	12	78,692,283	60,464,826
Amounts due from contract customers	13	124,203,997	97,526,494
Other receivables, deposits and prepayments	14	3,060,100	2,529,249
Tax recoverable		3,849,431	1,974,526
Cash and bank balances	16	8,341,646	14,308,348
		252,187,489	202,391,589
CURRENT LIABILITIES			
Trade payables	17	97,934,863	56,320,557
Amounts due to contract customers	13	4,716,207	5,079,876
Progress billings		11,277,637	19,990,663
Other payables, deposits and accruals	18	5,881,975	4,917,507
Hire purchase creditors	20	1,897,506	1,844,164
Bank overdraft	21	2,680,749	6,776,746
Other bank borrowings	22	27,861,164	25,633,199
Provision for taxation		4,175,643	1,280,376
		156,425,744	121,843,088
NET CURRENT ASSETS		95,761,745	80,548,501
		247,948,712	231,014,748
CAPITAL AND RESERVES			
Equity attributable to equity holders of the Company			
Share capital	23	123,750,450	113,749,500
Reserves	24	56,561,645	38,443,895
Shareholders' equity		180,312,095	152,193,395
Minority interests	25	-	-
Total equity		180,312,095	152,193,395
LONG TERM AND DEFERRED LIABILITIES			
Irredeemable Convertible Unsecured Loan Stocks	26	-	10,396,418
Hire purchase creditors	20	1,429,385	1,481,997
Loans	28	65,447,721	65,164,035
Deferred tax liabilities	29	759,511	1,778,903
		247,948,712	231,014,748

The accompanying Notes form an integral part of the Financial Statements.

Company No. 573382-P

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 RM	2005 RM
Revenue	30	318,266,499	253,006,459
Cost of sales	30	(270,140,179)	(213,406,915)
Gross profit		48,126,320	39,599,544
Other operating income		2,755,375	1,508,134
		50,881,695	41,107,678
Administrative expenses		(14,722,184)	(16,060,782)
Profit from operations	31	36,159,511	25,046,896
Finance costs	34	(4,699,142)	(4,792,616)
		31,460,369	20,254,280
Share of results of Associated Company		-	(59,883)
Profit before taxation		31,460,369	20,194,397
Income tax expense	35	(11,426,033)	(8,456,108)
Profit after taxation		20,034,336	11,738,289
Pre-acquisition loss		-	2,304
Profit for the year		20,034,336	11,740,593
Attributable to :-			
Equity holders of the Company		20,034,336	11,740,593
Minority interests		-	-
		20,034,336	11,740,593
Earnings per share attributable to equity holders of the Company :-			
Basic earnings per share (sen)	36	16-39	10-32
Diluted earnings per share (sen)	36	N/A	9-69
Dividend per share (sen)	37	5-00	4-00

The accompanying Notes form an integral part of the Financial Statements.

Company No. 573382-P

CREST BUILDER HOLDINGS BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

		Attributable to Equity Holders of the Company						
			Non - distributable		Distributable			
	Note	Share capital RM	Capital reserve RM	Other reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
At 1 January 2005		113,749,500	4,025,542	134,579	27,457,160	145,366,781	-	145,366,781
Profit for the year		-	-	-	11,740,593	11,740,593	-	11,740,593
		113,749,500	4,025,542	134,579	39,197,753	157,107,374	-	157,107,374
Conversion of :-								
- Irredeemable Convertible Unsecured Loan Stocks	26	-	-	-	-	-	-	-
- Warrants 2003 / 2013	27	-	-	-	-	-	-	-
Equity component of convertible loan stocks	24	-	-	-	-	-	-	-
Dividends	37	-	-	-	(4,913,979)	(4,913,979)	-	(4,913,979)
At 31 December 2005		113,749,500	4,025,542	134,579	34,283,774	152,193,395	-	152,193,395

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CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

		Attributable to Equity Holders of the Company						
			Non - distributable		Distributable			
	Note	Share capital RM	Capital reserve RM	Other reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
At 1 January 2006		113,749,500	4,025,542	134,579	34,283,774	152,193,395	-	152,193,395
Profit for the year		-	-	-	20,034,336	20,034,336	-	20,034,336
		113,749,500	4,025,542	134,579	54,318,110	172,227,731	-	172,227,731
Conversion of :-								
- Irredeemable Convertible Unsecured Loan Stocks	26	10,000,000	-	-	-	10,000,000	-	10,000,000
- Warrants 2003 / 2013	27	950	-	-	-	950	-	950
Equity component of convertible loan stocks	24	-	-	(134,579)	-	(134,579)	-	(134,579)
Dividends	37	-	-	-	(1,782,007)	(1,782,007)	-	(1,782,007)
At 31 December 2006		123,750,450	4,025,542	-	52,536,103	180,312,095	-	180,312,095

The accompanying Notes form an integral part of the Financial Statements.

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CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	31,460,369	20,194,397
Adjustments for :-		
Allowance for doubtful debts	487,821	-
Amortisation of intangible assets	-	3,047,854
Deposits forfeited	(2,000)	-
Depreciation	4,957,001	4,781,362
Fair value adjustments on investment properties	(331,754)	-
Gain on disposal of investment properties	(93,372)	(90,791)
Gain on disposal of property, plant and equipment	(287,700)	(128,340)
Impairment loss on investment	-	36,000
Interest expenses	6,367,333	5,107,187
Interest income	(263,929)	(858,941)
Investment written off	346,500	-
Loss on disposal of investment	-	72,000
Loss on foreign exchange	-	1,876
Property, plant and equipment written off	24,272	341,658
Share of results of Associated Company	-	59,883
Short-term accumulating compensated absences	146,613	(20,037)
Waiver of debts	(195,435)	-
Operating profit before working capital changes	42,615,719	32,544,108
Increase in property development costs	(1,531,164)	(6,584,922)
Increase in trade receivables	(18,227,457)	(13,423,917)
Increase in amounts due from contract customers	(26,677,503)	(33,857,420)
(Increase) / Decrease in other receivables, deposits and prepayments	(1,018,672)	2,621,505
Increase in trade payables	41,614,306	17,856,904
(Decrease) / Increase in amounts due to contract customers	(363,669)	636,340
(Decrease) / Increase in progress billings	(8,713,026)	19,990,663
Increase / (Decrease) in other payables, deposits and accruals	1,015,290	(1,170,153)
	(13,901,895)	(13,931,000)
Cash generated from operations	28,713,824	18,613,108
Income tax paid	(11,372,727)	(9,490,596)
Net cash generated from operating activities carried forward	17,341,097	9,122,512

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CREST BUILDER HOLDINGS BERHAD
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 RM	2005 RM
Net cash generated from operating activities brought forward		17,341,097	9,122,512
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of interest in Associated Company		-	(406,383)
Interest received		263,929	858,941
Purchase of land held for development		-	(23,071,375)
Increase in development expenditure		(2,376,607)	(1,053,406)
Proceeds from disposal of investment		-	108,000
Proceeds from disposal of investment properties		1,108,340	1,583,680
Proceeds from disposal of property, plant and equipment		308,200	128,340
Purchase of investment properties		-	(501,604)
Purchase of property, plant and equipment		(11,892,533)	(12,791,986)
Net cash used in investing activities		(12,588,671)	(35,145,793)
		4,752,426	(26,023,281)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,782,007)	(4,913,979)
Fixed deposits with licensed banks		2,407,888	285,994
Proceeds from issuance of ordinary shares		950	-
Interest paid		(5,281,455)	(4,791,806)
Loan raised		28,391,806	22,693,000
Repayment of term loans		(25,880,155)	(4,896,766)
Repayment of hire purchase creditors		(2,072,270)	(2,619,327)
Net cash (used in) / generated from financing activities		(4,215,243)	5,757,116
Net increase / (decrease) in cash and cash equivalents		537,183	(20,266,165)
Cash and cash equivalents brought forward		1,619,028	21,885,193
Cash and cash equivalents carried forward	16	2,156,211	1,619,028

The accompanying Notes form an integral part of the Financial Statements.

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 RM	2005 RM
PROPERTY, PLANT AND EQUIPMENT	4	9,643	11,090
INVESTMENT IN SUBSIDIARY COMPANIES	6	94,765,270	94,765,270
OTHER INVESTMENT	8	4,500,000	4,500,000
INTANGIBLE ASSETS	9	33,450,999	33,450,999
		132,725,912	132,727,359
CURRENT ASSETS			
Other receivables and prepayments	14	553,851	778,851
Amounts due from Subsidiary Companies	15	55,749,540	43,900,625
Tax recoverable		1,151,247	908,590
Cash and bank balances	16	53,896	6,068,296
		57,508,534	51,656,362
CURRENT LIABILITIES			
Other payables and accruals	18	1,657,713	1,735,844
Amounts due to Subsidiary Companies	19	240,000	210,000
		1,897,713	1,945,844
NET CURRENT ASSETS		55,610,821	49,710,518
		188,336,733	182,437,877
CAPITAL AND RESERVES			
Share capital	23	123,750,450	113,749,500
Reserves	24	19,586,283	13,239,623
Shareholders' equity		143,336,733	126,989,123
LONG TERM AND DEFERRED LIABILITIES			
Irredeemable Convertible Unsecured Loan Stocks	26	-	10,396,418
Loan	28	45,000,000	45,000,000
Deferred tax liabilities	29	-	52,336
		188,336,733	182,437,877

The accompanying Notes form an integral part of the Financial Statements.

Company No. 573382-P

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 RM	2005 RM
Revenue	30	15,708,369	17,245,160
Cost of sales		-	-
Gross profit		15,708,369	17,245,160
Other operating income		-	-
		15,708,369	17,245,160
Administrative expenses		(578,613)	(2,121,067)
Profit from operations	31	15,129,756	15,124,093
Finance costs	34	(3,469,167)	(3,852,459)
Profit before taxation		11,660,589	11,271,634
Income tax expense	35	(3,397,343)	(3,696,709)
Profit after taxation		8,263,246	7,574,925

The accompanying Notes form an integral part of the Financial Statements.

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

			Non - distributable		Distributable	
		Share capital	Capital reserve	Other reserve	Retained earnings	Total
	Note	RM	RM	RM	RM	RM
At 1 January 2005		113,749,500	4,025,542	134,579	6,418,556	124,328,177
Profit for the year		-	-	-	7,574,925	7,574,925
		113,749,500	4,025,542	134,579	13,993,481	131,903,102
Conversion of :-						
- Irredeemable Convertible Unsecured Loan Stocks	26	-	-	-	-	-
- Warrants 2003 / 2013	27	-	-	-	-	-
Equity component of convertible loan stocks	24	-	-	-	-	-
Dividends	37	-	-	-	(4,913,979)	(4,913,979)
At 31 December 2005		113,749,500	4,025,542	134,579	9,079,502	126,989,123

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

			Non - distributable		Distributable	
	Note	Share capital RM	Capital reserve RM	Other reserve RM	Retained earnings RM	Total RM
At 1 January 2006		113,749,500	4,025,542	134,579	9,079,502	126,989,123
Profit for the year		-	-	-	8,263,246	8,263,246
		113,749,500	4,025,542	134,579	17,342,748	135,252,369
Conversion of :-						
- Irredeemable Convertible Unsecured Loan Stocks	26	10,000,000	-	-	-	10,000,000
- Warrants 2003 / 2013	27	950	-	-	-	950
Equity component of convertible loan stocks	24	-	-	(134,579)	-	(134,579)
Dividends	37	-	-	-	(1,782,007)	(1,782,007)
At 31 December 2006		123,750,450	4,025,542	-	15,560,741	143,336,733

The accompanying Notes form an integral part of the Financial Statements.

Company No. 573382-P

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,660,589	11,271,634
Adjustments for :-		
Amortisation of intangible assets	-	1,520,500
Depreciation	1,447	1,446
Dividend income	(13,000,000)	(15,000,000)
Interest expenses	3,469,167	3,852,459
Interest income	(2,708,369)	(2,245,160)
Operating loss before working capital changes	(577,166)	(599,121)
Decrease in other receivables and prepayments	225,000	2,558,755
Decrease in other payables and accruals	(78,131)	(567,642)
	146,869	1,991,113
Cash (used in) / generated from operations	(430,297)	1,391,992
Income tax refund	-	158,156
Net cash (used in) / generated from operating activities	(430,297)	1,550,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	9,360,000	10,800,000
Interest received	2,708,369	2,245,160
Purchase of investment in Subsidiary Companies	-	(1,000,000)
Net cash generated from investing activities	12,068,369	12,045,160
Balance carried forward	11,638,072	13,595,308

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 RM	2005 RM
Balance brought forward		11,638,072	13,595,308
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,782,007)	(4,913,979)
Proceeds from issuance of shares		950	-
Increase in amounts due from Subsidiary Companies		(11,848,915)	(14,889,118)
Increase in amounts due to Subsidiary Companies		30,000	50,000
Interest paid		(4,052,500)	(3,852,499)
Net cash used in financing activities		(17,652,472)	(23,605,596)
Net decrease in cash and cash equivalents		(6,014,400)	(10,010,288)
Cash and cash equivalents brought forward		6,068,296	16,078,584
Cash and cash equivalents carried forward	16	53,896	6,068,296

The accompanying Notes form an integral part of the Financial Statements.

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad ("BMSB") since 12 June 2003. It is not a subsidiary of another company.

The registered office and principal place of business of the Company are located at 14-2, Jalan 4A / 27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur and 28, Jalan SS 24 / 13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan respectively.

The principal activity of the Company is investment holding.

The principal activities of the Subsidiary Companies are described in Note 6 to the financial statements.

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 December 2006 were authorised for issue in accordance with a resolution of the Board of Directors on 18 April 2007.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention except otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The preparation of financial statements in conformity with the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies

On 1 January 2006, the Group and the Company adopted the following Financial Reporting Standards ("FRSs") mandatory for financial periods beginning on or after 1 January 2006 :-

FRS 2	Share-based Payment
FRS 3	Business Combination
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group has not adopted the deferred FRS 139 Financial Instruments : Recognition and Measurement and the following new and revised FRSs, amendments and Interpretations that are mandatory for the respective dates as follows :-

i) Financial periods beginning on or after 1 October 2006

a) FRS 117 Leases

FRS 117 requires classification of leasehold land for own use to be classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

In addition, FRS 117 also requires initial direct costs incurred in negotiating and arranging leases to be added to the carrying amount of the leased asset.

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

i) Financial periods beginning on or after 1 October 2006 (Cont'd)

a) FRS 117 Leases (Cont'd)

The Group will apply FRS 117 for the financial periods beginning 1 January 2007.

b) FRS 124 Related Party Disclosures

FRS 124 expands the definition of related party and adds new disclosure requirements. The adoption of FRS 124 will only impact the format and extent of disclosures presented in the financial statements.

ii) Financial periods beginning on or after 1 January 2007

a) FRS 6 Exploration for and Evaluation of Mineral Resources

FRS 6 is not relevant to the Group's operation.

b) Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

As the Group does not participate in any defined benefit plans, adoption of this amendment will not have any impact to the financial statements.

iii) Financial periods beginning on or after 1 July 2007

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

As the Group does not participate in any foreign operation, adoption of this amendment will not have any impact to the financial statements.

b) IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities

c) IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

iii) Financial periods beginning on or after 1 July 2007 (Cont'd)

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

e) IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

f) IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies

g) IC Interpretation 8 Scope of FRS 2

The adoption of revised FRS 2, 5, 102, 108, 110, 121, 127, 128, 131, 132 and 133 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed as follows :-

i) FRS 3 Business Combinations, FRS 136 Impairment of Assets and FRS 138 Intangible Assets

The new FRS 3 has resulted in consequential amendments to two (2) other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

a) Goodwill

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

i) FRS 3 Business Combinations, FRS 136 Impairment of Assets and FRS 138 Intangible Assets (Cont'd)

a) Goodwill (Cont'd)

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM9,141,937 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 January of RM67,055,363 ceased to be amortised thereafter.

As the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for financial year ended 31 December 2005 or prior periods.

The effects on the balance sheet as at 31 December 2006 and income statement for the year ended 31 December 2006 for the Group and for the Company are as follows :-

	GROUP RM	COMPANY RM
Balance sheet as at 31 December 2006		
Intangible assets		
Increase in carrying amount due to non-amortisation of goodwill	3,047,854	1,520,500
Income statement for the financial year ended 31 December 2006		
Administrative expenses		
Amortisation of goodwill which would be charged to the income statement	3,047,854	1,520,500

	GROUP
Earnings per share (sen)	
Increase in basic earnings per share	2-49
Increase in diluted earnings per share	N/A

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

i) FRS 3 Business Combinations, FRS 136 Impairment of Assets and FRS 138 Intangible Assets (Cont'd)

b) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (formerly known as negative goodwill)

Prior to 1 January 2006, negative goodwill was presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to 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. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in the income statement.

The change did not materially affect the financial statements of the Group and of the Company.

c) Accounting for acquisitions

Prior to 1 January 2006, the Group did not recognise separately the acquiree's contingent liabilities at the date of acquisition as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably. In addition, the Group was previously allowed to recognise restructuring provisions in connection with an acquisition regardless of whether the acquiree had recognised such provisions. Upon the adoption of FRS 3, the Group is now permitted to recognise such provisions only when the acquiree has, at the date of acquisition, an existing liability for restructuring recognised in accordance with FRS 137.

The change did not materially affect the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

ii) FRS 101 Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

The changes in presentation has no impact on the financial statement of the Group and of the Company.

iii) FRS 140 Investment Property

Prior to 1 January 2006, investment properties were stated at cost less accumulated depreciation. Upon the adoption of FRS 140, investment properties are now stated at fair value and gains and losses arising from changes in fair values are recognised in income statement in the year in which they arise.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy had had no impact on amounts reported for financial year ended 31 December 2005 or prior periods.

The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 for the Group are as follows :-

	GROUP RM
Consolidated balance sheet as at 31 December 2006	
Investment properties	
Increase in carrying amount arising from fair value adjustments	331,754
Consolidated income statement for the financial year ended 31 December 2006	
Other operating income	
Fair value adjustments of investment properties	331,754

2. BASIS OF PREPARATION (CONT'D)

2.1 Changes in accounting policies (Cont'd)

iii) FRS 140 Investment Property (Cont'd)

	GROUP
Earnings per share (sen)	
Increase in basic earnings per share	0-27
Increase in diluted earnings per share	N/A

This change has no impact on the Company's financial statements.

2.2 Significant accounting estimates and judgements

i) Key sources of estimation uncertainty

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

a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2006 was RM67,055,363. Further details are as disclosed in Note 9 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis on consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its Subsidiary Companies made up to the end of the financial year. The financial statements of the Subsidiary Companies are prepared for the same reporting date as the Company.

Subsidiary Companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and other events in similar circumstances.

Intragroup transactions, balances and resulting unrealised profits and losses from intragroup transactions are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Acquisition of Subsidiary Companies are accounted for by applying the purchase method. The purchase method of accounting involves allocating of the acquisition to the fair value of the identifiable assets, liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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

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

Minority interest represents the portion of the profit and loss and net assets in Subsidiary Companies not held by the Group. Minority interest is measured at the minorities' share of the Subsidiary Companies' identifiable assets and liabilities at the date of acquisition and the share of changes in the Subsidiary Companies' equity since then. Separate disclosure is made for minority interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not amortised as it has an infinite life.

Building-in-progress is stated at cost unless in the opinion of the Directors there is a permanent diminution in value, in which case, provision will be made. Depreciation of building-in-progress commences when the assets are ready for their intended use.

Depreciation of other property, plant and equipment is calculated in order to write off the cost or valuation to its residual value on a straight line basis over their expected useful lives of property, plant and equipment concerned. The principal annual rates used are :-

Buildings	2 %
Equipment, furniture and fittings	10 - 20 %
Light equipment	20 %
Plant and machinery	20 %
Motor vehicles	20 %

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals are determined by comparing the sales proceeds with carrying amounts and included in the income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties

Investment properties, principally comprising land and buildings are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest that is held under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

3.4 Subsidiary Companies

Subsidiary Companies are those companies in which the Group has the ability to exercise control over the financial and operating policies of an enterprise so as to attain benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Investment in Subsidiary Companies are stated at cost except where there is an indication of impairment, in which case the carrying value of the investment is assessed and written down immediately to its recoverable amount.

3.5 Associated Companies

Associated Companies are those companies in which the Company has significant influence and that is neither a subsidiary company nor an interest in a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Associated Companies (Cont'd)

Significant influence is the power to participate in the financial and operating policy decisions of the Associated Companies but not control over those policies.

Investments in Associated Companies are accounted for in the financial statements using the equity method of accounting. Under the equity method, the investment in Associated Companies are carried at cost adjusted for post-acquisition changes in the Group's share of net assets of the Associated Companies. The Group's share of the net profit and loss of the Associated Companies are recognised in the consolidated income statement. Where there had been a change recognised directly in the equity of the Associated Companies, the Group recognised its share of such changes directly to equity.

Unrealised gains and losses on transactions between the Group and its Associated Companies are eliminated to the extent of the Group's interest in the Associated Companies.

The Group's share of results and reserves of an Associated Company acquired is included in the consolidated financial statements from the date of acquisition until the Group ceases to have significant influence over the Associated Company. For this purpose, audited or management financial statements for the period to 31 December are used. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

When the Group's share of losses in an Associated Company equals or exceeds its interest in the Associated Company, including any long term interests that, in substance, form part of the Group's net investment in the Associated Company, the Group discontinues recognising its share of future losses, unless the Group has incurred obligations or made payments on behalf of the Associated Company.

Goodwill relating to an Associated Company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the Associated Company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the Associated Company's profit or loss in the period in which the investment is acquired.

3.6 Other investment

Long-term investment is stated at cost less impairment losses.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets

a) Goodwill

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

b) Other intangible assets

Intangible assets are measured on initial recognition at cost. Subsequent to the initial recognition, intangible assets are carried at cost less any accumulated losses.

Intangible assets with indefinite lives are not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite useful life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

3.8 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current asset 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 3.21.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Property development costs

Property development costs comprise the cost of land together with related development expenditure that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

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

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

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

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

3.10 Receivables

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

3.11 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and functions or their ultimate purpose or use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Construction contracts (Cont'd)

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date to the estimated total costs for the contract. Variation in contract works, claim and incentive payments are included to the extent they have been agreed with the customers. Construction cost includes direct material, labour, subcontractor cost and attributable overhead.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to contract customers.

3.12 Payables

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

3.13 Leases

A lease where the Group assumes substantially all the benefits and risks of ownership is classified as finance lease. Leases of land and buildings are classified as operating leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions :-

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Leases (Cont'd)

a) Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis, and if classified as investment property, is accounted for as if held under a finance lease as disclosed in Note 3.3; and

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

i) Finance lease

Property, plant and equipment acquired under hire purchase or finance lease arrangements are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The depreciation policy on these property, plant and equipment is similar to that of the Group's other property, plant and equipment. Outstanding obligations due under the lease arrangements after deducting finance expenses are included as liabilities in the financial statements.

The finance expenses of the lease rentals are charged to the income statement over the period of the respective arrangements.

ii) Operating lease

Leases of assets where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Lease rental incurred on operating leases are charged to the income statement in the year they become payable.

3.14 Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Interest capitalisation

Interest incurred on borrowings directly associated with development properties is capitalised and included as part of development expenditure.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the property, plant and equipment during the period of time that is required to complete and prepare the property, plant and equipment for its intended use.

3.16 Convertible loan stocks

Convertible loan stocks 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 loan stock. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component, representing the conversion option is included in shareholders' 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.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible loan stocks to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

3.17 Share capital

i) Classification

Ordinary shares are classified as equity.

The portion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Redeemable Convertible Unsecured Loan Stocks ("RCULS") representing the value of the conversion option at the time of issue is included in equity. The value of the conversion option is not changed in subsequent periods. Upon conversion of the ICULS and RCULS to equity shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Share capital (Cont'd)

ii) Share issue costs

External costs directly attributable to the issue of new shares are shown as a deduction in equity.

iii) Dividends

Dividends on ordinary shares are accounted for in the shareholders' equity as an appropriation of retained earnings in the year in which they are declared.

Final dividends proposed by the Board of Directors are not recorded as a liability in the financial statements until they are approved by the shareholders at the Annual General Meeting.

3.18 Foreign currency translation

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates closely approximating to those ruling at the date of transactions. Gains and losses on exchange are dealt with in the income statement.

Assets and liabilities in foreign exchange are translated into Ringgit Malaysia at rates of exchange closely approximating to those ruling at the balance sheet date.

The principal closing rates used in translation of foreign currency amounts are as follows :-

Foreign currency	31 / 12 / 2006 RM	31 / 12 / 2005 RM
1 Bahrain Dinar	9-3821	10-0641

3.19 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 revenue can be measured reliably.

i) Construction contracts

Profit on construction contracts is recognised on the percentage of completion method where the outcome of the contracts can be reliably estimated. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Revenue recognition (Cont'd)

i) Construction contracts (Cont'd)

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

ii) Property development

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to-date to the total estimated costs where the outcome of the projects can be reliably estimated. All estimated losses are fully provided for.

iii) Rental and interest income

Rental income and interest income are recognised in the income statement on an accrual basis unless collection is doubtful.

iv) Dividend income

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

3.20 Employee benefits

i) Short-term benefits

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

ii) Defined contribution plan

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Impairment of assets

The carrying values of assets other than investment properties, construction contract assets, property development costs, are reviewed for impairment at each balance sheet date to determine whether there is an indication that the assets might be impaired. If any of such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Impairment of assets (Cont'd)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss of an asset other than goodwill is reversed if, and only if, there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

3.22 Interest expense

All interest expense and other costs incurred in connection with borrowings are expensed as incurred.

3.23 Income tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Income tax (Cont'd)

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

3.24 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and short-term highly liquid assets that are readily convertible to cash with insignificant risk of changes in value less bank borrowings that are not subject to fixed term of repayment.

3.25 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables, payables and borrowings.

i) Financial instruments recognised on the balance sheet

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

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

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

The Group has not used any derivatives financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Financial instruments (Cont'd)

ii) Fair values estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of traded ICULS are based on quoted market prices at the balance sheet date.

The carrying amounts for financial assets and liabilities with a maturity of less than one (1) year are assumed to approximate their fair values.

3.26 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

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 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.

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP Net book value	At 1 / 1 / 2006 RM	Transfers RM	Additions RM	Disposals RM	Current depreciation RM	At 31 / 12 / 2006 RM
Freehold land	3,336,760	-	-	-	-	3,336,760
Buildings	1,205,830	-	-	-	28,791	1,177,039
Building-in-progress	25,674,395	(8,589,933)	10,802,958	-	-	27,887,420
Equipment, furniture and fittings	1,452,263	-	107,209	3,250	401,439	1,154,783
Light equipment	997,208	-	725,580	-	374,620	1,348,168
Plant and machinery	7,217,421	-	1,005,000	20,500	3,456,819	4,745,102
Motor vehicles	1,733,899	-	1,324,786	21,022	695,332	2,342,331
	41,617,776	(8,589,933)	13,965,533	44,772	4,957,001	41,991,603

Net book value	At 1 / 1 / 2005 RM	Transfers RM	Additions RM	Disposals RM	Current depreciation RM	At 31 / 12 / 2005 RM
Freehold land	3,336,760	-	-	-	-	3,336,760
Buildings	1,234,621	-	-	-	28,791	1,205,830
Building-in-progress	-	14,583,756	11,090,639	-	-	25,674,395
Equipment, furniture and fittings	1,423,747	-	403,374	-	374,858	1,452,263
Light equipment	827,659	-	420,900	-	251,351	997,208
Plant and machinery	7,944,697	-	2,808,859	299,600	3,236,535	7,217,421
Motor vehicles	1,677,364	-	901,814	42,058	803,221	1,733,899
	16,444,848	14,583,756	15,625,586	341,658	4,694,756	41,617,776

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

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

2006	Cost	Accumulated depreciation	Net book value
	RM	RM	RM
Freehold land	3,336,760	-	3,336,760
Buildings	1,439,531	262,492	1,177,039
Building-in-progress	27,887,420	-	27,887,420
Equipment, furniture and fittings	3,629,722	2,474,939	1,154,783
Light equipment	3,361,694	2,013,526	1,348,168
Plant and machinery	22,017,622	17,272,520	4,745,102
Motor vehicles	7,282,001	4,939,670	2,342,331
	68,954,750	26,963,147	41,991,603

2005	Cost	Accumulated depreciation	Net book value
	RM	RM	RM
Freehold land	3,336,760	-	3,336,760
Buildings	1,439,531	233,701	1,205,830
Buildings-in-progress	25,674,395	-	25,674,395
Equipment, furniture and fittings	3,527,512	2,075,249	1,452,263
Light equipment	2,636,114	1,638,906	997,208
Plant and machinery	21,033,122	13,815,701	7,217,421
Motor vehicles	6,793,468	5,059,569	1,733,899
	64,440,902	22,823,126	41,617,776

COMPANY Net book value	At 1 / 1 / 2006	Additions	Disposals	Current depreciation	At 31 / 12 / 2006
	RM	RM	RM	RM	RM
Equipment, furniture and fittings	11,090	-	-	1,447	9,643

Net book value	At 1 / 1 / 2005	Additions	Disposals	Current depreciation	At 31 / 12 / 2005
	RM	RM	RM	RM	RM
Equipment, furniture and fittings	12,536	-	-	1,446	11,090

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

2006	Cost	Accumulated depreciation	Net book value
	RM	RM	RM
Equipment, furniture and fittings	14,465	4,822	9,643

2005	Cost	Accumulated depreciation	Net book value
	RM	RM	RM
Equipment, furniture and fittings	14,465	3,375	11,090

The net book value of assets acquired under hire purchase arrangements of which instalments are still outstanding at the balance sheet date are :-

	GROUP	
	2006	2005
	RM	RM
Equipment, furniture and fittings	126,400	158,000
Plant and machinery	2,977,130	3,798,541
Motor vehicles	2,128,270	1,568,245
	5,231,800	5,524,786

The net book value of freehold land amounting to RM457,697 (2005 : RM457,697) of the Group are pledged for borrowings as referred to in Note 28 to the financial statements.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM13,965,533 (2005 : RM15,625,586) of which RM2,073,000 (2005 : RM2,833,600) were acquired by means of hire purchase arrangements.

Included in building-in-progress is interest expense capitalised during the financial year amounting to RM293,011 (2005 : RM1,494,995).

Included in building-in-progress is an amount of RM8,180,101 (2005 : RM12,608,485) ascribable to leasehold land with an unexpired lease period of more than fifty (50) years. The leasehold land is pledged for borrowings as referred to in Note 28 to the financial statements.

5. INVESTMENT PROPERTIES

	GROUP 2006 RM	GROUP 2005 RM
At 1 January	5,798,214	5,798,214
Disposals	(1,014,968)	-
Fair value adjustments on investment properties	331,754	-
At 31 December	5,115,000	5,798,214

The carrying amount of investment properties consists of :-

	GROUP 2006 RM	GROUP 2005 RM
Freehold land	1,733,333	1,307,133
Leasehold land	473,333	609,424
Buildings	2,908,334	3,881,657
	5,115,000	5,798,214

Leasehold land of the Group is held on a long lease with an unexpeired period of more than fifty (50) years.

Net book value of assets pledged as security for borrowings :-

	GROUP 2006 RM	GROUP 2005 RM
Leasehold land	166,667	185,240
Building	333,333	91,200

6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY 2006 RM	COMPANY 2005 RM
Unquoted shares, at cost	94,765,270	94,765,270

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The Subsidiary Companies which are incorporated in Malaysia are as follows :-

Name of Company	Effective Equity Interest 2006 %	2005 %	Principal Activity
Crest Builder Sdn Bhd	100	100	Construction
Crestland Development Sdn Bhd	100	100	Property investment
CBTech (M) Sdn Bhd	100	100	Mechanical and electrical engineering services
3 Two Square Sdn Bhd (formerly known as Seri Tegamas Sdn Bhd)	100	100	Property investment and property development
Nepfield Sdn Bhd	100	100	Property investment
Crest Builder International Sdn Bhd	100	100	Investment holding
CB Land Sdn Bhd	100	100	Property investment and property development
Crestland Project Management Sdn Bhd	100	100	Project management
Vertical Success Sdn Bhd	100	100	Property investment and property development

7. INTERESTS IN ASSOCIATED COMPANY

	GROUP 2006 RM	2005 RM
At cost		
Unquoted shares	406,383	406,383
Share of accumulated losses	(59,883)	(59,883)
	346,500	346,500
Less : Written off during the year	(346,500)	-
	-	346,500

7. INTERESTS IN ASSOCIATED COMPANY (CONT'D)

	GROUP 2006 RM	GROUP 2005 RM
Represented by :-		
Share of net tangible assets	-	342,680
Premium on acquisition	-	3,820
	-	346,500

The Associated Company, is incorporated in the Kingdom of Bahrain.

Name of Company	Effective Equity Interest 2006 %	Effective Equity Interest 2005 %	Principal Activity
Crest Builder Bahrain W.L.L.	NIL	40	Building contractor

The Group's share of assets, liabilities, revenue and expenses of the Associated Company are as follows :-

	GROUP 2006 RM	GROUP 2005 RM
Property, plant and equipment	-	9,558
Current assets	-	347,011
Current liabilities	-	(13,889)
	-	342,680
Revenue	-	-
Loss for the year	-	59,883

During the financial year, the Associated Company had permanently ceased operation. Hence, the amount of investment in Associated Company is fully written off accordingly.

8. OTHER INVESTMENTS

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
At cost				
Unquoted bonds of corporation in Malaysia	4,500,000	4,500,000	4,500,000	4,500,000
Transferable club membership	90,000	90,000	-	-
	4,590,000	4,590,000	4,500,000	4,500,000
Less : Accumulated impairment losses	(36,000)	(36,000)	-	-
	4,554,000	4,554,000	4,500,000	4,500,000

9. INTANGIBLE ASSETS

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
At 1 January	67,055,363	70,100,913	33,450,999	34,971,499
Goodwill arising on consolidation during the year	-	2,304	-	-
	67,055,363	70,103,217	33,450,999	34,971,499
Less : Amortisation of intangible assets	-	(3,047,854)	-	(1,520,500)
At 31 December	67,055,363	67,055,363	33,450,999	33,450,999

Impairment tests for goodwill

9.1 Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to the business segment as follows :-

	Construction RM	Investment holding RM	Property development RM	Total RM
At 31 December 2006	61,500,693	1,394,355	4,160,315	67,055,363
At 31 December 2005	61,500,693	1,394,355	4,160,315	67,055,363

9.2 Key assumptions used in value-in-use calculations

The recoverable amount of a cash generating unit ("CGU") is determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by management for the next one (1) year. Cash flows beyond the next one (1) year are extrapolated using the growth rates as stated below. the key assumptions used for value-in use calculations are :-

	Discount rate **%**	Growth rate **%**
2006		
Construction	14-00	10-00
Property development	14-00	10-00
2005		
Construction	14-00	10-00
Property development	14-00	10-00

9. INTANGIBLE ASSETS (CONT"D)

9.2 Key assumptions used in value-in-use calculations (Cont'd)

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill :-

i) Discount rate

The discount rates used are based on the weighted average cost of capital of the Group.

ii) Growth rate

The growth rates used are consistent with the long term average growth rate for the Group.

9.3 Sensitivity to changes in assumption

With regard to the assessment of value-in-use of the construction and property development unit, the management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amount.

10. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2006	2005
	RM	RM
At cost		
Freehold land		
At 1 January	29,271,375	6,200,000
Additions during the year	(2)	23,071,375
At 31 December	29,271,373	29,271,375
Leasehold land		
At 1 January	-	30,400,000
Additions during the year	-	-
Transfers :- Property, plant and equipment	-	(12,608,485)
Property development costs	-	(17,791,515)
At 31 December	-	-
Development expenditure		
At 1 January	1,823,019	4,515,224
Costs incurred during the year	2,376,609	1,465,834
Transfers :- Property, plant and equipment	-	(1,975,271)
Property development costs	-	(2,182,768)
At 31 December	4,199,628	1,823,019
Land held for property development as at 31 December	33,471,001	31,094,394

10. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

Included in development expenditure incurred during the financial year is interest expense capitalised amounting to RM1,049,999 (2005 : RM609,863).

Freehold land amounting to RM22,354,982 (2005 : RM22,354,982) is pledged for borrowings as referred to in Note 28 to the financial statements.

11. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following :-

	GROUP	
	2006	2005
	RM	RM
Property development costs at 1 January		
Leasehold land	17,791,515	-
Development expenditure	12,002,392	-
	29,793,907	-
Costs incurred during the year :-		
Leasehold land	-	-
Development expenditure	20,925,170	9,819,624
	20,925,170	9,819,624
Costs transferred from land held for property development :-		
Leasehold land	-	17,791,515
Development expenditure	-	2,182,768
	-	19,974,283
Costs transferred from property, plant and equipment :-		
Leasehold land	4,428,384	-
Development expenditure	4,161,549	-
	8,589,933	-
Costs recognised in income statement :-		
At 1 January	(4,205,761)	-
Recognised during the year	(21,063,217)	(4,205,761)
At 31 December	(25,268,978)	(4,205,761)
Property development costs at 31 December	34,040,032	25,588,146

Included in development expenditure incurred during the year is interest expense capitalised amounting to RM760,585 (2005 : RM821,267).

The leasehold land is pledged for borrowings as referred to in Note 28 to the financial statements.

12. TRADE RECEIVABLES

	GROUP 2006 RM	GROUP 2005 RM
Trade receivables	3,940,140	2,710,705
Progress billings receivable	45,327,118	32,226,287
Less : Allowance for doubtful debts	(1,997,475)	(1,997,475)
	47,269,783	32,939,517
Retention sums	31,422,500	27,525,309
	78,692,283	60,464,826

The Group's normal trade credit term ranges from 14 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

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

13. AMOUNTS DUE FROM / (TO) CONTRACT CUSTOMERS

	GROUP 2006 RM	GROUP 2005 RM
Construction cost incurred	894,046,819	670,240,868
Profit attributable to work performed to-date	155,607,547	138,985,361
	1,049,654,366	809,226,229
Less : Progress billings received and receivable	(930,166,576)	(716,779,611)
	119,487,790	92,446,618
Amounts due from contract customers	124,203,997	97,526,494
Amounts due to contract customers	(4,716,207)	(5,079,876)
	119,487,790	92,446,618
Advances received on contracts, included within progress billings received and receivable	24,524,095	3,118,895

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

	GROUP 2006 RM	GROUP 2005 RM
Hire of plant and machinery	2,836,295	3,671,834
Depreciation of property, plant and equipment	3,668,113	3,310,028
Rental of premises	365,652	251,193

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Other receivables	781,520	671,300	9,536	9,536
Deposits	1,848,018	1,084,590	-	-
Prepayments	918,383	773,359	544,315	769,315
	3,547,921	2,529,249	553,851	778,851
Less : Allowance for doubtful debts	(487,821)	-	-	-
	3,060,100	2,529,249	553,851	778,851

15. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due are unsecured, without any fixed term of repayment and interest free except for an amount of RM37,249,927 (2005 : RM32,591,936) which bears interest at 7-45% (2005 : 7-45%) per annum.

16. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Short-term investments	51,754	50,189	-	-
Fixed deposits with licensed banks	6,846,924	7,827,914	-	-
Short-term deposits	-	6,000,000	-	6,000,000
Cash on hand and at banks	1,442,968	430,245	53,896	68,296
Cash and bank balances	8,341,646	14,308,348	53,896	6,068,296
Less : Bank overdraft	(2,680,749)	(6,776,746)	-	-
Fixed deposits pledged	(3,504,686)	(5,912,574)	-	-
Cash and cash equivalents	2,156,211	1,619,028	53,896	6,068,296

Fixed deposits pledged comprise RM1,829,199 (2005 : RM3,533,346) to licensed banks for short-term borrowings facilities and RM1,675,487 (2005 : RM2,379,228) being bank guarantees for performance bonds issued in favour of third parties in respect of projects undertaken by a Subsidiary Company.

Short-term investments comprise of investments in Income Fund. The weighted average effective interest rate of investments in Income Fund is 3-13% (2005 : 2-27%).

16. CASH AND CASH EQUIVALENTS (CONT'D)

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

	GROUP 2006 %	GROUP 2005 %
Short-term deposits with licensed banks	-	2-45
Fixed deposits with licensed banks	3-03	3-03

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

	GROUP 2006 Days	GROUP 2005 Days
Short-term deposits with licensed banks	-	13
Fixed deposits with licensed banks	141	161

17. TRADE PAYABLES

	GROUP 2006 RM	GROUP 2005 RM
Trade payables	76,005,285	37,414,013
Retention sums	21,929,578	18,906,544
	97,934,863	56,320,557

The normal trade credit terms granted to the Group ranges from 30 to 60 days.

18. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	3,687,134	3,038,336	1,227,295	1,227,295
Deposits	76,300	48,000	-	-
Accruals	2,118,541	1,831,171	430,418	508,549
	5,881,975	4,917,507	1,657,713	1,735,844

19. AMOUNTS DUE TO SUBSIDIARY COMPANIES

The amounts due are unsecured, interest-free and without any fixed term of repayment.

20. HIRE PURCHASE CREDITORS

The amounts owing to hire purchase creditors are repayable as follows :-

	GROUP 2006 RM	GROUP 2005 RM
Minimum hire purchase payments :-		
- not later than one year	2,064,315	2,013,890
- later than one year and not later than five years	1,553,005	1,611,041
- later than five years	-	-
	3,617,320	3,624,931
Future finance charges on hire purchase	(290,429)	(298,770)
Present value of hire purchase payments	3,326,891	3,326,161
Present value of hire purchase payments :-		
- not later than one year	1,897,506	1,844,164
- later than one year and not later than five years	1,429,385	1,481,997
- later than five years	-	-
	3,326,891	3,326,161
Less : Amount repayable within one year	(1,897,506)	(1,844,164)
Amount repayable after one year	1,429,385	1,481,997

Hire purchase facilities incur weighted average effective interest rate of 2-91% (2005 : 3-00%) per annum.

The maturity structure of the hire purchase creditors are as follows :-

	GROUP 2006 RM	GROUP 2005 RM
Amount repayable :-		
Within one year	1,897,506	1,844,164
After one year but within two years	1,073,170	1,457,831
After two years but within three years	356,215	24,166
After three years but within four years	-	-
After four years but within five years	-	-
After five years	-	-
	3,326,891	3,326,161

21. BANK OVERDRAFT

Bank overdraft facilities incur an effective interest rate of 7-75% (2005 : 7-75%) per annum.

The securities of the bank overdraft facilities are as disclosed in Note 28 to the financial statements.

22. OTHER BANK BORROWINGS

	GROUP 2006 RM	GROUP 2005 RM
Bankers' acceptance	19,497,000	17,694,000
Bridging loan (Note 28)	2,500,000	-
Term loans (Note 28)	5,864,164	7,939,199
	27,861,164	25,633,199

The securities of the bankers' acceptance, bridging loan and term loan facilities are as disclosed in Note 28 to the financial statements.

Bankers' acceptance incurs an effective interest rate of 3-20% (2005 : 3-20%) per annum.

23. SHARE CAPITAL

	GROUP AND COMPANY			
	2006		2005	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Authorised :-				
Ordinary shares of RM1-00 each	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid :-				
Ordinary shares of RM1-00 each				
At 1 January	113,749,500	113,749,500	113,749,500	113,749,500
Issued during the year				
Conversion of :-				
- ICULS	10,000,000	10,000,000	-	-
- Warrants 2003 / 2013	950	950	-	-
At 31 December	123,750,450	123,750,450	113,749,500	113,749,500

24. RESERVES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
NON-DISTRIBUTABLE :-				
Capital reserve :-				
At 1 January	4,025,542	4,025,542	4,025,542	4,025,542
At 31 December	4,025,542	4,025,542	4,025,542	4,025,542
Other reserve :-				
At 1 January	134,579	134,579	134,579	134,579
Reserve arising from equity component of convertible loan stocks	(134,579)	-	(134,579)	-
At 31 December	-	134,579	-	134,579
DISTRIBUTABLE :-				
Retained earnings	52,536,103	34,283,774	15,560,741	9,079,502
	56,561,645	38,443,895	19,586,283	13,239,623

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account as at 31 December 2006, to frank / distribute in full its unappropriated profits by way of dividends without incurring additional tax liability.

25. MINORITY INTERESTS

This consists of share capital and the proportion of reserve attributable to minority shareholder of Subsidiary Company.

26. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

On 25 February 2003, the Company issued 18,500,000 nominal value of 3 year 3% - 7% ICULS 2003 / 2006 at a nominal value of RM1-00 each to MGR Corporation Berhad (Special Administrators Appointed), MGR Corporation Berhad's creditors and / or MGR Corporation Berhad's creditors' agent.

26. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)

The principal terms of the ICULS are as follows :-

i) Payment of interest

The Company agrees with the Trustees to pay an interest of :-

a) first year - three per cent (3%);
b) second year - five per cent (5%); and
c) third year - seven per cent (7%) per annum

based on the nominal value of the original loan stocks, payable in arrears annually on the first and second anniversary of the date of issuance of the original loan stocks and on the maturity date.

ii) Conversion right

Each loan stockholder shall have the right to convert all or part of his loan stocks into fully paid new ordinary shares of the Company at the conversion price on a market day during the conversion period.

All loan stocks converted under the Trust Deed shall cease to carry interest from and including the conversion date.

The new ordinary shares issued and allotted upon conversion of the loan stocks shall rank pari passu in all respects with the existing shares in issue at the conversion date, except that they will not be entitled to any dividends, rights, allotments and / or other distributions, on the entitlement date of which is prior to such conversion date.

iii) Conversion price

The ICULS will be converted on the basis of one (1) ICULS for one (1) new ordinary share of RM1-00 each in the Company.

The ICULS are not secured.

26. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)

The proceeds received from the ICULS have been split between the liability component and the equity component, representing the fair value of the conversion option. The ICULS are accounted for in the balance sheet of the Group and of the Company as follows :-

	GROUP AND COMPANY	
	2006	2005
	RM	RM
Nominal value of ICULS	10,000,000	10,000,000
Equity component net of deferred tax	(134,580)	(134,580)
Deferred tax liability	(52,336)	(52,336)
Liability component	9,813,084	9,813,084
Adjustment for effect of conversion of ICULS :-		
Reduction in nominal value of ICULS	(10,000,000)	-
Reduction in equity component net of deferred tax	134,580	-
Reduction in deferred tax liability	52,336	-
	-	9,813,084
Interest expense recognised in income statement :-		
At 1 January	1,383,544	883,584
Recognised during the year	116,666	499,960
At 31 December	1,500,210	1,383,544
Interest paid :-		
At 1 January	(800,210)	(300,210)
Paid during the year	(700,000)	(500,000)
At 31 December	(1,500,210)	(800,210)
Liability component as at 31 December	-	10,396,418

Interest expense on the ICULS is calculated on the effective yield basis by applying the interest rate of 7-00% (2005 : 7-00%) for the equivalent non-convertible loan stocks to the liability component of the ICULS.

At the date of maturity of 24 February 2006, 10,000,000 ICULS have been automatically converted into 10,000,000 new ordinary shares of RM1-00 each fully paid at a conversion of RM1-00 per share.

27. WARRANTS 2003 / 2013

The Warrants Issue involves a renounceable rights issue of 24,000,000 warrants to the entitled shareholders at an issue price of RM0-30 per warrant, on the basis of 1-008 warrants for every four (4) existing shares held on the entitlement date.

The principle objective of the Warrants Issue is to generate cash proceeds of RM7,200,000, of which RM7,000,000 was utilised as cash payment to MGR Corporation Berhad's creditors.

The Warrants are convertible into fully paid-up ordinary shares of RM1-00 each in the Company at any time on or before 29 May 2013 at the rate of RM1-00 cash per warrant subject to the terms and conditions set out in the Deed Poll. Warrants not exercised during the period will thereafter lapse and cease to be valid for any purpose.

During the financial year, 950 warrants have been converted.

As at 31 December 2006, 23,999,050 (2005 : 24,000,000) warrants remain unconverted.

28. LOANS

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
<u>Secured</u>				
Bridging loan	8,811,885	-	-	-
Term loans	20,000,000	28,103,234	-	-
<u>Unsecured</u>				
Collaterised loan obligation	45,000,000	45,000,000	45,000,000	45,000,000
	73,811,885	73,103,234	45,000,000	45,000,000
Less : Amount repayable within one year (Note 22)	(8,364,164)	(7,939,199)	-	-
Amount repayable after one year	65,447,721	65,164,035	45,000,000	45,000,000

28.1 The bank overdraft, bankers acceptance, bridging loan and term loans are secured by :-

i) a first legal charge over a 22,284.57 meter square (5.5 acre) of leasehold commercial land located in Section 19, Petaling Jaya held under Pajakan Negeri No. 3948, Lot 32, Seksyen 36, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan;

28. LOANS (CONT'D)

ii) a first legal charge over freehold land known as Lot 13824 and 13825, Seksyen 22, Shah Alam, Selangor held under Geran 30437 and 30438, Lot 13824 and 13825, Mukim Damansara, District of Petaling Jaya, State of Selangor Darul Ehsan;

iii) a first and second legal charge against a 3 storey shop house situated at No. 24, Jalan 30/48, Taman Datu Senu, Sentul, Kuala Lumpur held under H.S. (D) No. 44166, P.T. No. 16311, Mukim of Setapak, District of Wilayah Persekutuan;

iv) a first and second legal charge against five (5) acres of vacant land known as E.M.R. 8258, Lot No. 5440, Mukim of Kapar, District of Klang, Selangor Darul Ehsan;

v) an asset purchase agreement and asset sale agreement over a Subsidiary Company's assets;

vi) a deed of assignment of all rights, interest and benefit under the relevant sale and purchase agreement of all monies owing or payable under the facilities;

vii) a deed of Power of Attorney;

viii) an assignment of sales proceeds of the 237 office / retail units in favour of the bank for all monies owing or payable under the facilities;

ix) an assignment of rental proceeds and sales proceeds (if any) of the corporate office and car park bays in favour of the bank for all monies owing or payable under the facilities; and

x) corporate guarantees by the Company and its Subsidiary Company, Crest Builder Sdn Bhd.

28.2 The Unsecured Term Loan Facility agreement provides that the Company shall subscribe for the Subordinated Bonds issued by Kerisma Berhad, a company specially incorporated for the purpose of implementing and carrying out a primary collateralised loan obligations transaction.

Tenure for the Unsecured Term Loan is for a period not exceeding five (5) years from the date of advance of the facility. Such term loan is repayable on a lump sum basis on the last day of the tenure of the term loan.

28. LOANS (CONT'D)

The average effective interest rates of loans at the balance sheet date were as follows :-

	GROUP		COMPANY	
	2006	2005	2006	2005
	%	%	%	%
Bridging loan	7-00	-	-	-
Term loans	7-00	7-58	-	-
Collaterised loan obligation	7-45	7-45	7-45	7-45

The maturity structure of the loans are as follows :-

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Amount repayable :-				
Within one year	8,364,164	7,939,199	-	-
After one year but within two years	12,439,967	9,513,670	-	-
After two years but within three years	48,878,069	4,870,907	45,000,000	-
After three years but within four years	4,129,685	49,040,038	-	45,000,000
After four years but within five years	-	1,739,420	-	-
After five years	-	-	-	-
	73,811,885	73,103,234	45,000,000	45,000,000

29. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
At 1 January	1,778,903	1,458,370	52,336	52,336
Recognised in the income statement	(1,019,392)	320,533	(52,336)	-
At 31 December	759,511	1,778,903	-	52,336

Presented after appropriate offsetting as follows :-

Deferred tax assets	-	-	-	-
Deferred tax liabilities	759,511	1,778,903	-	52,336

29. DEFERRED TAX LIABILITIES (CONT'D)

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

Deferred tax liabilities of the Group :-

	Accelerated Capital Allowances RM	Revaluation of Plant and Machinery RM	Convertible Loan Stocks RM	Interest RM	Total RM
At 1 January 2006	1,032,847	286,691	52,336	407,029	1,778,903
Reversed to equity	-	-	-	(407,029)	(407,029)
Recognised in the income statement	(273,336)	(286,691)	(52,336)	-	(612,363)
At 31 December 2006	759,511	-	-	-	759,511
At 1 January 2005	826,604	579,430	52,336	-	1,458,370
Recognised in the income statement	206,243	(292,739)	-	407,029	320,533
At 31 December 2005	1,032,847	286,691	52,336	407,029	1,778,903

Deferred tax liabilities of the Company :-

	Convertible Loan Stocks 2006 RM	Convertible Loan Stocks 2005 RM
At 1 January	52,336	52,336
Deferred tax income	(52,336)	-
At 31 December	-	52,336

29. DEFERRED TAX LIABILITIES (CONT'D)

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

	GROUP	
	2006	2005
	RM	RM
Unutilised tax losses	10,100	2,291

The unutilised tax losses and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

30. REVENUE AND COST OF SALES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Revenue is categorised as follows :-				
Dividend income	-	-	13,000,000	15,000,000
Interest income	100,752	294,114	2,708,369	2,245,160
Contract revenue	266,897,383	241,295,064	-	-
Sales of development properties	51,175,364	11,329,681	-	-
Rental income from investment properties	93,000	87,600	-	-
	318,266,499	253,006,459	15,708,369	17,245,160

Cost of sales represents cost of construction contracts and cost of development properties sold.

	GROUP	
	2006	2005
Cost of sales is categorised as follows :-	RM	RM
Cost of construction contracts	249,076,962	209,201,154
Cost of development properties sold	21,063,217	4,205,761
	270,140,179	213,406,915

31. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging :-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Allowance for doubtful debts	487,821	-	-	-
Amortisation of intangible assets	-	3,047,854	-	1,520,500
Auditors' remuneration				
- current year's provision				
- statutory	91,600	93,100	20,000	20,000
- non statutory	4,000	5,200	4,000	5,200
- overprovision in prior year	(2,800)	-	-	-
Depreciation	4,957,001	4,781,362	1,447	1,446
Direct operating expenses of investment properties				
- Revenue generating during the year	10,324	7,238	-	-
- Non revenue generating during the year	10,702	6,789	-	-
Directors' fee (Note 32)	250,000	250,000	250,000	250,000
Directors' other emoluments (Note 32)	1,125,312	1,014,324	9,300	16,200
Fair value adjustments on investment properties	366,836	-	-	-
Impairment loss on investment	-	36,000	-	-
Incorporation fee	-	2,176	-	-
Investment written off	346,500	-	-	-
Loss on disposal of investment	-	72,000	-	-
Loss on foreign exchange	-	1,876	-	-
Property, plant and equipment written off	24,272	341,658	-	-
Rental expenses	156,000	156,000	-	-

and crediting :-

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
Dividend income	-	-	13,000,000	15,000,000
Fair value adjustments on investment properties	698,590	-	-	-
Gain on disposal of investment properties	93,372	90,791	-	-
Gain on disposal of property, plant and equipment	287,700	128,340	-	-
Interest income	263,929	858,941	2,708,369	2,245,160
Rental income from investment properties	126,960	121,560	-	-
Waiver of debts	195,435	-	-	-

32. DIRECTORS' REMUNERATION

	GROUP 2006 RM	GROUP 2005 RM	COMPANY 2006 RM	COMPANY 2005 RM
Executive Directors				
- Allowances	1,500	5,400	1,500	5,400
- Emoluments	1,116,012	998,124	-	-
- Fees	130,000	86,000	130,000	86,000
	1,247,512	1,089,524	131,500	91,400
Non Executive Directors				
- Allowances	7,800	10,800	7,800	10,800
- Fees	120,000	164,000	120,000	164,000
	127,800	174,800	127,800	174,800
GRAND TOTAL	1,375,312	1,264,324	259,300	266,200

The number of Directors of the Group whose remuneration are analysed into bands of RM50,000 is as follows :-

	Number of Directors 2006	Number of Directors 2005
Executive Directors		
Less than RM50,000	-	-
RM50,001 - RM150,000	-	-
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	2	2
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	-	1
RM500,001 - RM550,000	-	-
RM550,001 - RM600,000	1	-
	4	4
Non Executive Directors		
Less than RM50,000	4	4
GRAND TOTAL	8	8

33. STAFF COSTS

Included in the staff costs are the following :-

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
EPF and SOCSO	845,146	758,783	-	-
Medical expenses	27,724	18,899	-	-
Messing and refreshment	91,281	171,257	-	-
Salaries, overtime, bonus and allowances	6,140,246	5,675,109	-	-
Short-term accumulating compensated absences	146,613	(20,037)	-	-
Staff training	5,920	2,360	-	-
Staff welfare	33,295	39,523	-	-
Total staff costs	7,290,225	6,645,894	-	-

34. FINANCE COSTS

Included in finance costs are the following charges for the year :-

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Bank overdraft interest	240,322	62,987	-	-
Bankers' acceptance interest	786,505	605,942	-	-
Hire purchase interest	203,148	271,228	-	-
Loan stock interest	116,666	499,960	116,666	499,960
Term loan interest	3,352,501	3,352,499	3,352,501	3,352,499

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

35. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Current year's provision	11,825,514	8,144,330	3,400,893	3,725,062
Under / (Over) provision of taxation in prior years	567,575	(8,755)	(3,550)	(28,353)
	12,393,089	8,135,575	3,397,343	3,696,709
Deferred tax :-				
Relating to origination / (reversal) of temporary difference	(151,384)	624,906	-	-
Deferred tax income relating to revaluation of plant and machinery	(286,691)	(292,739)	-	-
Overprovision of deferred tax in prior year	(528,981)	(11,634)	-	-
	(967,056)	320,533	-	-
	11,426,033	8,456,108	3,397,343	3,696,709

A reconciliation of income tax expense applicable to 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	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit before taxation	31,460,369	20,194,397	11,660,589	11,271,634
Share of results of Associated Company	-	59,883	-	-
	31,460,369	20,254,280	11,660,589	11,271,634
Taxation at Malaysian statutory tax rate				
- at 28%	10,701,607	7,583,369	3,264,965	3,156,058
- up to RM500,000 at 20%	219,337	93,888	-	-
Effect of different tax rate	(972)	(294)	-	-
Income not subject to tax	(140,156)	(53)	-	-
Expenses not deductible for tax purposes	890,910	1,091,297	135,928	569,004
Deferred tax income relating to revaluation of plant and machinery	(286,691)	(292,739)	-	-
Deferred tax assets not recognised during the year	3,404	1,029	-	-
Under / (Over) provision of taxation in prior years	567,575	(8,755)	(3,550)	(28,353)
Overprovision of deferred tax in prior year	(528,981)	(11,634)	-	-
	11,426,033	8,456,108	3,397,343	3,696,709

35. INCOME TAX EXPENSE (CONT'D)

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax savings recognised during the year arising from :-				
- Utilisation of current year's capital allowances	871,256	1,037,515	-	-
- Utilisation of unabsorbed capital allowances brought forward from previous year	-	18,152	-	-
- Utilisation of unutilised tax losses brought forward from previous year	-	4,689	-	-

Subject to the agreement by the Inland Revenue Board, the unutilised tax losses available for utilisation against future taxable profits are approximated to be as follows :-

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Unutilised tax losses	22,200	8,183	-	-

36. EARNINGS PER SHARE

36.1 Basic earnings per share

The basic earnings per share is calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2006	2005
Profit attributable to ordinary equity holders of the Company (RM)	20,034,336	11,740,593
Weighted average number of ordinary shares in issue	122,243,138	113,749,500
Basis earnings per share (sen)	16-39	10-32

36. EARNINGS PER SHARE (CONT'D)

36.2 Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from the conversion of ICULS and Warrants. The amount of profit for the year attributable to ordinary equity holders of the Company is adjusted by the after tax effect of interest expense recognised during the financial year which would have been saved on conversion of the outstanding ICULS and Warrants into ordinary shares. The adjusted weighted average number of shares is the weighted number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ICULS and Warrants into ordinary shares. The ICULS and Warrants are deemed to have been converted into ordinary shares at the date of issue.

The fully diluted earnings per share is calculated by dividing the adjusted profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares issued and issuable assuming full conversion of ICULS and Warrants as follows :-

	GROUP	
	2006	2005
Profit attributable to ordinary equity holders of the Company (RM)	20,034,336	11,740,593
Increase in net profit as a result of interest expense saved from ICULS (RM)	-	504,000
Adjusted profit attributable to ordinary equity holders of the Company (RM)	20,034,336	12,244,593
Weighted average number of ordinary shares in issue	122,243,138	113,749,500
Adjustment for assumed conversion of warrants	#	2,571,429
Adjustment for assumed conversion of ICULS	-	10,000,000
Adjusted weighted average number of ordinary shares in issue and issuable	122,243,138	126,320,929
Diluted earnings per share (sen)	N/A	9-69

\# Not taken into account in the computation of diluted earnings per share because the effect is anti-dilutive

37. DIVIDENDS

	GROUP AND COMPANY	
	2006	2005
	RM	RM
First and final dividend of 4 sen less income tax at 28% per ordinary share in respect of financial year ended 31 December 2004	-	3,275,985
Interim dividend of 2 sen less income tax at 28% per ordinary share in respect of financial year ended 31 December 2005	-	1,637,994
Final dividend of 2 sen less income tax at 28% per ordinary share in respect of financial year ended 31 December 2005	1,782,007	-
	1,782,007	4,913,979

The Directors now recommend a first and final dividend of 5 sen gross per ordinary share less income tax at 27% in respect of the financial year ended 31 December 2006 which, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, will be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the Directors. Based on the outstanding issued and paid-up share capital of the Company as at 31 December 2006 of 123,750,450 ordinary shares, the final dividend amounts to RM4,516,891 (3-65 sen net per ordinary share). Such dividend, if approved by the shareholders will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

38. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARY COMPANIES

	GROUP	
	2006	2005
	RM	RM
Net assets acquired		
Investment properties	-	-
Current assets	-	-
Current liabilities	-	(2,304)
Cash and bank balances	-	2
Fair value of net assets at date of acquisition	-	(2,302)
Attributable to shares previously held and treated as Subsidiary Company	-	-
	-	(2,302)
Goodwill on consolidation	-	2,304
Purchase consideration	-	2
Less : Cash of new Subsidiary Companies	-	(2)
Net cash outflow on acquisition	-	-

38. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)

The effects of the acquisition on the financial position of the Group are as follows :-

	GROUP	
	2006 RM	2005 RM
Investment properties	-	-
Current assets	-	-
Current liabilities	-	(2,304)
Cash and bank balances	-	2
	-	(2,302)
Less : Portion attributable to previous shareholdings	-	-
Group's share of net assets	-	(2,302)

The effects of the acquisition on the financial results of the Group are as follows :-

	GROUP	
	2006 RM	2005 RM
Revenue	-	-
Administrative expenses	-	(3,803)
Loss from operation	-	(3,803)
Finance costs	-	-
Loss before taxation	-	(3,803)
Income tax expense	-	-
Loss after taxation	-	(3,803)
Pre-acquisition loss	-	2,304
Net decrease in Group's results	-	(1,499)

39. FINANCIAL INSTRUMENTS

39.1 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, credit, market, foreign currency and liquidity risks. The Group operates within clearly defined guidelines that are approved by the Board.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Financial risk management objectives and policies (Cont'd)

i) Interest rate risk

The Group's primary interest rate risk relates mainly to borrowings and deposits. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of assets. The Group's investment in financial assets are mainly short-term in nature and have been placed in fixed deposits which yield better returns than cash at bank.

The information on maturity dates and effective interest rates on financial assets and liabilities are disclosed in their respective notes. As at 31 December 2006, the Group has not entered into any hedging instruments arrangements to minimise its exposure to interest rate volatility.

ii) Credit risk

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis by the Group's management reporting procedures.

iii) Market risk

The Group has in place policies to manage its exposure to fluctuation in the prices of the key raw materials used in the operations through close monitoring and buying ahead in anticipating of significant price increase, where possible.

iv) Foreign currency risk

The Group has transactional currency exposure, which arise from foreign currency transactions entered into by the Group in currencies other than their functional currencies.

The Group manages its transactional exposure by matching, as far as possible, its receipts and payments in each individual currencies. The Group does not use any foreign currency instruments to hedge foreign currency exposure.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Financial risk management objectives and policies (Cont'd)

v) Liquidity risk

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

39.2 Fair values

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

	2006		2005	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
GROUP				
Financial liabilities				
Bridging loan and term loans	28,811,885	28,234,752	28,103,234	27,484,207
ICULS	-	-	10,396,418	19,000,000

	2006		2005	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
COMPANY				
Financial liabilities				
ICULS	-	-	10,396,418	19,000,000

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Fair values (Cont'd)

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

It is not practical to estimate the fair value of the Group's non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value 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, receivables, payables and short-term borrowings

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

ii) Hire purchase loans

The carrying values of hire purchase loans approximate their fair values.

iii) Quoted loan stocks

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

iv) Borrowings

The carrying values of long term borrowings approximate their fair values.

40. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Guarantees given to financial institution in respect of facilities granted to Subsidiary Companies	-	-	223,269,000	116,419,000
Guarantees issued in favour of third parties	29,939,489	25,194,462	-	-

41. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Approved but not contracted for				
- Land held for property development	-	6,447,517	-	-
Approved and contracted for				
- Land held for property development	6,447,517	-	-	-

42. RELATED PARTY TRANSACTIONS

42.1 In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year :-

Related party	Relationship
Farima Sdn Bhd	Company connected to a Director of the Company
Grandland Corporation Sdn Bhd	Company connected to certain Directors of the Company

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Contract income received / receivable from :-				
- Farima Sdn Bhd	61,448,365	34,748,071	-	-
Rental income received from :-				
- Farima Sdn Bhd	36,000	36,000	-	-
Rental paid to :-				
- Grandland Corporation Sdn Bhd	156,000	156,000	-	-

42. RELATED PARTY TRANSACTIONS (CONT'D)

The outstanding year end balances for related party transactions with the related parties in which a Director of the Company has significant financial interest are as follows :-

	GROUP	
	2006	2005
	RM	RM
Progress billings receivable	14,169,244	4,040,545
Retention sums	6,800,291	6,166,458
	20,969,535	10,207,003

The Directors are of the opinion that 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.

42.2 Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows :-

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Short-term employee benefits	1,444,512	1,294,724	131,500	91,400

Included in the total key management personnel are :-

	GROUP		COMPANY	
	2006	2005	2006	2005
	RM	RM	RM	RM
Directors' remuneration	1,247,512	1,089,524	131,500	91,400

43. SIGNIFICANT EVENTS DURING THE YEAR

43.1 On 3 January 2006, the Company's wholly-owned Subsidiary Company, Vertical Success Sdn Bhd entered into a sale and purchase agreement with TM Facilities Sdn Bhd to acquire part of Master Title Geran 75350 Lot No. 38289 Seksyen 40 (previously PT4057), Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan measuring approximately 79,599 square feet for a total cash consideration of RM7,163,910.

43. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

43.2 On 24 February 2006, the date of maturity, the remaining RM10,000,000 nominal value of ICULS were fully converted into 10,000,000 new ordinary shares of RM1-00 each.

44. SIGNIFICANT SUBSEQUENT EVENTS

44.1 On 8 January 2007, the Company had entered into facility agreement with RHB Investment Bank Berhad (formerly known as RHB Sakura Merchant Bankers Berhad) and Prima Uno Berhad for an unsecured fixed term loan facility under Primary Collateralised Loan Obligation programme up to the maximum principal amount of RM40,000,000.

44.2 On 14 March 2007, the Company had obtained the approval from its shareholders for the establishment of an employee share option scheme for the eligible employees and Directors of the Company and its Subsidiary Companies.

45. SEGMENTAL REPORTING

45.1 Business Segments :-

The Group is organised into four major business segments :-

i) Construction - general construction, mechanical and electrical engineering services;

ii) Investment holding - investment in shares, properties and other investment related activities;

iii) Property development - development of residential and commercial properties; and

iv) Others - other activities.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. Inter-segment pricing is determined based on terms mutually agreed between the respective companies.

45. SEGMENTAL REPORTING (CONT'D)

As at 31 December 2006	Construction	Investment holding	Property development	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
Revenue						
External sales	266,897,383	193,752	51,175,364	-	-	318,266,499
Inter-segment sales	37,908,544	15,607,617	-	-	(53,516,161)	-
Total revenue	304,805,927	15,801,369	51,175,364	-	(53,516,161)	318,266,499
Results						
Segment results	7,080,662	284,971	28,934,960	-	-	36,300,593
Unallocated corporate expenses						(141,082)
						36,159,511
Finance costs						(4,699,142)
Share of results of Associated Company						-
Income tax expense						(11,426,033)
						20,034,336
Pre-acquisition loss						-
Net profit for the year						20,034,336

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

45. SEGMENTAL REPORTING (CONT'D)

As at 31 December 2006	Construction	Investment holding	Property development	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
Assets						
Segment assets	225,281,892	74,821,149	100,421,984	-	-	400,525,025
Unallocated corporate assets	2,638,872	1,151,247	59,312	-	-	3,849,431
Consolidated total assets						404,374,456
Liabilities						
Segment liabilities	106,391,914	1,684,132	11,734,636	-	-	119,810,682
Unallocated corporate liabilities	26,579,955	45,002,164	32,669,560	-	-	104,251,679
Consolidated total liabilities						224,062,361
Other information						
Capital expenditure	3,155,316	-	16,899,904	-	-	20,055,220
Depreciation	4,899,132	1,447	56,422	-	-	4,957,001
Amortisation	-	-	-	-	-	-
Non-cash expenses other than depreciation and amortisation	875,679	346,500	3,250	-	-	1,225,429
Non-cash income	381,072	896,025	-	-	-	1,277,097

CREST BUILDER HOLDINGS BERHAD
(Incorporated in Malaysia)

45. SEGMENTAL REPORTING (CONT'D)

As at 31 December 2005	Construction	Investment holding	Property development	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
Revenue						
External sales	241,295,064	381,714	11,329,681	-	-	253,006,459
Inter-segment sales	21,845,075	16,951,046	-	-	(38,796,121)	-
Total revenue	263,140,139	17,332,760	11,329,681	-	(38,796,121)	253,006,459
Results						
Segment results	26,796,226	15,268,532	5,595,043	-	(22,464,438)	25,195,363
Unallocated corporate expenses						(148,467)
						25,046,896
Finance costs						(4,792,616)
Share of results of Associated Company						(59,883)
Income tax expense						(8,456,108)
						11,738,289
Pre-acquisition loss						2,304
Net profit for the year						11,740,593

45. SEGMENTAL REPORTING (CONT'D)

As at 31 December 2005	Construction	Investment holding	Property development	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
Assets						
Segment assets	184,402,047	80,755,308	85,725,955	-	-	350,883,310
Unallocated corporate assets	1,063,049	911,477	-	-	-	1,974,526
Consolidated total assets						352,857,836
Liabilities						
Segment liabilities	64,243,792	1,947,013	20,117,798	-	-	86,308,603
Unallocated corporate liabilities	29,229,247	55,448,754	29,677,837	-	-	114,355,838
Consolidated total liabilities						200,664,441
Other information						
Capital expenditure	5,026,711	-	45,457,312	-	-	50,484,023
Depreciation	4,709,629	14,518	57,215	-	-	4,781,362
Amortisation	1,525,005	1,522,000	849	-	-	3,047,854
Non-cash expenses other than depreciation and amortisation	449,658	1,876	-	-	-	451,534
Non-cash income	219,131	-	-	-	-	219,131

b) Geographical Segments

No geographical segment is presented as the Group operates principally in Malaysia.

46. COMPARATIVE FIGURES

The comparative figures were extended to comply with the additional disclosure requirements of the new Financial Reporting Standards that are applicable for the financial year ended 31 December 2006.