

**Notes To The Interim Financial Statements
For the financial quarter ended 31 March 2006**

A1. BASIS OF PREPARATION

The interim financial statements have not been audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's Annual Financial Report for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

The appropriateness of the accounting policies applied by the Group is subject to the Group being successful in restructuring its debts with its creditors under a scheme of arrangement of which its details have been outlined in Section B8 of this Notes to the Accounts and of the Group achieving sustainable and viable operations that generate adequate cashflow for its operating activities.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those as applied in the preparation of the audited financial statements for the year ended 31 December 2005 and principally remain unchanged except for the adoption of the following new or revised Financial Reporting Standards ("FRS") effective for financial period beginning from 1 January 2006: -

FRS 5	Non-current Assets Held for Sale and Presentation of Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect 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 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above new or revised standards does not have significant financial impact on the Group. There are however some effects on the presentation of the financial results arising from the adoption of the FRS 101 of which its effects are noted below: -

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests in the consolidated balance sheet and in the consolidated income statement. In the consolidated balance sheet, minority interests are now presented as part of total equity. In the consolidated income statement, it is now additionally disclosed of the profit or loss attributable to the minority interests and the equity shareholders of the Company of the total profit or loss for the period.

Similarly in compliance with FRS 101, on the face of the statement of changes in equity it is now separately disclosed the amounts attributable to the equity holders of the Company and to minority interest.

Certain comparatives have been restated to conform to the current period's presentation.

A3 QUALIFICATION OF AUDIT REPORT

There was a disclaimer opinion in the Group's and the Company's annual financial statements for year ended 31 December 2005 as the auditors have not been able to obtain sufficient appropriate evidence to form their opinion on the Group's and the Company's abilities to continue as going concerns in view of doubt still remaining as to the timely completion of the debt restructuring scheme including the support and approval from the scheme creditors and new lenders.

A4. SEASONAL OR CYCLICAL FACTORS

Though general economic conditions are showing signs of improvement, concerns over the economic climate still remain and the underlying sentiments presently are that of guarded optimism. Our principal businesses to a significant extent have been affected by the general sentiment, the intense market competition and our needs to address our debts position with our creditors.

A5. UNUSUAL ITEMS DUE TO THEIR NATURE SIZE OF INCIDENCE

There were no unusual items for the quarter under review except as disclosed in Note A2.

A6. CHANGES IN ESTIMATES

There are no changes in estimates of amounts, which have a material effect in the current period.

A7. ISSUANCES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

A8. DIVIDEND PAID

No dividend has been paid since the end of the previous financial year.

A9. SEGMENTAL REPORTING

	Revenue	Profit/(Loss)
	3 months	before tax
	Ended	3 months
	31/03/2006	Ended
	RM'000	RM'000
Analysis by Activity		
Property Development	2,825	(5,175)
Resorts and Club		
Operation/Management	2,875	(3,072)
Investment Holdings	163	(2,205)
	<hr/>	<hr/>
	5,863	(10,452)
	<hr/>	<hr/>

Segmental reporting by geographical locations is not presented as the activities of the Group are carried out mainly in Malaysia.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss.

A11. SUBSEQUENT EVENTS

There has not arisen in the interval between 31 March 2006 and the date of this announcement, any item, transactions or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There have been no other changes to the composition of the Group during the current financial quarter.

A13. CONTINGENT LIABILITIES

As at 31 March 2006, the contingent liabilities of the Group are as follows: -

	RM'000
Bank guarantees	
- secured over fixed deposit of certain subsidiary companies	37
A resort property pledged to a merchant bank for loan facility granted to Renown Projects Sdn Bhd in which certain directors have interests	9,386
Company's undertaking to a purchase arrangement	15,000
	<hr/>
	24,423
	<hr/>

KLSE Listing Requirements (Part A of Appendix 9B)

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group for 3 months ending 31 March 2006 had incurred a loss before taxation and minority interest of RM10.452 million as compared to the corresponding period loss of RM9.348 million. The higher losses incurred in previous corresponding period was due to marketing expenses incurred on ongoing developments in Bandar Country Homes and Palm Springs Resorts City and higher interest costs.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER ENDED 31 DECEMBER 2005

The Group for this quarter ended 31 March 2006 has recorded a loss before taxation and minority interest of RM10.452 million as compared to a loss of RM13.850 million in the preceding quarter ended 31 December 2005. The higher losses incurred in previous quarter was due to losses arising from the disposal of land, and marketing expenses incurred on ongoing development in Bandar Country Homes.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The economic situation whilst showing signs of improvement, remains fluid and abounds with uncertainties and appropriate steps have been and will continue to be taken by the Group to deal with the numerous challenges faced by its businesses. In addition to this, there is a need for the Group to address its debt position with its creditors.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Company did not issue any profit forecast during the financial year.

B5. TAXATION

Included in Taxation is: -

	Current Quarter RM'000	Period to date RM'000
Current year's provision	-	-
Deferred taxation	(44)	(44)
	<hr/>	<hr/>
	(44)	(44)
Under/(Over) provision in prior years	3	3
	<hr/>	<hr/>
	(41)	(41)
	<hr/> <hr/>	<hr/> <hr/>

B6. PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no other sale of unquoted investments or properties other than those exercised in the ordinary course of business of the Group for the quarter.

B7. QUOTED SECURITIES

a) There were no purchases or sale of quoted securities made in this quarter.

b) Investments in Quoted Securities

	RM'000
Quoted shares in Malaysia, at cost	23
Provision for diminution in value	(21)
	<hr/>
	2
	<hr/>
Market value of quoted shares	<u>3</u>

B8. STATUS OF CORPORATE PROPOSALS

As announced on 16 August 2004, a debt restructuring scheme under Section 176 of the Companies Act, 1965 ("the Initial Scheme") has been formulated and is presently subject to the lenders of the Group's ("the Lenders") consent and any modification as may be necessary to meet regulatory and legal requirements. The Initial Scheme principally involve a proposed capital reduction, a proposed partial settlement of the loans with the conversion of part of the loan to Redeemable Secured Loan Stock ("RSLs") and Redeemable Convertible Secured Loan Stock ("RCSLS"), terming out certain portion where repayments will be met from development proceeds and the balance not covered being waived.

To facilitate the Company and its affected subsidiaries to come to an arrangement with their creditors, an application to the High Court of Malaya ("the Court") for a restraining order ('RO') was made and the Company and its affected subsidiaries were granted the RO on 13 August 2004 that has since been extended to 30 June 2006.

Since the commencement of the RO, the Group has initiated and advanced discussions with potential parties on the possibility of the Group acquiring new income generating assets to support its restructuring proposals. As a consequence of one such series of discussions, the Group was presented with an opportunity to enable it to offer an outright cash payment of RM177.5 million in lieu of the various financial instruments contemplated under the Initial Scheme, as full and final settlement of its debt obligation to the Lenders. Accordingly, the Group had on 13 December 2004 presented to the Lenders the alternative proposal ("Revised Scheme") that would involve: -

- i) the secured lenders with its entire debt of RM279.0 million as at 31 December 2003 being settled for RM165.7 million;
- ii) the cross-secured lenders with its entire debt of RM51.8 million as at 31 December 2003 being settled for RM10.6 million; and
- iii) the unsecured lender with its debt of RM12.5 million as at 31 December 2003 being settled for RM1.2 million.

The Revised Scheme has received the required majority support from the Lenders for a debt restructuring to be implemented under a scheme of arrangement pursuant to Section 176 of the Companies Act, 1965. The Company and its affected subsidiaries are thus hopeful of securing the required approval on the Revised Scheme in a Court convened meeting that the Court has granted the Company and its affected subsidiaries to be held on or before 30 June 2006.

B9. GROUP BORROWINGS AND DEBT SECURITIES

Total Group's borrowings as at 31 March 2006 are as follows: -

Short term borrowings

	RM'000
Revolving credits, secured	15,059
Bank overdraft	1,800
Term loan, secured	328,027
Hire purchase and lease payables	53
Total	344,939

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 23 May 2006, the latest practicable date, which is not earlier than 7 days from the date of this issue of this quarterly report, the Group does not have any financial instruments with off balance sheet risk.

B11. MATERIAL LITIGATION

As at 23 May 2006, the latest practicable date that is not earlier than 7 days from the issue of this quarterly report, the Group is not engaged in any material litigation except for:

- i. a claim by a wholly owned subsidiary of the Company against its contractor for damages amounting to approximately RM43,961,956.20 including all general damages arising from the failure of the contractor to perform the works in a proper and satisfactory manner;
- ii. a claim by a Contractor against a wholly owned subsidiary of the Company for the sum of approximately RM45,576,325.06 allegedly for outstanding billings, finance & interest charges;
- iii. claims by various purchasers a wholly owned subsidiary of the Company for liquidated damages for late delivery of vacant possession of the completed units and for refunds due to terminated Sale and Purchase Agreements, amounting to approximately RM1,662,055.79.
- iv. a claim by creditor against a wholly owned subsidiary of the Company for the sum of RM4,679,261 together with interest at the rate of 8.9% per annum from 24 October 2003 until realization and damages allegedly for breach of certain terms and conditions of an agreement that the claimant has entered into with the subsidiary.

Apart from the above, there is no other material litigation pending as at the date of this announcement.

B12. DIVIDEND

The Board does not recommend the payment of any dividend for the period ended 31 December 2005.

B13. LOSS PER SHARE

The basic loss per share is calculated based on the Group's loss for the period after taxation and minority interest of RM10,411 million and on number of ordinary shares in issue of 334,886,726.

The diluted loss per share for the Group is not presented as the assumed exercise of the warrants during the financial period would be anti-dilutive.

By Order of the Board
Choi Siew Fun

Kuala Lumpur
Date: 30 May 2006