

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors of **AMCORPGROUP BERHAD** (formerly known as Arab-Malaysian Corporation Berhad) hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as set out in Note 12 to the financial statements.

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

CHANGE OF NAME

On October 10, 2005, the Company changed its name from Arab-Malaysian Corporation Berhad to AmcorpGroup Berhad.

RESULTS OF OPERATIONS

The results of the operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Loss before taxation	(9,930)	(133,660)
Taxation	(43,829)	34
Loss after taxation	(53,759)	(133,626)
Minority interests	(324)	-
Net loss for the financial year	(54,083)	(133,626)

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

DIRECTORS' REPORT

(Cont'd)

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 AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,056,346,034 ordinary shares of RM1.00 each to 1,057,255,034 ordinary shares of RM1.00 each by way of issuance of 909,000 new ordinary shares of RM1.00 each at exercise prices of either RM1.00 or RM1.18 per share for cash by virtue of the exercise of share options granted pursuant to the Company's Employees' Share Option Scheme, referred to below. The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The Company implemented an ESOS on January 10, 2002 for a period of 5 years and which may be renewed for another 5 years. The ESOS is governed by the by-laws which were approved by the shareholders on September 28, 2001 and as amended on September 29, 2004. Details of the ESOS are set out in Note 26 (b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of option holders who have been granted options to subscribe for ordinary shares in the Company pursuant to Section 169(11) of the Companies Act, 1965 except for those holders who have been granted options over ordinary shares of 200,000 and above which are as follows:

Name	Options granted during the financial year
Tan Sri Dato' Azman Hashim	333,000
Dato' Azlan Hashim	333,000
Soo Kim Wai	333,000
Shalina Azman	333,000
Lee Keen Pong	270,000
Lum Sing Fai	200,000
Yap Choon Seng	200,000

OTHER STATUTORY INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) 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 have satisfied themselves that all known bad debts have been written off and that adequate allowance have been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 succeeding financial year.

DIRECTORS' REPORT

(Cont'd)

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Dato' Azman Hashim
Dato' Azlan Hashim
Prof. Tan Sri Dato' Dr. Mohd Rashdan bin Haji Baba
General (Rtd) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali
Tan Sri Dato' Lee Lam Thye
Dato' Ab. Halim bin Mohyiddin
Azmi Hashim
Soo Kim Wai
Shalina Azman
Dato' Che Md Nawawi bin Ismail (appointed on 28.2.2006)

In accordance with Article 104 of the Company's Articles of Association, Dato' Azlan Hashim and En. Azmi Hashim retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 91 of the Company's Articles of Association, Dato' Che Md Nawawi bin Ismail, who was appointed during the financial year, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, Y. Bhg. Prof. Tan Sri Dato' Dr. Mohd Rashdan bin Haji Baba and Y. Bhg. General (Rtd) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali who are over the age of 70 years, retire and seek re-appointment as directors under the provisions of the said Act to hold office until the next Annual General Meeting.

DIRECTORS' INTERESTS

The shareholdings in the Company and in its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each in the Company			Balance as at 31.3.2006
	Balance as at 1.4.2005	Bought	Sold	
Direct interests				
Tan Sri Dato' Azman Hashim	32,022,652	–	–	32,022,652
Prof. Tan Sri Dato' Dr. Mohd Rashdan bin Haji Baba	33,000	–	–	33,000
General (Rtd) Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd Ali	10,000	–	–	10,000
Soo Kim Wai	742,220	–	–	742,220
Shalina Azman	240,000	–	–	240,000
Indirect interests				
Tan Sri Dato' Azman Hashim	354,558,384	–	–	354,558,384

DIRECTORS' REPORT

(Cont'd)

The following directors are deemed to have interest in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company:

	Number of options over ordinary shares of RM1.00 each in the Company			
	Balance as at 1.4.2005	Granted	Exercised	Balance as at 31.3.2006
Tan Sri Dato' Azman Hashim	1,333,000	333,000	–	1,666,000
Dato' Azlan Hashim	1,333,000	333,000	–	1,666,000
Soo Kim Wai	833,000	333,000	–	1,166,000
Shalina Azman	1,093,000	333,000	–	1,426,000

	Nominal value per share	Number of ordinary shares			Balance as at 31.3.2006
		Balance as at 1.4.2005	Bought	Sold	
Direct interests					
Dato' Ab. Halim bin Mohyiddin					
MCM Technologies Berhad	RM0.10	200,000	–	–	200,000
Soo Kim Wai					
MCM Technologies Berhad	RM0.10	200,000	–	–	200,000
Indirect interests					
Tan Sri Dato' Azman Hashim					
MCM Technologies Berhad	RM0.10	199,740,000	–	–	199,740,000
Gamabina Builders Sdn Bhd (formerly known as Arab-Malaysian Corporation Builders Sdn Bhd)	RM1.00	15,000,000	–	15,000,000	–
Die-Casting Products Sdn Bhd	RM1.00	945,515	–	–	945,515

By virtue of his shareholding of more than 15% of the share capital of the Company, Tan Sri Dato' Azman Hashim is deemed to have an interest in all its subsidiaries to the extent that the Company has an interest.

DIRECTORS' REPORT

(Cont'd)

In addition to the above, the following directors are also deemed to have interest in the shares of MCM Technologies Berhad (MCMT), a subsidiary of the Company, to the extent of the options granted to them pursuant to the ESOS of MCMT:

	Number of options over ordinary shares of RM0.10 each in MCMT			Balance as at 31.3.2006
	Balance as at 1.4.2005	Granted	Exercised	
Tan Sri Dato' Azman Hashim	600,000	-	-	600,000
Dato' Ab. Halim bin Mohyiddin	600,000	-	-	600,000
Soo Kim Wai	600,000	-	-	600,000
Shalina Azman	600,000	-	-	600,000

Other than as disclosed above, none of the other directors in office at the end of the financial year, held shares or had beneficial interest in the shares of the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in the financial statements) 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 for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 22 to the financial statements.

Except for the share options granted under the ESOS and the significant event mentioned below, neither during nor at the end of the financial year, was the Company a party to any arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

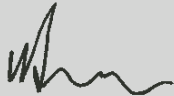
SIGNIFICANT EVENT

Significant event for the financial year is as disclosed in Note 34 to the financial statements.

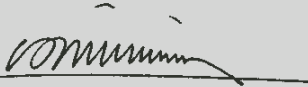
AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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



TAN SRI DATO' AZMAN HASHIM
Executive Chairman



SOO KIM WAI
Managing Director

Kuala Lumpur
May 31, 2006

REPORT OF THE AUDITORS TO THE MEMBERS OF AMCORPGROUP BERHAD

(Formerly known as Arab-Malaysian Corporation Berhad)
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of March 31, 2006 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these 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 contents 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 reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that 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 Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of March 31, 2006 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

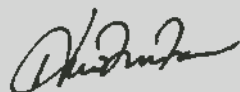
We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, as disclosed in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



HIEW KIM TIAM
1717/08/07 (J)
Partner

Kuala Lumpur
May 31, 2006

INCOME STATEMENTS

for the year ended March 31, 2006

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	4	85,278	132,467	71,725	43,095
Other operating income	6	23,233	51,536	55,254	97,495
Cost of IT sales and development work		(29,995)	(13,616)	-	-
Cost of properties sold		(752)	(11,417)	-	-
Property development costs recognised		(20,730)	(73,530)	-	-
Contract costs recognised		-	(3,232)	-	-
Directors' remuneration	7	(9,084)	(8,768)	(8,790)	(8,450)
Staff costs	6	(11,439)	(14,052)	-	-
Depreciation of property, plant and equipment	11	(2,531)	(2,527)	(2)	(1)
Impairment loss on investments in:					
- subsidiaries	12	-	-	(40,000)	(46,000)
- associate		-	-	(115,417)	-
Allowance for diminution in value of:					
- long-term investments		(34,001)	-	(12,142)	-
- short-term investments		(20,104)	(5,128)	-	-
Other operating expenses	6	(22,403)	(56,922)	(1,881)	(6,979)
(Loss)/Profit from operations		(42,528)	(5,189)	(51,253)	79,160
Finance costs	8	(78,802)	(65,795)	(82,407)	(56,482)
Share of results of associates		111,400	130,190	-	-
(Loss)/Profit before taxation		(9,930)	59,206	(133,660)	22,678
Taxation	9				
The Company and its subsidiaries		18,356	12,397	34	(4,118)
Share of taxation of associates		(62,185)	(57,261)	-	-
		(43,829)	(44,864)	34	(4,118)
(Loss)/Profit after taxation		(53,759)	14,342	(133,626)	18,560
Minority interests		(324)	1,772	-	-
Net (loss)/profit for the year		(54,083)	16,114	(133,626)	18,560
(Loss)/Earnings per ordinary share					
Basic	10	(5.23 sen)	1.53 sen		
Diluted	10	(5.23 sen)	1.53 sen		

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

BALANCE SHEETS

as of March 31, 2006

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
ASSETS					
Property, plant and equipment	11	10,955	10,567	4	6
Investments in subsidiaries	12	–	–	619,179	659,176
Investments in associates	13	1,972,514	1,932,793	1,144,121	1,225,143
Long-term investments	14	302,954	163,741	275,013	76,348
Land held for property development	15	35,238	38,445	–	–
Loan receivables	18	8,506	–	–	–
Receivables	19	1,746	2,535	–	–
Deferred tax assets	25	956	1,544	–	–
Current Assets					
Properties held for sale	16	68,223	60,783	–	–
Property development costs	15	125,197	146,175	–	–
Amount due from contract customers	17	5,447	10,006	–	–
Loan receivables	18	25,176	40,424	–	–
Receivables and prepayments	19	108,342	134,950	449,128	477,919
Short-term investments	20	50,910	12,505	448	–
Deposits, cash and bank balances	21	70,080	323,752	46,149	190,826
		453,375	728,595	495,725	668,745
Current Liabilities					
Payables	23	42,470	76,159	30,564	2,786
Taxation		10	439	–	–
Borrowings	24	172,924	113,255	168,000	108,283
		215,404	189,853	198,564	111,069
Net Current Assets		237,971	538,742	297,161	557,676
Long-term and Deferred Liabilities					
Deferred tax liabilities	25	10	11	–	–
Borrowings	24	969,208	964,821	500,000	500,000
Payables	23	–	–	445,799	455,999
		969,218	964,832	945,799	955,999
Minority interests		11,573	11,249	–	–
Net Assets		1,590,049	1,712,286	1,389,679	1,562,350

BALANCE SHEETS

(Cont'd)

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Represented by:					
Share capital	26	1,057,255	1,056,346	1,057,255	1,056,346
Treasury shares	26	(44,907)	(4,941)	(44,907)	(4,941)
Reserves	27	577,701	660,881	377,331	510,945
Shareholders' Equity		1,590,049	1,712,286	1,389,679	1,562,350

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended March 31, 2006

The Group	Note	Non-distributable Reserve				Distributable Reserve		Total
		Issued Share Capital	Share Premium	Reserve On Consolidation	Foreign Exchange and Other Reserve	Retained Earnings	Treasury Shares	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of April 1, 2004								
As previously stated		1,055,345	332,675	3,332	2,969	296,893	(19)	1,691,195
Prior year adjustments	33	-	-	-	6,162	95	-	6,257
As restated		1,055,345	332,675	3,332	9,131	296,988	(19)	1,697,452
Share of movement in reserves of an associate		-	-	-	2,629	-	-	2,629
Exchange differences arising on translation of overseas subsidiaries		-	-	-	12	-	-	12
Net gain not recognised in income statement		-	-	-	2,641	-	-	2,641
Net profit for the year		-	-	-	-	16,114	-	16,114
Issue of shares								
- exercise of share options	26	1,001	-	-	-	-	-	1,001
Share buyback	26	-	-	-	-	-	(4,922)	(4,922)
Balance as of March 31, 2005								
As previously stated		1,056,346	332,675	3,332	2,981	312,347	(4,941)	1,702,740
Prior year adjustments	33	-	-	-	8,791	755	-	9,546
As restated		1,056,346	332,675	3,332	11,772	313,102	(4,941)	1,712,286
Share of movement in reserves of an associate		-	-	-	(7,622)	(21,452)	-	(29,074)
Exchange differences arising on translation of overseas subsidiaries		-	-	-	(35)	-	-	(35)
Net loss not recognised in income statement		-	-	-	(7,657)	(21,452)	-	(29,109)
Net loss for the year		-	-	-	-	(54,083)	-	(54,083)
Issue of shares								
- exercise of share options	26	909	12	-	-	-	-	921
Share buyback	26	-	-	-	-	-	(39,966)	(39,966)
Balance as of March 31, 2006		1,057,255	332,687	3,332	4,115	237,567	(44,907)	1,590,049

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

STATEMENTS OF CHANGES IN EQUITY

(Cont'd)

The Company	Note	Issued Share Capital RM'000	Non- distributable Reserve Share Premium RM'000	Distributable Reserve Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000
Balance as of April 1, 2004		1,055,345	332,675	159,710	(19)	1,547,711
Net profit for the year		-	-	18,560	-	18,560
Issue of shares						
- exercise of share options	26	1,001	-	-	-	1,001
Share buyback	26	-	-	-	(4,922)	(4,922)
Balance as of March 31, 2005		1,056,346	332,675	178,270	(4,941)	1,562,350
Net loss for the year		-	-	(133,626)	-	(133,626)
Issue of shares						
- exercise of share options	26	909	12	-	-	921
Share buyback	26	-	-	-	(39,966)	(39,966)
Balance as of March 31, 2006		1,057,255	332,687	44,644	(44,907)	1,389,679

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

CASH FLOW STATEMENTS

for the year ended March 31, 2006

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(9,930)	59,206	(133,660)	22,678
Adjustments for:				
Allowance for/(Reversal of) foreseeable losses of property development costs	2,759	(17,235)	-	-
Allowance for write-down of properties held for sale	-	7,840	-	-
Finance costs	78,802	65,795	82,407	56,482
Depreciation of property, plant and equipment	2,531	2,527	2	1
(Write-back of)/Allowance for doubtful debts	(358)	3,400	-	-
Bad debts written off	125	93	65	-
Allowance for diminution in value of:				
- short-term investments	20,104	5,128	-	-
- long-term investments	34,001	-	12,142	-
Dilution of interest in investment in an associate	(619)	-	-	-
Amortisation of intangible assets	-	18	-	-
Property, plant and equipment written off	73	16	-	-
Goodwill written off	242	1,363	-	-
Impairment loss on investments in:				
- subsidiaries	-	-	40,000	46,000
- associate	-	-	115,417	-
Interest income	(2,374)	(3,183)	(13,813)	(16,784)
Gain on redemption of preference shares of subsidiaries	-	-	(30,000)	(19,614)
Gain on disposal of short-term investments	-	(642)	-	-
Dividend income	(8,888)	(850)	(71,725)	(43,095)
Gain on disposal of property, plant and equipment	(6,606)	(56)	-	-
Gain on disposal of investments in an associate	-	(4,056)	-	(51,318)
Gain on disposal of investments in subsidiaries	(3)	(11,583)	(724)	(9,689)
Unrealised gain on foreign exchange	(10,563)	(1)	(10,563)	-
Allowance for defects written back	-	(67)	-	-
Share of results of associates	(111,400)	(130,190)	-	-
Operating Loss Before Working Capital Changes	(12,104)	(22,477)	(10,452)	(15,339)

CASH FLOW STATEMENTS

(Cont'd)

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
(Increase)/Decrease in:				
Properties held for sale	(7,440)	10,607	-	-
Property development costs	21,426	23,628	-	-
Amount due from contract customers	4,558	(6,476)	-	-
Loans receivable	6,880	(36,877)	-	-
Receivables and prepayments	31,114	(22,115)	93,372	(165,993)
Increase/(Decrease) in:				
Payables	(32,358)	5,752	1,210	(1,379)
Cash From/(Used In) Operations	12,076	(47,958)	84,130	(182,711)
Finance costs paid	(43,681)	(48,677)	(34,329)	(38,950)
Income tax refunded	6,529	12,759	4,387	13,494
Interest received	2,374	3,183	1,711	2,367
Net Cash (Used In)/From Operating Activities	(22,702)	(80,693)	55,899	(205,800)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Dividend received from associates	20,181	18,074	19,332	17,448
Dividend received from long-term investments	5,337	-	4,346	-
Dividend received from short-term investments	1,295	786	-	-
Purchase of property, plant and equipment (Note 11)	(4,588)	(1,019)	-	(7)
Purchase of shares in associates	(39,141)	(209,800)	(34,395)	(200,197)
Acquisition of subsidiaries (Note 12)	(4)	89	-	-
Purchase of short-term investments	(10,721)	-	-	-
Purchase of long-term investments	(220,720)	(43,742)	(211,255)	-
Proceeds from disposal of property, plant and equipment	1,068	280	-	-
Proceeds from disposal of short-term investments	-	2,341	-	-
Proceeds from disposal of an associate	-	110,880	-	110,880
Proceeds from disposal of investments in subsidiaries (Note 12)	723	32,753	724	9,689
Net Cash Used In Investing Activities	(246,570)	(89,358)	(221,248)	(62,187)

CASH FLOW STATEMENTS

(Cont'd)

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Advances from a subsidiary	-	-	-	452,773
Proceeds from issue of exchangeable US Dollar bonds	-	456,000	-	-
Proceeds from drawdown of borrowings	100,000	252	100,000	-
Repayment of borrowings	(44,596)	(4,596)	(40,000)	-
Repayment of hire-purchase payables	(476)	(745)	-	-
Share buyback	(39,966)	(4,922)	(39,966)	(4,922)
Proceeds from issue of shares by the Company	921	1,001	921	1,001
Net Cash From Financing Activities	15,883	446,990	20,955	448,852
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(253,389)	276,939	(144,394)	180,865
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	323,469	46,530	190,543	9,678
CASH AND CASH EQUIVALENTS AT END OF YEAR	70,080	323,469	46,149	190,543
Cash and cash equivalents comprise the following:				
Deposits with licensed banks	68,717	221,973	46,084	190,767
Cash and bank balances	1,363	101,779	65	59
Bank overdraft	-	(283)	-	(283)
	70,080	323,469	46,149	190,543

Included in cash and cash equivalents are deposits pledged to financial institutions amounting to RM7,378,000 (2005 : RM3,810,000) for the Group and RM6,644,000 (2005 : RM3,096,000) for the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as set out in Note 12.

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

On October 10, 2005, the Company changed its name from Arab-Malaysian Corporation Berhad to AmcorpGroup Berhad.

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

The total number of employees of the Group and of the Company as at year end were 150 (2005 : 159) and Nil (2005 : Nil) respectively.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at 2-01, Block B, AMCORP Tower, AMCORP Trade Centre, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on May 31, 2006.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia.

AMMB Holdings Berhad, an associate of the Company, had adopted the revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8 (revised)) issued by Bank Negara Malaysia on October 5, 2004 which became effective for the current financial year. The effects of adopting this retrospectively are as disclosed in Note 33 to the Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policy stated below.

Revenue

Revenue of the Company represents dividend income and is recognised when the shareholder's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The revenue of subsidiary companies are as follows:

(i) Property Division

Revenue comprises:

Rental income, property development and construction income, project management fees and proceeds from sale of properties.

Revenue is recognised on the following bases:

Rental income is based on accrual basis in accordance with the substance of the relevant agreement.

Revenue from property development and construction is based on the percentage of completion method determined by references to services performed to date as a percentage of total services to be performed, for all projects where the outcome of the contract can be reliably estimated.

Project management fee is based on the estimated amount of work done.

Revenue from sale of properties is based on the sales and purchase agreement and on the percentage of completion method as determined by the proportion of development cost incurred to date against the total estimated cost where the outcome of the projects can be reliably estimated. All anticipated losses on development properties are fully provided.

(ii) Financial Services Division

Revenue comprises:

Interest income (net of interest-in-suspense), advisory fee, management fee and guarantee fees.

Revenue is recognised on the following bases:

Interest income from loan arrangements and guarantee fee are based on accrual basis. Where a loan account becomes non-performing, interest earned is reversed out from interest income as interest suspended and reduced against the loan interest receivable account. Subsequently, interest earned on non-performing accounts is recognised as interest income on a cash basis. Customers' accounts are classified as non-performing when they are in arrears for three months or more from the first date of default.

Advisory fee and management fee are based on the estimated amount of work done.

(iii) Information Technology Division

Revenue comprises:

Gross invoiced value of goods sold and services provided (net of discounts and returns), management fees and interest income.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Revenue is recognised on the following bases:

Sales and consultancy fees is based upon the delivery of goods and rendering of services.

Management fees and interest income are based on accrual basis.

Income from information technology contracts is recognised by reference to the stage of completion of the projects.

Foreign Currency Conversions

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, the assets and liabilities are converted at the approximate exchange rates prevailing at balance sheet date. All foreign exchange gains or losses are taken up in the income statements.

The Group's foreign entities are those operations that are not integral part of the operations of the company. Income statements of foreign entities are translated into Ringgit Malaysia at average rates for the financial year and balance sheets are translated at exchange rates ruling at balance sheet date.

Exchange differences arising from the translation of the net investments in foreign entities are taken to foreign exchange reserve account under shareholders' equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the foreign entities are disposed of.

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

	As at 31.3.2006 RM	As at 31.3.2005 RM
100 Hong Kong Dollars	47.480	48.780
1 United States Dollar	3.715	3.800

Income Tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary or associate on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unutilised tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, and impairment losses, if any.

Freehold land is not depreciated as it has an infinite life. Leasehold land and buildings are amortised in equal instalments over the period of the respective leases that does not exceed 50 years. Leasehold land over 50 years are not amortised as the amount is insignificant to the financial statements of the Group.

Other property, plant and equipment are depreciated on the straight-line basis to write-off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives summarised as follows:

Buildings	2% - 4%
Plant and machinery	10% - 20%
Motor vehicles	20%
Furniture and fixtures	10%
Office equipment	20%
Office renovations	10%

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained earnings.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Capitalisation of Borrowing Costs

Borrowing costs incurred on assets that require a substantial period of time to get ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

Borrowing costs incurred on development projects are capitalised and included as part of development expenditure. However, capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

Basis of Consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries controlled by the Company as disclosed in Note 12 made up to the end of the financial year.

Subsidiaries are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions, balances and resulting unrealised gains on transactions are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

Goodwill/Reserve on Consolidation

Goodwill arising on consolidation represents the excess of the purchase consideration over the share of the fair values of the identifiable net assets of a subsidiary at the date of acquisition.

Goodwill arising on consolidation in respect of subsidiaries acquired is recorded at cost in the balance sheets. Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

Reserve arising on consolidation represents the excess of the fair values of the identifiable net assets of a subsidiary at the date of acquisition over the purchase consideration. Reserve on consolidation is credited to shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Investments

Investments in subsidiaries, which are eliminated on consolidation, and investments in associates are stated in the Company's financial statements at cost less accumulated impairment losses. Where there is an indication of impairment in the value of the assets, the carrying amount of the investments is assessed and written down immediately to its recoverable amount.

Long-term investments in quoted and unquoted shares are stated at cost, less allowance for diminution in value of investment to recognise any decline, other than a temporary decline in the value of the investments.

Short-term investments in quoted and unquoted shares are stated at the lower of cost and market value.

Associates

An associate is a corporation, partnership or other entity in which the Group holds for long-term purpose between 20% to 50% of the equity voting rights and in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

The Group's investment in associates is accounted for under the equity method of accounting based on the latest audited financial statements of the associates made up to March 31, 2006. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associates is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of the investments. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations in respect of the associate.

Unrealised profits and losses arising on transactions between the Group and its associates are eliminated to the extent of the Group's equity interest in the relevant associates except where unrealised losses provide evidence of an impairment of the asset transferred.

Impairment of assets

Property, plant and equipment and other non-current assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Property Development Activities

Land held for property development

Land held for property development consists of land on which no significant work had been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle of 2 to 4 years.

Property development costs

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the percentage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Property development costs are transferred to properties held for sale or property, plant and equipment when development activities have been completed.

Where revenue recognised in the income statement exceeds billings to purchasers, the balance is shown as accrued billings under receivables. Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

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 their design, technology and functions or their ultimate purpose or use.

When the outcome of a contract project can be estimated reliably, contract revenue and contract costs are recognised using the percentage of completion method. The stage of completion for purposes of computing profit to be recognised for the financial year is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers. Recognition of income starts when work accomplishment reaches a material level.

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

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

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed the progress billings, the balance is shown as amount due from customers on construction contracts under receivables. Where progress billings exceed costs incurred and recognised profit (less recognised losses), the balance is shown as amount due to customers on construction contracts under payables.

Information Technology Contract Costs

When costs incurred on information technology contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from IT project customers. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to IT project customers.

Receivables

Trade receivables are stated at invoiced amount less allowance for doubtful debts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

Employee Benefits

(a) Short-term benefits

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

(b) Defined contribution plan

The Group and the Company make statutory contributions to statutory approved provident funds, and contributions are charged to the income statements when incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations. The post employment benefit scheme is in accordance with local practices in which it operates and is a defined contribution plan.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value, and bank overdrafts.

Treasury Shares

Where the Company or its subsidiaries purchased the Company's equity share capital, the consideration paid, including any attributable incremental external costs, net of tax, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. REVENUE

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Dividend income (gross) from:				
Associates	-	-	26,850	24,233
Subsidiaries	-	-	38,839	18,862
Revenue from:				
Property division, of which:				
Sales of properties	1,198	11,461	-	-
Property development	28,556	75,710	-	-
Contract revenue	-	3,232	-	-
Rental income	4,828	4,769	-	-
Project management fee	355	-	-	-
	34,937	95,172	-	-
Information technology division	34,424	16,823	-	-
Financial services division, of which:				
Dividend income from short-term investments (gross):				
- quoted	796	-	-	-
- unquoted	680	850	-	-
Dividend income from quoted long-term investments (gross)	7,412	-	6,036	-
Loan interest income receivable	7,029	6,817	-	-
Fee income	-	12,013	-	-
	15,917	19,680	6,036	-
Other revenue	-	792	-	-
	85,278	132,467	71,725	43,095

Other revenue represents mainly revenue derived from publishing magazines.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. SEGMENT REPORTING

Business segments

For management purposes, the Group is organised into the following 3 business segments:

- financial services
- property development, construction and management
- information technology

In the previous financial year, the other operations of the Group mainly comprise publishing magazines which was insignificant to be reported separately and the Group has ceased this business on September 30, 2004 (refer Note 12(d)(iv)).

Inter-segment sales which comprise rental and management fees, are charged at cost plus a percentage profit mark-up. This has been transacted on an arms length basis.

The Group	Financial services RM'000	Property development, construction and management RM'000	Information technology RM'000	Eliminations RM'000	Consolidated RM'000
2006					
Revenue					
External sales	15,917	34,937	34,424	-	85,278
Inter-segment sales	1,564	796	707	(3,067)	-
Total revenue	17,481	35,733	35,131	(3,067)	85,278
Results					
Segment results	(50,122)	7,085	509	-	(42,528)
Unallocated corporate expenses					-
Loss from operations					(42,528)
Finance costs					(78,802)
Share of results of associates	189,242	(77,842)	-	-	111,400
Loss before taxation					(9,930)
Taxation					(43,829)
Loss after taxation					(53,759)
Minority interests					(324)
Net loss for the year					(54,083)

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The Group	Financial services RM'000	Property development, construction and management RM'000	Information technology RM'000	Eliminations RM'000	Consolidated RM'000
2006					
Consolidated Balance Sheet					
Assets					
Segment assets	410,112	336,454	35,789	-	782,355
Investments in associates	1,858,947	110,867	2,700	-	1,972,514
Unallocated corporate assets					31,375
Consolidated total assets					<u>2,786,244</u>
Liabilities					
Segment liabilities	1,141,933	34,573	8,096	-	1,184,602
Unallocated corporate liabilities					20
Consolidated total liabilities					<u>1,184,622</u>
Other Information					
Depreciation	1,376	988	167	-	2,531
Allowance for foreseeable losses of property development costs	-	2,759	-	-	2,759
Allowance for diminution in value of:					
- long-term investments	21,859	12,142	-	-	34,001
- short-term investments	20,104	-	-	-	20,104
Capital expenditure	4,025	407	156	-	4,588

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The Group	Financial services RM'000	Property development, construction and management RM'000	Information technology RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2005						
Revenue						
External sales	19,680	95,172	16,823	792	-	132,467
Inter-segment sales	3,492	713	-	-	(4,205)	-
Total revenue	23,172	95,885	16,823	792	(4,205)	132,467
Results						
Segment results	(4,544)	2,887	(1,636)	(1,896)	-	(5,189)
Unallocated corporate expenses						-
Loss from operations						(5,189)
Finance costs						(65,795)
Share of results of associates	129,815	398	(23)	-	-	130,190
Profit before taxation						59,206
Taxation						(44,864)
Profit after taxation						14,342
Minority interests						1,772
Net profit for the year						16,114
Consolidated Balance Sheet						
Assets						
Segment assets	485,615	403,802	37,926		-	927,343
Investments in associates	1,741,426	189,467	1,900		-	1,932,793
Unallocated corporate assets						18,084
Consolidated total assets						2,878,220
Liabilities						
Segment liabilities	1,078,626	65,404	10,205		-	1,154,235
Unallocated corporate liabilities						450
Consolidated total liabilities						1,154,685

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The Group	Financial services	Property development, construction and management	Information technology	Others	Eliminations	Consolidated
2005	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other Information						
Depreciation and amortisation	509	1,836	148	52	-	2,545
Allowance for write-down of properties held for sale	-	7,840	-	-	-	7,840
Reversal of allowance for foreseeable losses of property development costs	-	17,235	-	-	-	17,235
Allowance for diminution in value of short-term investments	5,128	-	-	-	-	5,128
Capital expenditure	2,200	714	143	44	-	3,101

Geographical segments

The Group operates mainly in Malaysia and no other individual country contributed to more than 10% of consolidated revenue or segment assets. The subsidiary in Hong Kong is dormant as at the end of the financial year. Accordingly, segment reporting by geographical location has not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

6. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Allowance for defects written back	-	67	-	-
Compensation fee received for termination of construction contract	-	10,725	-	-
Gain on disposal of investments in an associate	-	4,056	-	51,318
Gain on disposal of investments in subsidiaries (Note 12)	3	11,583	724	9,689
Gain on disposal of short-term investments	-	642	-	-
Gain on disposal of property, plant and equipment	6,606	56	-	-
Gain/(Loss) on foreign exchange:				
- unrealised	10,563	1	10,563	-
- realised	14	(130)	14	(130)
Gain on redemption of preference shares of subsidiaries	-	-	30,000	19,614
Interest income from advances to subsidiaries (Note 22)	-	-	12,102	14,417
Interest income from deposits	2,374	3,183	1,711	2,367
Management fee receivable from a third party	1,320	1,320	-	-
Rental income from building	76	77	-	-
Audit fee:				
Current year	(170)	(188)	(75)	(68)
Overprovision in prior years	3	2	-	-
Amortisation of intangible assets	-	(18)	-	-
Allowance for write-down of properties held for sale	-	(7,840)	-	-
(Allowance for)/Reversal of foreseeable losses of property development costs	(2,759)	17,235	-	-
Write-back of/(Allowance for) doubtful debts	358	(3,400)	-	-
Bad debts written off	(125)	(93)	(65)	-
Compensation for termination of construction contract	-	(10,574)	-	-
Goodwill written off	(242)	(1,363)	-	-
Property, plant and equipment written off	(73)	(16)	-	-
Rental of premises	(184)	(333)	-	-
Rental of equipment	(150)	(160)	-	-

Staff costs include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF for the employees of the Group during the current financial year amounted to RM1,122,745 (2005 : RM1,281,222). Termination benefits paid by the Group amounted to RM91,440 (2005 : RM282,000).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

7. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by Directors of the Company during the year was as follows:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Executive directors:				
- Fees	45	45	-	-
- Salaries and bonuses	6,414	5,930	6,414	5,930
- Defined contribution fund	1,390	1,248	1,390	1,248
- Other emoluments	983	1,285	756	1,036
	8,832	8,508	8,560	8,214
Non-executive directors:				
- Fees	198	195	183	180
- Other emoluments	54	65	47	56
	252	260	230	236
	9,084	8,768	8,790	8,450

The estimated monetary value of benefits-in-kind received and receivable by the directors of the Company amounted to RM227,000 (2005 : RM100,000) for the Group.

Executive directors of the Company have been granted options under the Company's Employees' Share Option Scheme on the same terms and conditions as those offered to other employees of the Group (see Note 26(b)) as follows:

Date Granted	Exercise Price	Options over number of ordinary shares of RM1.00 each (in '000)				At end of year
		At beginning of year	Granted	Exercised	Forfeited	
Year ended March 31, 2006						
27.2.02	RM1.00	1,900	-	-	-	1,900
28.2.03	RM1.00	840	-	-	-	840
27.2.04	RM1.33	120	-	-	-	120
07.3.05	RM1.18	1,732	-	-	-	1,732
30.11.05	RM1.00	-	1,332	-	-	1,332
		4,592	1,332	-	-	5,924

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Options over number of ordinary shares of RM1.00 each (in '000)						
Date Granted	Exercise Price	At beginning of year	Granted	Exercised	Forfeited	At end of year
Year ended March 31, 2005						
27.2.02	RM1.00	1,900	-	-	-	1,900
28.2.03	RM1.00	840	-	-	-	840
27.2.04	RM1.33	120	-	-	-	120
07.3.05	RM1.18	-	1,732	-	-	1,732
		2,860	1,732	-	-	4,592

The exercise period for the options will lapse on January 9, 2007.

	2006 RM'000	2005 RM'000
Number of share options vested at balance sheet date	5,924	4,592

8. FINANCE COSTS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest on:				
Term loans	39,668	46,488	39,092	44,556
Hire-purchase	55	138	-	-
Exchangeable bonds	4,523	672	-	-
Revolving credit	13,181	8,458	11,635	6,568
Advances from subsidiary (Note 22)	-	-	31,619	3,935
Call and put option	1,355	7,111	-	1,391
Overdraft	61	79	61	32
Exchangeable bonds redemption premium	19,959	2,849	-	-
	78,802	65,795	82,407	56,482

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

9. TAXATION

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysian income tax:				
Current year	19,066	8,351	-	(4,070)
Over/(Under)provision in prior years	(123)	4,502	34	(48)
Deferred taxation (Note 25)	(587)	(456)	-	-
	18,356	12,397	34	(4,118)
Share of taxation of associates	(62,185)	(57,261)	-	-
	(43,829)	(44,864)	34	(4,118)

As of March 31, 2006, the Company has tax exempt income arising from the chargeable income on which taxation has been waived in accordance with the Income Tax (Amendment) Act, 1999, amounting to RM13,916,000 (2005 : RM13,916,000) which is subject to approval by the Inland Revenue Board. Dividends declared out of such profits will also be exempted from taxation in the hands of the shareholders.

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

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
(Loss)/Profit before taxation	(9,930)	59,206	(133,660)	22,678
Tax/(Tax loss) at the statutory income tax rate of 28% (2005 : 28%)	(2,780)	16,578	(37,425)	6,350
Tax effects of:				
Taxation of associates	(31,192)	(36,453)	-	-
Tax savings from lower tax rate of certain subsidiaries	1,567	(1,003)	-	-
Profit exempted from tax	(335)	(47)	-	-
Expenses non-deductible for tax purposes	28,293	22,791	48,985	20,448
Income not subject to tax	(15,143)	(7,069)	(11,560)	(22,728)
Utilisation of current year's tax losses and capital allowances	(1,040)	(3,006)	-	-
Tax losses and capital allowances previously not recognised	(625)	(1,230)	-	-
Deferred tax asset not recognised during the year	2,871	1,100	-	-
Others	(95)	444	-	-
(Over)/Under provision in prior years	123	(4,502)	(34)	48
	(18,356)	(12,397)	(34)	4,118
Share of taxation of associates	62,185	57,261	-	-
	43,829	44,864	(34)	4,118

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

10. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic

The basic (loss)/earnings per ordinary share for the Group has been calculated based on the Group's net loss for the year of RM54,083,000 (2005 : net profit for the year of RM16,114,000) and on the weighted average number of ordinary shares in issue during the financial year of 1,033,760,820 (2005 : 1,053,339,980), net of 18,707,458 (2005 : 2,666,262) weighted average number of treasury shares.

Fully Diluted

The fully diluted loss per ordinary share for the Group as at March 31, 2006 is the same as basic loss per ordinary share as the share options when converted to ordinary shares would decrease loss per share and is therefore anti-dilutive.

The fully diluted earnings per ordinary share for the Group as at March 31, 2005 has been calculated by dividing the Group's net profit for the year of RM16,114,000 by the weighted average number of ordinary shares that would have been in issue of 1,054,858,301 upon full exercise of the remaining options under the Employees' Share Option Scheme, adjusted for the number of ordinary shares that would have been issued at fair value.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Write-off RM'000	Reclassification RM'000	At end of year RM'000
Buildings	13,176	363	(7,624)	-	-	5,915
Plant and machinery	1,374	-	-	(1,239)	-	135
Motor vehicles	2,451	1,192	(814)	-	380	3,209
Motor vehicles under hire-purchase	2,193	-	-	-	(380)	1,813
Furniture and fixtures	926	631	(174)	(374)	-	1,009
Office equipment	6,344	692	(31)	(1,530)	-	5,475
Office renovations	2,729	1,710	(848)	(1,078)	-	2,513
Total	29,193	4,588	(9,491)	(4,221)	-	20,069

Accumulated depreciation	At beginning of year RM'000	Charge for the year RM'000	Disposals RM'000	Write-off RM'000	Reclassification RM'000	At end of year RM'000	Depreciation charge for 2005 RM'000
Buildings	6,769	10	(6,432)	-	-	347	628
Plant and machinery	1,360	14	-	(1,239)	-	135	14
Motor vehicles	1,465	488	(705)	-	215	1,463	382
Motor vehicles under hire-purchase	1,104	382	-	-	(215)	1,271	507
Furniture and fixtures	676	93	(128)	(354)	-	287	70
Office equipment	5,217	808	(30)	(1,503)	-	4,492	792
Office renovations	2,035	736	(600)	(1,052)	-	1,119	134
Total	18,626	2,531	(7,895)	(4,148)	-	9,114	2,527

Net book value	2006 RM'000	2005 RM'000
Buildings	5,568	6,407
Plant and machinery	-	14
Motor vehicles	1,746	986
Motor vehicles under hire-purchase	542	1,089
Furniture and fixtures	722	250
Office equipment	983	1,127
Office renovations	1,394	694
Total	10,955	10,567

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The Company

Cost	At beginning of year RM'000	Additions RM'000	Write-off RM'000	At end of year RM'000
Furniture and fixtures	3	–	(3)	–
Office equipment	32	–	(23)	9
Total	35	–	(26)	9

Accumulated depreciation	At beginning of year RM'000	Charge for the year RM'000	Write-off RM'000	At end of year RM'000	Depreciation charge for 2005 RM'000
Furniture and fixtures	3	–	(3)	–	–
Office equipment	26	2	(23)	5	1
Total	29	2	(26)	5	1

Net book value	2006 RM'000	2005 RM'000
Furniture and fixtures	–	–
Office equipment	4	6
Total	4	6

During the financial year, the Group acquired property, plant and equipment at a cost amounting to RM4,588,000 (2005 : RM3,101,000) of which RMNil (2005 : RM273,000) was financed by way of hire-purchase arrangement. Cash payments for purchase of property, plant and equipment of the Group amounted to RM4,588,000 (2005 : RM1,019,000).

Included in property, plant and equipment are fully depreciated plant and machinery, motor vehicles, furniture and fixtures, office equipment and office renovations, with a cost totalling approximately RM4,012,000 (2005 : RM5,619,000) and RM1,000 (2005 : RM27,000) for the Group and the Company respectively which are still in use as of March 31, 2006.

12. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2006 RM'000	2005 RM'000
Unquoted shares, at cost		
Ordinary shares	137,800	122,797
Preference shares	552,390	582,390
	690,190	705,187
Allowance for impairment loss on ordinary shares	(71,011)	(46,011)
	619,179	659,176

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The Company's investments in the Non-Cumulative Redeemable Convertible Preference Shares (NCRCPs) in the subsidiaries do not carry any interest and have the following salient terms:

- (i) The right to receive a non-cumulative preferential dividend, at any rate as may be determined by the directors of the subsidiaries out of their profits for each financial year;
- (ii) The right of redemption is at the option of the subsidiaries and its directors may at any time redeem the whole or any part of the NCRCPs at par or at a premium; and
- (iii) The NCRCPs can be converted into ordinary shares of RM1.00 each in the subsidiaries at any time on the basis of one new ordinary share of RM1.00 each in the subsidiaries for every one NCRCPs held and the new ordinary shares arising from the conversion shall rank pari passu in all respects with the existing ordinary shares of the subsidiaries.

Details of the subsidiaries, all of which are incorporated in Malaysia except for one (1) subsidiary stated in this Note, are as follows:

Direct Subsidiaries	Principal Activity	Effective Equity Interest	
		2006 %	2005 %
* Hikkaya Jaya Sdn Bhd	Investment holding	100	100
* Cempaka Empayar Sdn Bhd	Investment holding	100	100
* Regal Genius Sdn Bhd	Investment holding	100	100
* Amcorp Capital Markets Sdn Bhd (formerly known as Arab-Malaysian M&A Services Sdn Bhd)	Provision of corporate advisory services	100	100
* Fulcrum Asset Management Sdn Bhd	Fund management	100	100
* Corporateview Sdn Bhd	Provision of management services and investment dealing	100	100
* Mezzanine Ventures Sdn Bhd	Venture capital investment	100	100
* Fulcrum Capital Sdn Bhd	Mezzanine financing	100	100
* @ Fulcrum Capital (HK) Ltd	Dormant	100	100
* Arab-Malaysian Corporation Resources Sdn Bhd (formerly known as Arab-Malaysian Resources Sdn Bhd)	Dormant	100	100
* Sukanrama Arab-Malaysian Sdn Bhd	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Direct Subsidiaries	Principal Activity	Effective Equity Interest	
		2006 %	2005 %
* Mezzanine Capital (Malaysia) Sdn Bhd	Acquisition and monitoring of equity interest	100	100
* MCM Technologies Berhad	Identifying, evaluating and investing in information technology based companies	62.6	62.6
* MCM Systems Sdn Bhd	Market research and provision of IT related projects including trading of computer hardware, software and peripherals	62.6	62.6
* MCM Consulting Sdn Bhd	Provision of information technology consultancy services and, distribution and marketing of computer software and hardware	62.6	62.6
* MCM Horizon Sdn Bhd	Provision of information technology services focusing on software development, application support/integration/ implementation services and related services	62.6	62.6
* MCM Energy Sdn Bhd	Dormant	62.6	62.6
* MCM Wireless Sdn Bhd (formerly known as Layar Meriah (M) Sdn Bhd)	Dormant	62.6	-
* Die-Casting Products Sdn Bhd	Dormant	98	98
Melawangi Sdn Bhd	Property development for sale and rental	100	100
Amcorp Prima Realty Sdn Bhd (formerly known as Arab-Malaysian Prima Realty Sdn Bhd)	Property development	100	100
Kayangan Pelita Sdn Bhd	Property trading and development	100	100
Augvale Corporation Sdn Bhd	Property development	100	100
Kayangan Canggih Sdn Bhd	Property development	100	100
Upnergy Corporation Sdn Bhd	Property development	100	100
* Firmawar Corporation Sdn Bhd	Trading of properties	100	100
* Econstar Enterprise Sdn Bhd	Trading of properties	100	100

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Direct Subsidiaries	Principal Activity	Effective Equity Interest	
		2006 %	2005 %
Distrepark Sdn Bhd	Provision of project management services and general construction	100	100
Arab-Malaysian (CSL) Sdn Bhd	Investment holding, property development and management	100	100
* Lambang Ikram Sdn Bhd	Investment holding	100	–
* Amcorp Innovative Sdn Bhd (formerly known as Asia Motor Company (Kuala Lumpur) Sdn Bhd)	Dormant	100	–
Factreplex Sdn Bhd	Property investment and development	100	100
* Mezzanine Enterprise Sdn Bhd	Property development, trading of properties, options, bonds and investments	100	100
* Amcorp Mall Management Sdn Bhd (formerly known as Arab-Malaysian Malls Management Sdn Bhd)	Provision of management facilities and technical maintenance services for offices, hotels and shopping podiums	100	100
DCP Industries Sdn Bhd	Property development	100	100
* Megatime Enterprise Sdn Bhd	Investment holding	100	100
Gamabina Builders Sdn Bhd (formerly known as Arab-Malaysian Corporation Builders Sdn Bhd)	Construction and project management	–	95
* Adspark Enterprise Sdn Bhd	Dormant	100	100
* Mtract Development Sdn Bhd	Dormant	100	100
@@ AMCORP Capital (L) Ltd	Issue of bonds	100	100

* Audited by auditors other than the auditors of the Company.

@ Incorporated in Hong Kong.

@@ Incorporated in Federal Territory of Labuan, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Analysis of acquisition of subsidiaries in 2006 and 2005

(a) Acquisitions in the financial year ended March 31, 2006

- (i) On December 28, 2005, MCM Technologies Berhad (MCMT), a 62.6% owned subsidiary of Mezzanine Capital (Malaysia) Sdn Bhd (MCM), acquired 2 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of MCM Wireless Sdn Bhd (formerly known as Layar Meriah (M) Sdn Bhd) for a cash consideration of RM2.00.
- (ii) On February 16, 2006, Arab-Malaysian (CSL) Sdn Bhd, a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Lambang Ikram Sdn Bhd (LISB) for a cash consideration of RM5,000. LISB has a wholly-owned subsidiary, Amcorp Innovative Sdn Bhd (formerly known as Asia Motor Company (Kuala Lumpur) Sdn Bhd) (AISB) and subsequent to the acquisition, LISB and AISB became wholly-owned subsidiaries of the Company.

(b) Acquisitions in the financial year ended March 31, 2005

- (i) On April 30, 2004, Amcorp Prima Realty Sdn Bhd (formerly known as Arab-Malaysian Prima Realty Sdn Bhd), a wholly-owned subsidiary of Melawangi Sdn Bhd, acquired 2 ordinary shares of RM1.00 each in both Econstar Enterprise Sdn Bhd and Firmawar Corporation Sdn Bhd for RM2.00 each respectively.
- (ii) On June 30, 2004, MCMT, a subsidiary of MCM, acquired 255,000 ordinary shares of RM1.00 each representing 51% shareholding in MCM Horizon Sdn Bhd (MCMH) for a cash consideration of RM305,801. Accordingly, MCMH became a wholly-owned subsidiary of MCMT and the Group's equity interest in MCMH has increased to 62.6%.
- (iii) On November 24, 2004, the Company incorporated a wholly-owned subsidiary in Labuan, AMCORP Capital (L) Ltd (ACLL), under the Offshore Companies Act, 1990, with an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each and an issued and paid-up share capital of USD1.00.

Details of the net assets acquired and cash flows arising from the acquisition in 2006 and 2005 are as follows:

	Unaudited at date of acquisition	
	2006	2005
	RM'000	RM'000
Property, plant and equipment	-	42
Property development costs	-	1,008
Receivables and prepayments	-	454
Cash and bank balances	1	395
Deferred tax assets	-	2
Payables	(238)	(1,378)
Transfer from associates	-	(294)
Net (liabilities)/assets acquired	(237)	229
Goodwill on acquisition	242	77
Cost of investment	5	306
Less: Cash and bank balances acquired	(1)	(395)
Net cash out/(in)flow on acquisition	4	(89)

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Analysis of disposal of subsidiaries

(c) Disposal in the financial year ended March 31, 2006

On September 6, 2005, the Company disposed of its 95% owned subsidiary, Gamabina Builders Sdn Bhd (formerly known as Arab-Malaysian Corporation Builders Sdn Bhd) for a cash consideration of RM0.72 million.

The effects of the disposal on the financial results of the Group up to the date of disposal are as follows:

	Unaudited up to the date of disposal 2006 RM'000
Other operating expenses	(6)
Depreciation	(19)
	<hr/>
Loss from operation	(25)
Finance costs	(8)
	<hr/>
Net loss for the period	(33)

The effects of the disposal on the financial position of the Group as at the date of disposal and as at March 31, 2005 are as follows:

	Unaudited at date of disposal 2006 RM'000	March 31, 2005 RM'000
Property, plant and equipment	-	184
Receivables and prepayments	15,646	16,706
Cash and bank balances	1	8
Payables	(14,926)	(15,973)
Hire purchase payables	-	(171)
	<hr/>	<hr/>
Net assets disposed	721	(754)
Gain on disposal	3	<hr/>
	<hr/>	<hr/>
Net disposal consideration	724	
Cash and bank balances	(1)	
	<hr/>	
Net cash inflow on disposal	723	

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

(d) Disposals in the financial year ended March 31, 2005

- (i) On April 16, 2004, the Company disposed of its wholly-owned subsidiary, Atox Cards Sdn Bhd (ACSB) to MBf Holdings Berhad (MBFH) for a total cash consideration of RM9.68 million. The principal asset of ACSB is its investment in 11.55% equity interest in MBf Cards (Malaysia) Sdn Bhd. As part of the terms of the disposal, MBFH undertook to repay the debt owing by ACSB to a wholly-owned subsidiary of the Company amounting to RM21.35 million.
- (ii) On June 11, 2004, Point-of-Sale Advertising Limited, a 51% owned subsidiary of MCM, was deregistered.
- (iii) On July 30, 2004, Fulcrum Arbitrage Corporation (HK) Ltd, a wholly-owned subsidiary of Corporateview Sdn Bhd (CVSB), was deregistered.
- (iv) On September 30, 2004, MCM, a wholly-owned subsidiary of the Company, disposed of 1,500,000 ordinary shares of RM1.00 each in Knowledge Media Sdn Bhd (KMSB), representing its entire equity interest of 75% in KMSB, for a total consideration of RM0.50 million. Following this disposal, Knowledge Media Pte Ltd, a wholly-owned subsidiary of KMSB, also ceased to be a subsidiary of the Group.
- (v) On December 3, 2004, CVSB, a wholly-owned subsidiary of the Company, disposed of its wholly-owned subsidiary, Indigenous Capital Sdn Bhd (ICSB) to RCE Marketing Sdn Bhd (RCEM), an 87.5% owned subsidiary of RCE Capital Berhad which is an associate of the Group, for a cash consideration of RM2.00. As part of the terms of the disposal, RCEM undertook to repay the amount owing by ICSB to CVSB amounting to RM1.83 million and ICSB ceased to be a subsidiary of the Group.

The effects of the disposals on the financial results of the Group up to the date of disposal are as follows:

	Unaudited up to the date of disposal 2005 RM'000
Revenue	1,317
Other operating income	90
Depreciation and amortisation	(65)
Other operating expenses	(2,785)
	<hr/>
Loss from operations	(1,443)
Finance costs	(260)
	<hr/>
Loss before taxation	(1,703)
Taxation	(17)
	<hr/>
Net loss for the period	(1,720)
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The effects of the disposals on the financial position of the Group as at the date of disposal and as at March 31, 2004 are as follows:

	Unaudited at date of disposal 2005 RM'000	March 31, 2004 RM'000
Property, plant and equipment	2,037	219
Intangible assets	229	247
Long-term investments	19,711	19,963
Receivables and prepayments	1,621	2,246
Tax recoverable	193	248
Cash and bank balances	137	101
Payables	(2,292)	(1,553)
Hire-purchase payables	-	(61)
Minority interest	-	(225)
Goodwill	147	147
	<hr/>	<hr/>
Net assets disposed	21,783	21,332
Gain on disposal	11,583	<hr/>
	<hr/>	<hr/>
Net disposal consideration	33,366	
Cash and bank balances	(137)	
Unpaid portion of cash consideration	(476)	
	<hr/>	
Net cash inflow on disposal	32,753	
	<hr/>	

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

13. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Quoted shares, at cost	1,446,034	1,407,693	1,300,047	1,265,652
Unquoted shares, at cost	2,745	2,945	-	-
	1,448,779	1,410,638	1,300,047	1,265,652
Allowance for impairment loss	(65,265)	(66,017)	(155,926)	(40,509)
	1,383,514	1,344,621	1,144,121	1,225,143
Share of post-acquisition results net of dividends received	589,000	588,172	-	-
	1,972,514	1,932,793	1,144,121	1,225,143
Market value of quoted shares	2,066,601	1,987,771	1,620,313	1,892,385

The carrying value of the Group's investments in associates is represented by:

	The Group	
	2006 RM'000	2005 RM'000
Share of net assets	1,801,315	1,774,390
Premium on acquisition	171,199	158,403
	1,972,514	1,932,793

The impact of the changes in accounting policies of the associate had been reflected in Note 33 of the Financial Statements.

The Group's share of losses in an associate, KL Biotech Sdn Bhd exceeded the carrying amount of the investment. Accordingly, recognition of further losses was discontinued. The unrecognised amount of share of losses is as follows:

	The Group	
	2006 RM'000	2005 RM'000
Post-acquisition losses not recognised:		
At beginning of year	469	196
Losses during the year	512	273
At end of year	981	469

Certain quoted shares in associates with carrying value of RM1,392,463,000 (2005 : RM1,243,804,000) have been pledged to certain financial institutions for borrowings as referred to in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Details of the associates, all of which are incorporated in Malaysia are as follows:

Name of Company	Principal Activity	Effective Equity Interest	
		2006 %	2005 %
* AMMB Holdings Berhad	Investment holding	32.89	32.28
* AMDB Berhad	Manufacturing of textile products and investment holding	44.15	44.15
RCE Capital Berhad	Investment holding	38.83	41.36
* Swedish Ventures (AB) Sdn Bhd	Dormant	–	40.00
* KL Biotech Sdn Bhd	Production and trading of health supplement products	28.17	28.17

* Audited by auditors other than the auditors of the Company.

- (a) On June 22, 2005 and August 12, 2005, the Company respectively purchased 8 million and 5 million ordinary shares of RM1.00 each in AMMB Holdings Berhad (AMMB), an associate of the Group, for total consideration of RM34.4 million. The Group's equity interest in AMMB increased accordingly from 32.28% as at March 31, 2005 to 32.89% as at March 31, 2006.
- (b) On August 15, 2005 and February 24, 2006, Cempaka Empayar Sdn Bhd, a wholly-owned subsidiary of the Company, purchased on both dates 8 million ordinary shares of RM0.10 each in RCE Capital Berhad (RCE), an associate of the Group, for total consideration of RM1.9 million and RM2.0 million respectively. Arising from this and also the effect of issuance of 67,415,730 new ordinary shares by RCE, the Group's equity interest in RCE decreased from 41.36% as at March 31, 2005 to 38.83% as at March 31, 2006.
- (c) On August 15, 2005 and March 7, 2006, MCMT, a subsidiary of the Group, subscribed for an additional 600,000 and 200,000 Cumulative Redeemable Preference Shares of RM1.00 each (CRPS) in KL Biotech Sdn Bhd, an associate of MCMT, for cash consideration of RM600,000 and RM200,000 respectively, thus increasing its investment in KL Biotech Sdn Bhd's CRPS from RM1,900,000 to RM2,700,000.
- (d) On September 29, 2005, MCM, a wholly-owned subsidiary of the Company, disposed of its interest in Swedish Ventures (AB) Sdn Bhd for RM1.00.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

14. LONG-TERM INVESTMENTS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At cost:				
In Malaysia:				
Unquoted shares	-	7,465	-	-
Quoted shares	261,055	40,335	211,255	-
Quoted warrants in an associate	-	47,506	-	448
Quoted ICULS in an associate	75,900	75,900	75,900	75,900
	336,955	171,206	287,155	76,348
Outside Malaysia:				
Unquoted shares	-	1,260	-	-
	336,955	172,466	287,155	76,348
Allowance for diminution in value	(34,001)	(8,725)	(12,142)	-
	302,954	163,741	275,013	76,348
Market value of:				
In Malaysia:				
Quoted shares	284,916	23,897	255,015	-
Quoted warrants in an associate	-	45,069	-	6,609
Quoted ICULS in an associate	18,216	22,011	18,216	22,011

- (a) Certain quoted shares in long-term investments of the Group with carrying value of RM18,476,000 (2005 : RMNil) have been pledged to a financial institution for credit facility as referred to in Note 24 to the financial statements.
- (b) During the financial year, the investment in quoted warrants in an associate has been reclassified to short-term investment.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for property development

	The Group	
	2006	2005
	RM'000	RM'000
Leasehold land	1,141	1,141
Development costs	67,241	75,075
	<hr/> 68,382	<hr/> 76,216
Less : Accumulated impairment loss	(33,144)	(37,771)
	<hr/> 35,238	<hr/> 38,445
	<hr/> <hr/>	<hr/> <hr/>
Cost		
At beginning of year	76,216	95,731
Transfer to property development costs	(7,834)	(19,515)
	<hr/> 68,382	<hr/> 76,216
	<hr/> <hr/>	<hr/> <hr/>
Accumulated impairment loss		
At beginning of year	37,771	48,166
Transfer to property development costs	(4,627)	(10,395)
	<hr/> 33,144	<hr/> 37,771
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

(b) Property development costs

	The Group	
	2006 RM'000	2005 RM'000
At beginning of year		
Long leasehold land	101,650	131,892
Development costs	197,305	161,800
Allowance for foreseeable losses	(5,669)	(48,742)
Accumulated costs charged to income statement	(147,111)	(99,372)
	146,175	145,578
Costs incurred during the year		
Transfer from land held for development - net of impairment loss	3,207	9,120
Transfer to property, plant and equipment	-	(3,278)
Acquisition/(Disposal) of land	-	140
Acquisition/(Disposal) of subsidiaries	-	1,008
Development costs	7,496	49,902
Net	10,703	56,892
Costs charged to income statement (Allowance for)/Write-back of foreseeable losses	(20,730) (2,759)	(73,530) 17,235
Reversals on completion of project		
Long leasehold land	(34,960)	(31,390)
Development costs	(138,030)	(20,239)
Write-off of allowance for foreseeable losses	8,428	25,838
Cumulative costs charged to income statement in prior years	156,370	25,791
Transfer to properties held for sale	(8,192)	-
At end of year		
Long leasehold land	66,690	101,650
Development costs	69,978	197,305
Allowance for foreseeable losses	-	(5,669)
Accumulated costs charged to income statement	(11,471)	(147,111)
	125,197	146,175

Long leasehold land of RM19,636,000 (2005 : RM19,636,000) is pledged to a local licensed bank for term loan granted to a subsidiary as mentioned in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

16. PROPERTIES HELD FOR SALE

	The Group	
	2006	2005
	RM'000	RM'000
At cost:		
Properties held for sale	1,983	1,050
At net realisable value:		
Properties held for sale - at cost	91,899	85,483
Less: Allowance for write-down	(25,659)	(25,750)
	66,240	59,733
	68,223	60,783

17. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2006	2005
	RM'000	RM'000
Contract costs incurred plus recognised profits	307,505	311,980
Progress billings received and receivable	(302,058)	(301,974)
Amount due from contract customers	5,447	10,006
Advances received from contract customers (included under other payables as referred to in Note 23)	-	321
Retention sum held by contract customers (included under trade receivables as referred to in Note 19)	-	10,415

18. LOAN RECEIVABLES

This is in respect of mezzanine financing provided by a subsidiary to customers under the Money Lenders Act, 1951, as follows:

	The Group	
	2006	2005
	RM'000	RM'000
Loans receivable	43,892	50,829
Less: Allowance for doubtful debts	(10,210)	(10,405)
	33,682	40,424

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

	The Group	
	2006 RM'000	2005 RM'000
Maturity structure of net loans are as follows:		
Receivable within 1 year	25,176	40,424
Receivable within 1 to 2 years	8,506	-
	33,682	40,424

The weighted average effective interest rate at the end of the financial year was 11% (2005 : 11%).

19. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current				
Trade receivables (Note 17)	21,389	48,041	-	-
Less: Allowance for doubtful debts	(1,290)	(4,495)	-	-
	20,099	43,546	-	-
Prepaid expenses (Note 24)	32,182	48,881	31,751	48,065
Tax recoverable	30,419	16,540	27,913	12,183
Other receivables	14,517	10,793	2,107	2,833
Less: Allowance for doubtful debts	(1,612)	(2,234)	(770)	(770)
	12,905	8,559	1,337	2,063
Accrued billings	8,983	12,408	-	-
Amount due from IT project customers	3,063	3,910	-	-
Refundable deposits	691	1,106	48	47
Amounts owing by subsidiaries (Note 22)	-	-	434,379	461,861
Less: Allowance for doubtful debts	-	-	(46,300)	(46,300)
	-	-	388,079	415,561
	108,342	134,950	449,128	477,919
Non-current				
Other receivables	1,746	2,535	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Trade receivables of the Group comprise mainly amounts receivable from customers for property development projects of RM10,806,414 (2005 : RM13,940,079), amounts receivable from customers for construction contracts of RMNil (2005 : RM17,614,617), the sale of goods of RM7,057,286 (2005 : RM8,721,491) and services provided of RM3,210,417 (2005 : RM2,905,604).

Other receivables of the Group and of the Company comprise mainly amount receivable from the disposal of property, plant and equipment, balance of proceeds arising from disposal of subsidiaries and interest income receivable from deposits.

The credit period granted on property development projects ranges from 14 to 30 days (2005 : 14 to 30 days) whilst the sale of goods and services provided ranges from 30 to 90 days (2005 : 30 to 120 days). The Group and the Company's historical experience in collection of trade receivables and intercompany balances falls within the recorded allowances and management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group and the Company's trade receivables.

20. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Quoted shares, at cost	22,969	12,801	-	-
Quoted warrants in an associate (Note 14)	47,788	-	448	-
Less: Allowance for diminution in value	(24,847)	(5,296)	-	-
	45,910	7,505	448	-
Unquoted shares, at cost	5,000	8,300	-	-
Less: Allowance for diminution in value	-	(3,300)	-	-
	5,000	5,000	-	-
	50,910	12,505	448	-
Market value of:				
In Malaysia:				
Quoted shares	15,984	7,731	-	-
Quoted warrants in an associate	30,655	-	4,495	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

21. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with licensed banks	68,717	221,973	46,084	190,767
Cash and bank balances	1,363	101,779	65	59
	70,080	323,752	46,149	190,826

The weighted average effective interest rates at the end of financial year are as follows:

	The Group		The Company	
	2006 % per annum	2005 % per annum	2006 % per annum	2005 % per annum
Deposits with licensed banks	3.00	2.64	2.99	2.64

Deposits of the Group and of the Company have an average maturity of 10 days (2005 : 8 days).

Deposits of the Group and of the Company amounting to RM6,644,000 (2005 : RM3,096,000) have been pledged to financial institutions for credit facilities as referred to in Note 24. Further deposits of the Group amounting to RM734,000 (2005 : RM714,000) have been pledged for bank guarantee facilities.

Analysis of deposits, cash and bank balances by currency is as follows:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	70,048	323,718	46,145	190,822
United States Dollar	4	5	4	4
Hong Kong Dollar	28	29	-	-
	70,080	323,752	46,149	190,826

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

22. INTERCOMPANY AND OTHER RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its related companies are as follows:

Name of related parties	Relationship
AmAssurance Berhad AmBank (M) Berhad Arab-Malaysian Credit Berhad AmIslamic Bank Berhad	Subsidiaries of an associate, AMMB in which Tan Sri Dato' Azman Hashim, a director of the Company, is also a director and has financial interest
AmMerchant Bank Berhad AmSecurities Sdn Bhd AmTrustee Sdn Bhd AmInvestment Management Sdn Bhd AmInvestment Services Sdn Bhd	Subsidiaries of an associate, AmInvestment Group Berhad
Harpers Travel (M) Sdn Bhd Restoran Seri Melayu Sdn Bhd	Subsidiaries of an associate, AMDB Berhad
Triple Esteem Sdn Bhd	A company related to Tan Sri Dato' Azman Hashim, a director of the Company
Instrade Holdings Sdn Bhd	A company in which Dato' Azlan Hashim, a director of the Company has financial interest

Amounts owing by subsidiaries arose mainly from advances and payments made on behalf of the subsidiaries. The amounts are unsecured, bear interest at 3% (2005 : 3%) per annum and have no fixed terms of repayment.

On February 8, 2005, a wholly-owned subsidiary of the Company, AMCORP Capital (L) Ltd issued a USD120 million Exchangeable US Dollar Bonds (approximately RM456 million). The proceeds were on lent to the Company and it bears interest at 7% per annum with no term of repayment. An amount of RM445,799,000 (2005 : RM455,999,000) has been classified as long-term as it is not required to be repaid within the next 12 months.

The financial statements of the Group and of the Company reflect the following related party transactions:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Subsidiaries:				
Interest receivable	-	-	12,102	14,417
Interest payable	-	-	31,619	3,935
	<hr/>			
Associates:				
Rental of premises receivable	45	51	-	-
	<hr/>			

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Other related parties:				
AmBank (M) Berhad				
Sales of computer hardware and software receivable	21,112	13,344	-	-
Interest income receivable	861	1,019	283	453
<hr/>				
AmMerchant Bank Berhad				
Sales of computer hardware and software receivable	1,460	2,834	-	-
Interest income receivable	1,220	985	1,153	858
Rental of premises payable	-	147	-	-
Advisory fee payable	190	84	106	395
<hr/>				
AmAssurance Berhad				
Sales of computer hardware and software receivable	8,349	105	-	-
Insurance premium payable	141	131	37	37
<hr/>				
Harpers Travel (M) Sdn Bhd				
Purchase of air tickets and other related travel services	127	218	21	83
Rental of premises receivable	1	6	-	-
<hr/>				
Triple Esteem Sdn Bhd				
Rental of premises payable	100	100	-	-
<hr/>				
Restoran Seri Melayu Sdn Bhd				
Catering services	6	12	4	11
<hr/>				
Arab-Malaysian Credit Berhad				
Rental of premises payable	67	170	-	-
<hr/>				
Other subsidiaries of AMMB				
Sales of computer hardware and software receivable	69	282	-	-
<hr/>				

During the financial year, an associate and its subsidiaries provided securities broking and banking services to the Group. As of March 31, 2006, included in fixed deposits of the Group are amounts of RM61,338,000 (2005 : RM304,805,000) placed in the normal course of business and established under normal commercial terms with AmBank (M) Berhad and AmMerchant Bank Berhad.

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

23. PAYABLES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current				
Trade payables	13,657	36,177	-	-
Other payables (Note 17)	10,283	18,955	10	91
Accrued interest	1,622	2,789	966	821
Deposits payable	1,778	4,088	-	-
Accrued expenses	3,927	3,012	2,456	1,165
Provision for legal costs	960	575	-	-
Progress billings	683	1,428	-	-
Promotion and refurbishment fund	2,756	2,331	-	-
Potential claims payable to purchasers	6,804	6,804	-	-
Amount owing to a subsidiary (Note 22)	-	-	27,132	709
	42,470	76,159	30,564	2,786
Non-current				
Amount owing to a subsidiary (Note 22)	-	-	445,799	455,999

Trade payables comprise mainly amounts outstanding for trade purchases. The credit period granted to the Group ranges from 30 to 120 days (2005 : 30 to 120 days).

Other payables arose mainly from ongoing costs and payments on behalf. These amounts are unsecured, interest-free and have no fixed terms of repayment. Included in other payables of the Group is an amount of RM6,917,554 (2005 : RM9,099,554) representing balance sum payable by a subsidiary for the acquisition of development land owing to a related party, Intrade Holdings Sdn Bhd.

Deposits payable represent mainly refundable deposits on rental and utilities received from tenants and purchasers of properties.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

24. BORROWINGS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Term loans - secured	505,327	509,923	500,000	500,000
Revolving credit - secured	168,000	108,000	168,000	108,000
Exchangeable US Dollar bonds - unsecured	468,260	458,849	-	-
Overdraft - secured	-	283	-	283
Hire-purchase payables	545	1,021	-	-
	1,142,132	1,078,076	668,000	608,283
Current				
Term loans - secured	4,596	4,596	-	-
Revolving credit - secured	168,000	108,000	168,000	108,000
Overdraft - secured	-	283	-	283
Hire-purchase payables	328	376	-	-
	172,924	113,255	168,000	108,283
Non-current				
Term loans - secured	500,731	505,327	500,000	500,000
Exchangeable US Dollar bonds - unsecured	468,260	458,849	-	-
Hire-purchase payables	217	645	-	-
	969,208	964,821	500,000	500,000
	1,142,132	1,078,076	668,000	608,283

Company

Term loan facility of RM500,000,000 (2005 : RM500,000,000) which is obtained from a local statutory body, is secured by quoted investments in associates as referred to in Note 13. When the term loan was drawdown in March 2003, a total of RM76,000,000 was deducted for upfront interest and fees, and is amortised over the tenor of the term loan due in March 2008. This prepaid amount is included in prepaid expenses in Note 19 and the unamortised amount as at March 31, 2006 is RM29,859,000 (2005 : RM45,059,000).

Revolving credit facilities of RM168,000,000 (2005 : RM108,000,000) and an overdraft facility which are obtained from local banks, are secured by quoted investments in associates as referred to in Note 13 and cash deposits amounting to RM6,644,000 (2005 : RM3,096,000).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Subsidiaries

As of March 31, 2006, term loan of RM5,327,000 (2005 : RM9,923,000) is secured by a third party first fixed charge against leasehold bungalow lots in Kayangan Heights, Selangor. This term loan is also secured by the Company's corporate guarantee as referred to in Note 31. A subsidiary has deposits of RM734,000 (2005 : RM714,000) pledged to financial institution for bank guarantee facilities.

The hire-purchase payables of the Group are secured by the financial institutions' charge over the assets under hire-purchase.

The weighted average effective interest rates at the end of financial year are as follows:

	The Group		The Company	
	2006	2005	2006	2005
	% per annum	% per annum	% per annum	% per annum
Term loans, revolving credits and overdraft	7.87	7.85	7.87	7.85
Exchangeable US Dollar bonds	5.32	5.32	-	-
Hire-purchase payables	6.74	7.07	-	-

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Analysis of borrowings by currency is as follows:				
Ringgit Malaysia	673,872	619,227	668,000	608,283
United States Dollar	468,260	458,849	-	-
	1,142,132	1,078,076	668,000	608,283

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
The maturity profile of borrowings other than hire-purchase are as follows:				
Within 1 year	172,596	112,879	168,000	108,283
Within 1 - 2 years	500,731	4,596	-	-
Within 2 - 5 years	468,260	959,580	500,000	500,000
	1,141,587	1,077,055	668,000	608,283

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

	The Group	
	2006	2005
	RM'000	RM'000
Hire-purchase obligations are repayable in the following periods:		
- Due within 1 year	352	433
- Due between 1 to 2 years	139	433
- Due between 2 to 5 years	89	254
	<hr/>	<hr/>
	580	1,120
Less: Future finance charges	(35)	(99)
	<hr/>	<hr/>
Present value of hire-purchase obligations	545	1,021
	<hr/>	<hr/>
Present value of hire-purchase obligations:		
Current		
Due within 1 year	328	376
Non-current		
Due between 1 to 2 years	131	403
Due between 2 to 5 years	86	242
	<hr/>	<hr/>
	545	1,021
	<hr/>	<hr/>

Exchangeable US Dollar bonds

On February 8, 2005 (Issue Date), the Company through its wholly-owned subsidiary, AMCORP Capital (L) Ltd (the Issuer), issued USD120 million nominal value 5-year Unsecured Guaranteed Exchangeable Bonds (Bonds) which are exchangeable into existing AMMB shares held by the Company.

The main features of the Bonds are as follows:

- (a) The Bonds bear interest from the Issue Date at 1% per annum payable semi-annually in arrears on February 8 and August 8 each year, commencing on August 8, 2005.
- (b) Unless previously redeemed, exchanged or purchased and cancelled, the Bonds will be redeemed on February 8, 2010 (maturity date) at 123.94% of their principal amount. On issuance, the Yield to Maturity of the Bonds is 5.25% per annum calculated on a semi-annual basis.
- (c) The bondholder of each Bond has the right to exchange such Bonds into AMMB shares, at the election of the bondholder at any time on or after March 9, 2005 to the close of business 10 business days prior to maturity date (exchange right). Notwithstanding that, the Issuer or the Company has the option to pay the bondholder in cash in order to satisfy the exchange right in full or in part.
- (d) The exchange ratio of approximately 93,448 AMMB shares for each USD100,000 principal amount of the Bonds, representing an exchange price of RM4.066 per AMMB share.
- (e) The bondholders have the right to require the Issuer to redeem in whole or in part the Bonds on February 8, 2009 at the accreted amount of 118.647% of their principal amount.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The Bonds are recognised in the balance sheet of the Group as follows:

	2006		2005	
	USD '000	Equivalent RM'000	USD '000	Equivalent RM'000
Face value	120,000	445,800	120,000	456,000
Accretion of redemption premium	6,046	22,460	750	2,849
	126,046	468,260	120,750	458,849

25. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	The Group	
	2006 RM'000	2005 RM'000
Deferred tax assets	956	1,544
Deferred tax liabilities	(10)	(11)
	946	1,533
At beginning of year	1,533	1,987
Charged to income statement (Note 9)	(587)	(456)
Acquisition of subsidiary	-	2
At end of year	946	1,533
Deferred tax assets arising from:		
Tax losses	956	1,544
Deferred tax liabilities arising from:		
Property, plant and equipment (capital allowances)	(10)	(11)

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

As explained in Note 3, the tax effects of deductible temporary differences, unutilised tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences, unutilised tax losses and unutilised tax credits, can be utilised. As of March 31, 2006, subject to agreement by the Inland Revenue Board, the amount of deductible temporary difference, unutilised tax losses and unabsorbed capital allowances for which no deferred tax asset is recognised in the balance sheet are as follows:

	The Group	
	2006 RM'000	2005 RM'000
Deductible temporary difference	48,740	46,517
Unutilised tax losses	249,389	272,544
Unabsorbed capital allowances	8,310	8,313
	306,439	327,374

26. SHARE CAPITAL AND TREASURY SHARES

	The Group and The Company	
	2006 RM'000	2005 RM'000
Authorised:		
Ordinary shares of RM1.00 each	2,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At beginning of year	1,056,346	1,055,345
Issued pursuant to ESOS	909	1,001
At end of year	1,057,255	1,056,346

During the financial year, the Company increased its issued and fully paid share capital from RM1,056,346,034 to RM1,057,255,034 through the issuance of 909,000 ordinary shares of RM1.00 each pursuant to the Employees' Share Option Scheme (ESOS). The new shares rank pari passu with the then existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on September 29, 2004, approved the Company's plan to repurchase its own shares up to a maximum of 10% of the total issued and fully paid up share capital. The shares repurchased are held as treasury shares as allowed under Section 67A of the Companies Act, 1965 and are carried at cost. The Company has a right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

The details of the shares bought back as at March 31, 2006 are as follows:

Month	No. of shares bought back	Highest price paid RM	Lowest price paid RM	Average price paid RM	Total consideration RM
December 2002	10,000	0.91	0.91	0.901	9,086
June 2003	10,000	0.97	0.97	0.967	9,688
June 2004	2,321,500	1.32	1.19	1.212	2,837,190
July 2004	27,000	1.21	1.21	1.21	32,913
October 2004	1,620,700	1.22	1.20	1.21	1,968,365
March 2005	65,000	1.34	1.25	1.27	83,286
April 2005	502,400	1.29	1.21	1.27	640,814
May 2005	1,090,300	1.26	1.08	1.17	1,286,745
June 2005	3,641,700	1.20	1.03	1.12	4,112,150
July 2005	3,140,000	1.22	1.07	1.15	3,615,327
August 2005	1,322,000	1.24	1.09	1.17	1,554,959
September 2005	6,301,500	1.15	1.06	1.11	7,029,551
October 2005	5,502,500	1.10	1.00	1.05	5,786,676
November 2005	11,735,700	1.06	0.96	1.01	11,841,502
December 2005	3,499,000	1.00	0.97	0.99	3,465,114
January 2006	640,000	1.01	0.97	0.98	633,275
	41,429,300				44,906,641

The shares were bought using internally generated funds. None of the treasury shares repurchased has been sold as at March 31, 2006. At that date, the number of outstanding shares in issue after setting off treasury shares against equity is 1,015,825,734 (2005 : 1,052,291,834).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

(b) ESOS

The Company implemented an ESOS on January 10, 2002, granting and exercise of options to subscribe up to 10% of the issued and paid-up ordinary share capital of the Company are made available to eligible executive directors and employees of the Group. The ESOS is governed by the by-laws which were approved by the shareholders on September 28, 2001 and as amended on September 29, 2004 to include an additional category, Performance Based Options.

The salient features of the scheme are as follows:

- (a) eligible persons are those who have been employed for at least one year after confirmation in any company within the Group or served for at least one year after appointment as director;
- (b) the options granted may be exercised in respect of such lesser number of new shares provided that the number shall be in multiples of and not less than 1,000 new shares;
- (c) the ESOS shall be in force for a duration of five years and may be renewed for another five years (Option Period);
- (d) the option is personal and is non-assignable;
- (e) the option price shall be at a discount of not more than 10% of the weighted average market price of the Company's ordinary shares as shown in the Daily Official List issued by the Bursa Malaysia for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher;
- (f) subject to the discretion of the Option Committee, the eligible persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group; and
- (g) the share options, by virtue of By-Law 11.2 of the ESOS, may be exercised at any time during the Option Period subject to the following limits:
 - (i) For option holders who have served within the Group for less than 5 continuous years:

Cumulative % of options exercisable commencing from date of first offer

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
20%	40%	60%	80%	100%

- (ii) For option holders who have served within the Group for at least 5 continuous years:

Cumulative % of options exercisable commencing from date of first offer

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
20%+	40%+	60%+	100%	100%
[5 x Years]%	[5 x Years]%	[5 x Years]%		

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

'Years' is the total number of years:

- (a) from the date of confirmation to the date of first offer; and
- (b) from the date of first offer to the next anniversary of the date of first offer.

All unexercised options shall be exercisable in the last year of the Option Period. Any options that remain unexercised at the expiry of the Option Period shall be automatically terminated.

- (h) The maximum allotment at any one time under Performance Based Option shall be one third (1/3) of the number of shares available for each category of employee. For options allotted under this category, the option holder shall be entitled to exercise all or any part of it.

During the financial year, the movements in the options to take up unissued ordinary shares of RM1.00 each and the exercise prices are as follows:

Date Granted	Exercise Price	Options over number of ordinary shares of RM1.00 each (in '000)				At end of year
		At start of year	Granted	Exercised	Forfeited	
27.2.02	RM1.00	2,041	-	-	-	2,041
28.2.03	RM1.00	1,742	-	(97)	(11)	1,634
27.2.04	RM1.33	1,684	-	-	(158)	1,526
07.3.05	RM1.18	6,279	-	(70)	(586)	5,623
30.11.05	RM1.00	-	4,598	(742)	(56)	3,800
		11,746	4,598	(909)	(811)	14,624

The exercise period for the options will lapse on January 9, 2007 and may be renewed for another 5 years.

Details relating to options exercised, at prices of either RM1.00 or RM1.18 per share, during the financial year are as follows:

Exercise date	Fair value of shares at exercise date RM/share	No of shares issued	
		Year ended 31.3.2006 '000	Year ended 31.3.2005 '000
April 2004	1.53	-	484
May - August 2004	1.23 - 1.33	-	155
December 2004 - February 2005	1.38 - 1.42	-	362
May 2005	1.23	37	-
July - September 2005	1.08 - 1.20	46	-
February 2006	1.29	826	-
Total		909	1,001

NOTES TO THE FINANCIAL STATEMENTS

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	Year ended 31.3.2006 RM'000	Year ended 31.3.2005 RM'000
Ordinary shares - at par	909	1,001
Proceeds received on exercise of share options	921	1,001
Fair value at exercise date of shares issued	1,165	1,450

The fair value of shares issued on the exercise of share options is the market price at which the Company's shares were traded on the Bursa Malaysia Securities Berhad on the day prior to the exercise of the options.

	2006 '000	2005 '000
Number of share options vested at balance sheet date	14,624	11,746

27. RESERVES

Share premium

Share premium arose from subscription of ESOS, conversion of debt-equity to ordinary shares, issuance of rights issue and issuance of shares for acquisition exercises net of issue expenses.

Retained earnings

Distributable reserves are those available for distribution as cash dividends. Based on the prevailing tax rate applicable to dividends, the Company has sufficient Section 108 tax credit to frank all its retained earnings as at March 31, 2006 if distributed as cash dividends.

Foreign Exchange and Other Reserve

Exchange difference arising from translation of foreign entities is taken to the foreign exchange reserve account as disclosed in the accounting policies and other reserve refers to our share of movement in reserves of an associate.

Reserve on Consolidation

Reserve arising from consolidation represents the excess of the Group's interest in the fair values attributable to the identifiable net assets of certain subsidiary companies at their respective date of acquisition over the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS

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28. OFF BALANCE SHEET INSTRUMENT

Regal Genius Sdn Bhd (RGSB), a wholly-owned subsidiary of the Company, had a call and put option with a local merchant bank on 6,780,000 ordinary shares of RM1.00 each in AMMB, an associate of the Group. These call and put option expired in June 2005 and had an aggregate option renewal fee of RM2,517,000 and exercisable at the option price of RM24,860,000. On June 28, 2005, the obligation to the call and put option was settled via cash.

29. COMMITMENTS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Assumption of loan of a related party In respect of capital expenditure	15,767	18,149	-	-
Approved and contracted for	1,191	3,836	-	-
	16,958	21,985	-	-
Capital expenditure is analysed as follows:				
- Purchase of subsidiaries, associates and other investments	800	1,600	-	-
- Property, plant & equipment	391	2,236	-	-
	1,191	3,836	-	-

30. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	The Group	
	2006 RM'000	2005 RM'000
Future minimum lease payments on computers and rental:		
Not later than 1 year	455	149
Later than 1 year but less than 5 years	586	138
	1,041	287

NOTES TO THE FINANCIAL STATEMENTS

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31. CONTINGENT LIABILITIES

As of March 31, 2006, the Group and the Company have the following contingent liabilities:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unsecured				
Corporate guarantee given to financial institutions for credit facilities granted to:				
- third parties - trade related	50,000	80,000	50,000	80,000
- subsidiaries	1,390	1,840	5,327	9,923
Corporate guarantee to bondholders	-	-	468,260	458,849
	51,390	81,840	523,587	548,772

- (a) In the ordinary course of business, Fulcrum Capital Sdn Bhd (FCSB), a wholly-owned subsidiary of the Company, and a licensed moneylender has arranged for a RM50 million (2005: RM80 million) credit facility for one of its established customers from a licensed stockbroker. Pursuant to the arrangement, the Company has extended a corporate guarantee of the same amount to the stockbroker. The credit facility is further fully secured by quoted shares pledged by the borrower to the stockbroker. A commission of 3% p.a. is payable by the borrower to FCSB for the corporate guarantee which expires on June 30, 2006. No material losses are anticipated as a result of this transaction.
- (b) The Company has extended corporate guarantees to a financial institution for a credit facility granted to a subsidiary as well as to the bondholders of the Bonds. The corporate guarantees are equivalent to the outstanding principal amount of the loan and the accreted amount of the Bond (refer Note 24).

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations are subject to a variety of financial risks, including interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. Risk is defined as uncertain future events which could influence the achievement of the Group's objectives. Risk can be measured in terms of consequences (impact) and likelihood.

The Board has ultimate responsibility for the system of internal controls and the risk management practices of the Group. The Board has established a Risk Management Committee comprising senior members of the management including the managing director to assist the Board in the area of risk management. The Risk Management Committee will report to the Audit Committee. In the financial year ended March 31, 2006, the committee met up 4 times (2005 : 9 times).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The Board has formulated a financial risk management framework whose principal objective is to monitor the Group's exposure to risks and minimise the costs associated with financing, investing and operating activities of the Group. The overall financial risk management objective is to ensure that the Group creates value for its shareholders and minimise potential adverse effects on its financial performance.

The task of identifying and evaluating the key business risks is undertaken by the Risk Management Committee and executive management who will be responsible for the establishment and implementation of appropriate systems to manage these risks. Various risk management actions are taken depending on the assessment of the impact and likelihood of the risk.

Interest rate risk

Interest rate risk arises mainly from differences in timing between the maturities or repricing of interest bearing assets and liabilities. The Group's significant interest bearing financial assets and financial liabilities are mainly its loan receivables, deposit placements, borrowings and hire-purchase payables. The interest rate of loan receivables, deposit placements, borrowings and hire-purchase payables are disclosed in Notes 18, 21 and 24.

The Group finances its operations by a mixture of internal funds, bank borrowings and other borrowings. The interest rate profile of borrowings is regularly reviewed against prevailing and anticipated market interest rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from its assets or underlying operations and the economic life of the assets or operations being financed. At the year-end, 85% (2005: 90%) of the Group's borrowings were at fixed rates.

Market risk

The Group, in the normal course of business, is exposed to market risks in respect of its equity investments. For short-term marketable securities, the Group constantly monitors fluctuation in market prices in order to establish a suitable timing for disposal.

The Group's exposure to risk from changes in debt and equity prices is set out in the note on fair values below.

Credit risk

Credit risk is the potential financial loss resulting from the failure of the counter party to settle their obligations to the Group. Credit risk of the Group arises mainly from trade receivables, loan receivables and bank balances. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also places its deposits and bank balances with creditworthy institutions including related financial institutions to minimise credit risk.

The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained. The Group does not have any significant concentrations of credit risk. Management's focus is to ensure that any risk concentration areas and unacceptable risk factors are managed and mitigated early.

Liquidity risk

Liquidity risk is the risk of loss due to failure to access funds at reasonable cost to fund the Group's operations and meet its liabilities as and when they fall due. The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital. The Group also reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Foreign currency risk

The Group's main exposure to foreign currency risk is arising from its US Dollar (USD) denominated borrowings via the issuance of the exchangeable bond, as disclosed in Note 24. The Group also has limited exposure to its net investment in overseas subsidiaries and in those financial assets that are denominated in foreign currencies. The Group currently does not hedge its exposure to foreign currency risk. Apart from the above, the Group's transactions are predominantly denominated in Ringgit Malaysia other than some expenses being in currencies other than the functional currencies of the operating entities. Details of financial assets and financial liabilities denominated in foreign currencies are disclosed in Note 21 and 24 of the financial statements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. As such, operational risk is inherent in each of the Group's business and operational activities.

In the day to day operations, the responsibility for risk management is delegated to the Heads of Departments of the various business units who are responsible for the following:

- Identifying the risks that prevent the departments from achieving their objectives
- Analysing and evaluating the potential impact of the identified risks
- Identifying cost effective controls to measure, monitor and mitigate the key business risks
- Establishing proper control framework to ensure the operations are run effectively but prudently

The objectives of the business units together with the identified risk, the ranking of the risk and the control designed are documented as the risk profile. The risk profile will then be reviewed by the Risk Committee and approved by the Audit Committee.

Corporate Audit Division conducts annual audits and limited reviews on selected divisions, subsidiaries and associates through a risk-based assessment process. The focus of the audit is to provide assurance to management on the compliance with statutory requirements, laws, group policies and internal guidelines.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instruments could be exchanged or settled in an orderly manner between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents estimates of fair values as at balance sheet date.

Quoted market prices, when available, are used as the measure of fair values. For unquoted financial instruments and long term receivables, fair values are estimated using net present value or other valuation techniques which involve a certain degree of uncertainty depending on the assumption used and judgements made regarding risk characteristics, discount rates, estimates of future cash flows and other factors. Changes in these assumptions could materially affect these estimates and the resulting fair value.

Fair value information for property, plant and equipment, intangibles and investments in subsidiaries and associates are excluded as they do not fall within the scope of FRS 132 which requires fair values to be disclosed.

The fair values of the financial assets and financial liabilities reported in the balance sheets approximate the carrying amount of those assets and liabilities because of the limited term to maturity of these financial instruments, except for the following:

	Note	The Group		The Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
As of March 31, 2006					
Financial assets					
Long-term investments	14	302,954	303,132	275,013	273,231
Long-term receivables	19	1,746	1,683	-	-
Short-term investments	20	50,910	54,527	448	4,495
Financial Liabilities					
Borrowings:					
- Exchangeable bond	24	468,260	388,381	-	-
- Hire-purchase payables	24	545	552	-	-
As of March 31, 2005					
Financial assets					
Long-term investments	14	163,741	90,977	76,348	28,620
Long-term receivables	19	2,535	2,535	-	-
Short-term investments	20	12,505	15,649	-	-
Financial Liabilities					
Borrowings:					
- Exchangeable bond	24	458,849	442,320	-	-
- Hire-purchase payables	24	1,021	1,025	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

The fair values of derivative financial instruments at the balance sheet date are as follows:

	Note	The Group		The Company	
		Asset RM'000	Liability RM'000	Asset RM'000	Liability RM'000
As of March 31, 2005					
Options over quoted shares	28	-	2,430	-	-

The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuation in market prices and rates relative to their terms. The extent to which instruments are favourable or unfavourable and the aggregate fair values of derivative financial assets and liabilities can fluctuate from time to time.

It is not practicable to estimate the fair value of contingent liabilities reliably, the notional amount which is disclosed in Note 31, due to the uncertainties of timing, costs and events outcome.

The fair value estimates were determined by application of the methods and assumptions described below:

Investments

For quoted investments, the estimated fair values are generally based on quoted market prices or dealer quotes. For unquoted investments, fair values have been assessed by reference to market indicative interest yields or net tangible assets where applicable.

Receivables and borrowings

The fair values of receivables and term loans are estimated using the discounted cash flow analysis based on current lending/borrowing rates for similar types of lending/borrowing arrangements. The fair value of the exchangeable bond is based on quoted prices on the Labuan International Financial Exchange where the bond is listed.

Hire-purchase payables

The fair values of the hire-purchase payables of the Group are estimated using the discounted cash flow analysis based on the current effective interest rate of the hire-purchase facilities available to the Group.

Derivative financial instruments

The fair value of the options are based on option pricing models and represent an estimate that the Group would receive or pay to terminate the contract at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

33. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

Changes in accounting policies

During the financial year, the associates of the Company adopted the following changes in accounting treatment and standard:

AMMB, an associate of the Group, has adopted the revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8 (revised)) issued by Bank Negara Malaysia on October 5, 2004 which became effective for the current financial year. The adoption of the BNM/GP8 (revised) have resulted in changes in accounting policies for AMMB which have been applied retrospectively as prior year adjustments in the Statement of Changes in Equity and as such by the Group.

Prior year adjustments

The retained earnings and results have been restated to reflect the effects of the abovementioned change:

The Group	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Income Statements			
Financial year ended March 31, 2005			
Share of results of associates	129,264	926	130,190
Share of taxation of associates	56,995	266	57,261
Net profit for the year	15,454	660	16,114
<hr/>			
Balance sheets			
As of March 31, 2005			
Investments in associates	1,923,247	9,546	1,932,793
Retained earnings	312,347	755	313,102
Foreign exchange and other reserve	2,981	8,791	11,772
<hr/>			
As of April 1, 2004			
Retained earnings	296,893	95	296,988
Foreign exchange and other reserve	2,969	6,162	9,131
<hr/>			

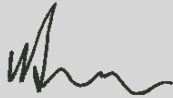
34. SIGNIFICANT EVENT

On January 17, 2006, AmcorpGroup Berhad (Amcorp) received a notice from Tan Sri Dato' Azman Hashim (TS), the Executive Chairman and a substantial shareholder of Amcorp, proposing to privatise Amcorp through a member's scheme of arrangement under Section 176 of the Companies Act, 1965 (Proposed Privatisation). Under the Proposed Privatisation, TS and/or person(s) to be nominated by TS will acquire all the remaining ordinary shares of RM1.00 each in Amcorp (Amcorp Shares) (other than treasury shares), which are not held by TS and his investment holding companies, namely, Slan Sdn Berhad and Ginagini Sdn Bhd (TS Companies), at an offer price of RM1.40 per Amcorp Share. On the completion of the Proposed Privatisation, TS, TS Companies and/or person(s) to be nominated by TS will collectively own 100% of Amcorp and Amcorp will be de-listed in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad. The Foreign Investment Committee has approved the Proposed Privatisation on April 3, 2006. The Proposed Privatisation is currently pending other approvals.

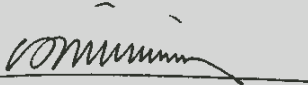
STATEMENT BY DIRECTORS

The directors of **AMCORPGROUP BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of March 31, 2006 and of the results of their businesses 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,



TAN SRI DATO' AZMAN HASHIM
Executive Chairman



SOO KIM WAI
Managing Director

Kuala Lumpur,
May 31, 2006

DECLARATION

BY THE OFFICER PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **YAP CHOON SENG**, the officer primarily responsible for the financial management of **AMCORPGROUP BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



YAP CHOON SENG

Subscribed and solemnly declared by the
abovenamed **YAP CHOON SENG** at **KUALA LUMPUR**
this 31st day of May, 2006.

Before me,

COMMISSIONER FOR OATHS



ZULKIFLY B. ABDULLAH KMN BCK
PESURUHJAYA SUMPAN
(COMMISSIONER FOR OATHS)
LOT 2.36, TINGKAT 2, THE MALL
100 JALAN PUTRA 50350 KUALA LUMPUR