

**EXPLANATORY NOTES FOR FINANCIAL
QUARTER ENDED 31 MARCH 2006**

FRS 134 - DISCLOSURE REQUIREMENTS PER PARAGRAPH 16

A1. Accounting Policies and Method of Computation

The interim report is prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2005.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standard ("FRS") effective for financial period 1 January 2006:

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

The adoption of the above FRS does not have significant financial impact to the Group.

A2. Audit Report of Preceding Financial Year Ended 31 December 2005

The audit report on the financial statements of the preceding year was not qualified.

A3. Seasonality and Cyclicity of Operation

The Group's operations have not been affected by any seasonal or cyclical factors.

A4. Exceptional or Unusual Items

There were no items of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group in the current financial year.

A5. Changes in Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current financial year.

A6. Debts and Equity Securities

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

A7. Dividend Paid

Dividends on RCPS of 4 sen less tax of 28% on 165,000,000 RCPS shares for the for the year ended 31 December 2005, amounted to RM4.752 million were paid on 28 February 2006.

A8. Segmental Information on Revenue and Results

Segmental reporting is not analysed by geographical locations due to the fact that the Group's activities are pre-dominantly in Malaysia.

	Financing	Property	Letting of Real	Hotel	Others	Eliminations	Consolidated
	RM'000	Development	Property	Operation	RM'000	RM'000	RM'000
		RM'000	RM'000	RM'000			
3 months ended 31 Mac 2006							
External sales	59,593	1,223	117	658	-	3,092	64,683
Intersegment sales	2,326	-	1,299	-	-	(3,625)	-
Total revenue	<u>61,919</u>	<u>1,223</u>	<u>1,416</u>	<u>658</u>	<u>-</u>	<u>(533)</u>	<u>64,683</u>
Segment results	4,024	(5,362)	(1,639)	(1,638)	(71)	8,139	3,453
Unallocated income (net of cost)							<u>-</u>
Profit from operations							<u><u>3,453</u></u>
3 months ended 31 Mac 2005							
External sales	35,508	2	617	-	-	7,769	43,896
Intersegment sales	1,911	-	1,360	-	-	(3,271)	-
Total revenue	<u>37,419</u>	<u>2</u>	<u>1,977</u>	<u>-</u>	<u>-</u>	<u>4,498</u>	<u>43,896</u>
Segment result	5,395	(3,433)	(3,783)	-	(19)	5,162	3,322
Unallocated income (net of cost)							<u>-</u>
Profit from operations							<u><u>3,322</u></u>

A9. Valuation of Property, Plant and Equipment

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

A10. Subsequent Events

As at the date of this report, there were no material events occurring subsequent to the end of the current financial year that have not been reflected in the financial statements for the current financial year.

A11. Changes in the Composition of the Group

There were no major changes in the composition of the Group for the current financial year.

A12. Contingent Liabilities

- A. In two (2) civil suits brought against the Company, a contractor appointed by one of the Company's borrower is claiming damages amounting to RM2.54 million for an alleged breach of contract. The suits were filed in the High Court at Kuala Lumpur as well as in the High Court at Kota Bharu.

The contractor's application for Summary Judgement has been dismissed by the Court. Both suits have since been consolidated and will be heard in the High Court at Kuala Lumpur.

The matter is now fixed for Trial from 29 May to 2 June 2006 and from 19 November to 23 November 2006.

- B. Upon default by a borrower, the Company has proceeded with foreclosure proceedings to foreclose the property provided by a third party chargor as security for the facilities granted to the borrower. In turn the third party chargor has proceeded with a legal suit against the Company for an alleged breach of the terms relating to the Charge. The matter is fixed for Decision on 25 June 2006.

In respect of the foreclosure proceeding, the Company has to date obtained an Order for Sale. An Auction was held on 28 October 2003 but was aborted by the Land Office as there were no bidders. The owner has filed a motion in Court to set aside the Order for Sale. The motion was subsequently dismissed by the Court on 22 April 2004. The Land Office has fixed a date on 28 February 2006 to Auction the property which was again called off as there were no bidders. The Land Office has yet to fix a fresh auction date with respect to this matter.

- C. In a civil suit brought against the Company, a developer is claiming damages amounting to RM134.4 million for the cancellation of loan facilities allegedly granted to them by the Company to finance the purchase and development of several parcels of land in Penang based on the terms of the Company's letter of offer.

This matter is now fixed for case management on 22 June 2006.

- D. Upon the winding up of an unrelated company, the creditor of the said unrelated company has named a subsidiary of the Company (the "Company's subsidiary") as well as 3 other defendants as co-conspirators in a scheme to sell off a major asset of the unrelated company and thereafter allowing the said unrelated company to be wound up in order to defeat the said creditor's claim for payment from the unrelated company amounting to RM4.8 million for goods sold and delivered.

In the said suit, the creditor claims that by virtue of such conspiracy all the defendants including the Company's subsidiary are deemed to be constructive trustees of the creditor and are either jointly or severally liable to account to the said creditor for the amount of RM4.8 million. The Company's subsidiary has to date filed an Application to Strike Out the creditor's suit. The said Application was dismissed by the High Court on 1 December 2005. The Company's subsidiary has to date filed a Notice of Appeal to the Court of Appeal against the

said decision. The Court of Appeal has yet to fix a date for the Hearing of the Company's appeal. In the meantime, Case Management for this matter has been fixed by the Court on 26 June 2006.

- E. A Borrower of the Company has instituted a civil suit against the Company and its subsidiary for an alleged breach of the terms of a Joint Venture Agreement entered into by the Borrower, the Company and the said subsidiary. The Borrower has sought for judgement in the sum of RM52.007 million being loss of profits from the Project contemplated under the Joint Venture Agreement, the sum of RM0.015 million being part payment for the purchase of several parcels of Project Land and the sum of RM4.931 million being the compensation paid by the State Government directly to the Company for the acquisition of a portion of the Project Land, damages for losses suffered by the Plaintiff as a result of claims made by third parties, consultants and contractors involved in the Joint Venture Project, damages for loss of reputation, interests and costs.

The Courts had on 28 September 2005 struck out the Borrower's suit against the Company. However, the Borrower still has an existing suit against the Company's subsidiary. The Borrower has yet to take any further steps in relation to the proceedings against the Company's subsidiary since the filing of the said Company's subsidiary's defense.

- F. A Borrower of the Company has instituted a civil suit against the Company and its subsidiary for an alleged breach of the terms of an undated Joint Venture Agreement entered into by the Borrower, the Company and the said subsidiary. As against the Company, the Borrower has sought for damages to be assessed by the Court, a true account status of the loan and a change in the interest rate.

As against the Company's subsidiary, the Borrower has sought for damages to be assessed by the Court, specific performance to compel the Company's Subsidiary to complete the development project mentioned in the said suit within a reasonable time, specific performance to compel the Company's Subsidiary to ensure premium payments are made to the authorities for the conditions for the use of the project land mentioned in the said suit is converted to buildings for the purpose of housing, interest and costs.

Both the Company and its subsidiary have filed their appearance on 25 January 2005 and 26 January 2005 respectively. The Company and its subsidiary have both filed their Defenses on 18 April 2005. The Borrower has yet to take any further steps in relation to the proceedings since the filing of the said Defenses.

The Company has to date filed an application to strike out the borrower's claim. The hearing date of the said application is fixed on 17 May 2006.

- G. A former Borrower of the Company has instituted a civil suit against the Company for an alleged breach of an agreement to grant loan facilities to the former Borrower for their commercial development project. The Company had terminated the said facilities due to the former Borrower's breach of the said agreement and had thereafter sold the loan asset to Pengurusan Danaharta Nasional Berhad. Notwithstanding the same, the former Borrower now alleges

that the Company had failed to fully disburse the said facilities pursuant to the terms of the Facility Agreement.

As such the former Borrower has sought for damages amounting to RM18.011 million as at 31 July 2002, interest on a monthly rest basis at the rate of 2% per annum above Malayan Banking Berhad's Base Lending Rate on the sum of RM18.011 million from 1 August 2002 until the date of full settlement, penalty interest of 1% per annum on the sum of RM18.011 million from 1 August 2002 until the date of full settlement with regard to the liabilities incurred by the former Borrower in relation to the said commercial development project or in the alternative to the abovementioned reliefs, damages amounting to RM18.240 million being the total development expenditure incurred by the former Borrower, damages amounting to RM43.311 million for loss of profit or alternatively damages to be assessed by the Court as well as costs.

The Company has filed its appearance in Court on 26 July 2005 and had on 5 September 2005 served and filed their Defense against the former Borrower. The former Borrower has yet to take any further steps in relation to the proceedings since the filing of the Company's Defense.

- H. Upon default by the Borrower, the Company has filed suit for recovery of loans outstanding together with interest and cost pursuant to a breach by the Borrower of the terms of the Loan Agreement entered into between the Company and the Borrower. In response to the same, the Borrower had served on the Company their Defense as well as a Counterclaim. The Counterclaim is premised upon their allegation that the Company has breached the terms of a Joint Venture Agreement entered into by the Company, the Borrower and the Company's subsidiary.

he Borrower has in its Counterclaim sought for the sum of RM52,007,000.00 being loss of profit from the project contemplated under the Joint Venture Agreement, the sum of RM14,682.36 being part payment for the purchase of several parcels of the project land, the sum of RM4,931,460.00 being the compensation paid by the State Government directly to the Company for the acquisition of a portion of the project land, damages for losses suffered by the

Borrower as a result of claims made by third parties, consultants and contractors involved in the joint venture project, damages for loss of reputation, the cancellation/invalidation of the Charge and for the project land to be freed from restrictions and encumbrances by the Borrower; interest and cost.

As the Borrower's Counterclaim principally revolves around and duplicates their earlier claim against the Company and the Company's subsidiary whereby the Borrower's claim against the Company was subsequently dismissed by the Court on 28 September 2005, the Company has instructed their solicitors to strike out the Borrower's Counterclaim for being frivolous, vexatious and an abuse of the Court process.

- I. As at 31 March 2006, the Group and the Company have obligations to secure due performance by third parties amounting to RM286 million.

The Directors after obtaining advice from the Group's solicitors, are of the opinion that the Group has reasonably good cases in respect of claims A, B, C, D, E, F, G and H against the Group, as such no provision has been made in the financial statements.

A13. Acquisition/Disposal of Property, Plant and Equipment

	3 months ended
	31/03/2006
	RM'000
Acquisition	
Equipment and machine	3
Computer Hardware and software	2
Equipment and furniture	59
Building improvements	21
Plant and machinery	25
Motor vehicles	109
	<u>219</u>
Disposal	
Freehold land	5,046
Buildings	93
	<u>5,139</u>

A14. Significant Related Party Transactions

	First Quarter		Cumulative	
	Current quarter 31/12/2005 RM'000	Preceding quarter 31/12/2004 RM'000	Current Year to Date 31/12/2005 RM'000	Preceding Year To Date 31/12/2004 RM'000
Transactions with Employees Provident Fund Board, the Ultimate holding body				
Interest on loans	3,015	6,327	13,661	30,925
Rental paid	74	88	282	361
Agency fees received	6	10	26	33

A15. Capital Commitments

During the period ended 31 March 2006, there were no commitments for the purchase of property, plant and equipment other than those stated below:

	RM'000
Data Processing System and Equipment:-	
Approved and contracted for	19
Approved but not contracted for	4,835
	<u>4,854</u>

A16. Impairment Loss

The Group has recognised a reversal of impairment loss on other investments of RM0.074 million for the current financial year.

BMSB LISTING REQUIREMENTS – DISCLOSURE REQUIREMENTS AS PART A OF APPENDIX 9B

B1. Comparison with the Preceding Quarter’s Results

The Group's profit after taxation of RM3.471 million for the first quarter of 2006 was lower than the preceding quarter's of RM19.139 million. This was mainly due to higher provisions for losses on loans and financing which was partly off set by the recognition of deferred tax assets of RM13.265 million in the preceding quarter.

B2. Review of Performance

The Group’s profit after taxation for the three (3) months ended 31 March 2006 of RM3.471 million was comparable to the previous year’s corresponding quarter’s result of RM3.340 million.

B3. Prospect

Barring unforeseen circumstances, the Company and the Group are expected to improve further for the financial year ending 31 December 2006. The Company remain focus on its core mortgage and related retail businesses while emphasising on fee based income and corporate loan recovery.

B4. Variance from Profit Forecast and Profit Guarantee

There was no profit forecast or profit guarantee issued for the financial year ending 31 December 2006.

B5. Taxation

	First Quarter		Cumulative	
	Current Quarter 31/3/2006 RM'000	Preceding year quarter 31/3/2005 RM'000	Current Year to Date 31/3/2006 RM'000	Preceding Year to Date 31/12/2005 RM'000
Income tax:				
Current year taxation	-	-	-	-
Deferred taxation	(18)	(18)	(18)	(18)
Real Property Gains Tax	-	-	-	-
	<u>(18)</u>	<u>(18)</u>	<u>(18)</u>	<u>(18)</u>

The effective income tax rate for the current financial period was lower than statutory income tax rate principally due to utilisation of unabsorbed tax losses and capital allowances, income not subject to tax and crystallisation of deferred tax liability on fair value adjustment.

B6. Profit/(loss) on Sale of Unquoted Investments and/or Properties

There was no sale of investments. Gain on disposal of properties recognised for the current financial year amounted to RM0.061 million.

B7. Purchase and Sale of Quoted Securities

There were no dealings in quoted securities for the current financial year.

Investments in quoted securities as at 31 March 2006 are as follows:

	At cost and nominal value 31.3.2006 RM'000	At carrying amount 31.3.2006 RM'000	At market value 31.3.2006 RM'000
Quoted shares	1,294	552	552
Quoted warrants	106	50	50
	<u>1,400</u>	<u>602</u>	<u>602</u>

B8. Status of Corporate Proposals

No corporate proposals were announced.

B9. Borrowings and Debts

Borrowings and debts securities at 31 March 2006 for the Group are as follows:-

	RM'000
Short term borrowings	
Secured	50,004
Unsecured	495,939
	<u>545,943</u>
Long term borrowings	
Secured	187,499
Unsecured	-
	<u>187,499</u>

All borrowings and debts securities are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments.

B11. Material Litigation

The details of the pending material litigation are as per note A12 above.

B12. Dividends Declared

The Board of Directors has recommended a first and final dividend of 2.5 sen less tax of 28% per Ordinary Share amounting to approximately RM6.081 million for the financial year ended 31 December 2005, subject to the approval of the shareholders at the forthcoming Annual General Meeting (“AGM”). The date of the AGM and the dividend entitlement date will be announced at a later date.

B13. Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders for the financial period by the weighted average number of ordinary shares in issue during the financial year.

	First Quarter		Cumulative	
	Current Quarter 31/3/2006 RM'000	Preceding year quarter 31/3/2005 RM'000	Current Year to Date 31/3/2006 RM'000	Preceding Year to Date 31/12/2005 RM'000
Net profit attributable to shareholders (RM'000)	3,471	3,340	3,471	3,340
Number of ordinary shares ('000)	337,856	337,856	337,856	337,856
Basic earnings per share (sen)	<u>1.03</u>	<u>0.99</u>	<u>1.03</u>	<u>0.99</u>

Diluted

For the purpose of calculating diluted earnings per share, the net profit for the financial year and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares i.e. Redeemable Convertible Preference Shares (“RCPS”) and the exercise of Employee Share Option Scheme (“ESOS”).

	First Quarter		Cumulative	
	Current 31/3/2006 RM'000	Preceding 31/3/2005 RM'000	Current 31/3/2006 RM'000	Preceding 31/12/2005 RM'000
Net profit attributable to shareholders (RM'000)	<u>3,471</u>	<u>3,340</u>	<u>3,471</u>	<u>3,340</u>
Effect of finance cost on RCPS (RM'000)	<u>132</u>	<u>132</u>	<u>132</u>	<u>132</u>
Adjusted net profit attributable to Shareholders (RM'000)	<u>3,603</u>	<u>3,472</u>	<u>3,603</u>	<u>3,472</u>
Weighted average of number of shares in issue ('000)	<u>337,856</u>	<u>337,856</u>	<u>337,856</u>	<u>337,856</u>
Adjusted for assumed conversion of RCPS ('000)	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>667,857</u>	<u>667,857</u>	<u>667,857</u>	<u>667,857</u>
Diluted earnings per share (sen)	<u>0.54</u>	<u>0.52</u>	<u>0.54</u>	<u>0.52</u>

For the current financial year and the corresponding financial year in 2004, ESOS' exercise price is above the average market price of the Company's shares. Therefore, the assumed conversion of the ESOS is not included in the computation of diluted earnings per share as the assumed conversion is considered anti-dilutive.

B14. Authorisation For Issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2006.

BY ORDER OF THE BOARD

Fariz Abdul Aziz
COMPANY SECRETARY
Kuala Lumpur
28 April 2006