



NOTES

1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with MASB 26 "Interim Financial Reporting" and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 June 2004.

2. Qualification of audit report of the preceding annual financial statements

There was no qualification on the audit report of the preceding annual financial statements.

3. Seasonality or cyclicity of interim operations

The Group's interim operations were not materially affected by any seasonal or cyclical factors for the quarter under review.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

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

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

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

7. Dividends paid

There was no dividend paid during the financial quarter ended 30 June 2005.

8. Segmental Reporting

The Group's segmental report for the financial year-to-date are as follows:-

	Property Investment & Development RM'000	Hotels RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	96,767	47,775	3,302	(1,564)	146,280
Results					
Segment results	28,548	10,048	(17,071)	-	21,525
Unallocated corporate income					132
Profit from operations					21,657
Interest expense					(19,219)
Interest income					965
Share of profit of associated company and joint ventures					12,454
Taxation					(1,337)
Profit after taxation					14,520
Minority interests					(1,922)
Net profit for the year					12,598

Segmental reporting by geographical location has not been prepared as the Group's operations are substantially carried out in Malaysia.

9. Valuations of property, plant and equipment

The valuations of property, plant and equipment were brought forward without any amendments from the previous annual financial statements.

10. Material events not reflected in the financial statements

There were no material subsequent events to be disclosed as at the date of this report.

11. Changes in the composition of the Group

Not applicable.

12. Contingent liabilities or contingent assets

There is a contingent liability of RM48,124,000 being credit facility granted to a joint venture company by a financial institution.

13. Review of Performance

The Group recorded revenue of RM37.9 million and profit before taxation of RM2.7 million for the current quarter under review as compared with revenue of RM37.5 million and loss before taxation of RM2.1 million in the preceding year's corresponding quarter. The increase in profit before taxation of RM4.8 million was mainly due to higher profit from property investment, hotel division and joint venture companies.

The Group recorded revenue and profit before taxation of RM146.3 million and RM15.9 million respectively for the current year-to-date as compared with RM199.8 million and RM37.0 million for the preceding year's corresponding period. The revenue and profit before taxation for the preceding year's corresponding period were higher mainly due to a gain on disposal of a joint venture company.

14. Material changes in profit before taxation

The Group recorded a profit before taxation of RM2.7 million for the current quarter, a decrease of RM3.6 million as compared with the immediate preceding quarter mainly due to lower contribution from the property development division.

15. Prospects

Barring unforeseen circumstances, the Group is expected to perform satisfactorily in the coming year.

16. Profit forecast / profit guaranteed

Not applicable.

17. Taxation

Taxation comprises: -

	Current Quarter RM'000	Year-To-Date RM'000
Current taxation		
- Malaysian income tax	(1,838)	13
- Foreign tax	3	9
Deferred taxation	57	30
Share of taxation of joint ventures	628	2,105
	<u>(1,150)</u>	<u>2,157</u>
Prior year (over)/under provision		
- Malaysian income tax	(616)	(1,115)
- Real property gain tax	295	295
	<u>(1,471)</u>	<u>1,337</u>

The Group's effective tax rate is lower than the statutory tax rate applicable for the financial year-to-date mainly due to the over provision for tax in prior years and utilisation of the unabsorbed tax losses and capital allowances.

18. Sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

19. Quoted securities

(a) There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.

(b) Particulars of investments in quoted securities as at 30 June 2005 are as follows: -

	RM'000
At cost	<u>53,730</u>
At net book value	<u>19,832</u>
At market value	<u>11,919</u>

20. Corporate Proposal

On 5 August 2005, the Company announced that its subsidiaries, namely Prophills Development Sdn Bhd and Kiapeng Development Sdn Bhd, are proposing to dispose of their entire interest in HP Towers (situated at Jalan Gelenggang, Bukit Damansara, Kuala Lumpur) and Menara HLA (situated at Jalan Kia Peng, Kuala Lumpur) respectively ("Proposed Disposals") to a real estate investment trust to be established by the Company ("GLM REIT"), for a consideration to be determined later. The purchase consideration will be satisfied by way of cash and/or units in GLM REIT.

GLM REIT is a proposed real estate investment trust with the investment objectives to acquire and invest primarily in a portfolio of quality yield-accretive real estate. It will focus on commercial properties which will provide stable income and medium to long-term capital appreciation. Subject to the approvals of the relevant authorities, GLM REIT proposes to undertake a public issue of units in GLM REIT and subsequent listing of and quotation for its entire issued and paid-up units on the Main Board of Bursa Malaysia Securities Berhad.

The Proposed Disposals are subject to, amongst others, the approvals of shareholders of GLM and all relevant authorities.

21. Group's borrowings

Particulars of the Group's borrowings as at 30 June 2005 are as follows: -

	RM'000
Short term borrowings	
Secured	34,979
Unsecured	<u>65,720</u>
	<u>100,699</u>
Long term borrowings	
Secured	271,499
Unsecured	<u>-</u>
	<u>271,499</u>



GuocoLand (Malaysia)

A Member of the Hong Leong Group Malaysia

22. Off Balance Sheet Risk Financial Instruments

There is no off-balance sheet risk envisaged as at the date of this report that might materially affect the Group's business position.

23. Changes in Material Litigation

In the previous financial year, a creditor of a subsidiary company initiated legal proceedings to claim RM7.3 million from the said subsidiary company for breach of contract and related finance charges. However, the directors are of the opinion that the claim is without full merit and the subsidiary company will defend the claim vigorously. The case has yet to be settled as at the date of this report.

24. Dividend

(a) A proposed final dividend of 2% less taxation at 28% has been recommended for the Quarter.

- (i) Amount per share: 1.0 sen less taxation at 28%.
- (ii) Previous corresponding quarter: 1.0 sen less taxation at 28%.
- (iii) Entitlement date: 31 October 2005.
- (iv) Payment date: 18 November 2005.

(b) Total dividend for the financial year ended 30 June 2005: 1.0 sen per share less taxation at 28% (Total for the previous corresponding year: 1.0 sen per share less taxation at 28%)

25. Earnings Per Share

Basic earnings per share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM12,598,000 and the weighted average number of ordinary shares outstanding during the quarter of 700,458,418.

Diluted earnings per share

No diluted earnings per share are disclosed due to the anti-dilutive effect of share options and warrants.

By Order of the Board
GuocoLand (Malaysia) Berhad
(formerly known as Hong Leong Properties Berhad)

LIM YEW YOKE
Secretary

Kuala Lumpur
17 August 2005