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AF: 0039

XVII. AUDITED CONSOLIDATED BALANCE SHEET OF PARK MAY GROUP

AS AT 31 DECEMBER 2004, 31 DECEMBER 2005 AND 31 DECEMBER 2006

	Note	2004 RM'000 (restated)	2005 RM'000 (restated)	2006 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	8	38,123	24,202	24,652
Investment properties	9	1,188	1,162	1,050
Investment in associates	10	-	-	-
Other investments	11	-	-	-
		39,311	25,364	25,702
Current assets				
Inventories	12	222	240	424
Trade and other receivables	13	11,992	12,416	10,541
Tax recoverable		2,081	411	411
Cash and bank balances	14	2,785	3,278	2,271
		17,080	16,345	13,647
TOTAL ASSETS		56,391	41,709	39,349
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		74,996	74,996	74,996
Share premium		8,489	8,489	8,489
Non-distributable general reserves		200	200	200
Accumulated losses		(133,554)	(136,696)	(142,195)
Shareholders' deficit		(49,869)	(53,011)	(58,510)
Minority interests		1,697	1,670	1,683
Total equity		(48,172)	(51,341)	(56,827)

ERNST & YOUNG
AF: 0039

XVII. AUDITED CONSOLIDATED BALANCE SHEET OF PARK MAY GROUP (CONTD.)

AS AT 31 DECEMBER 2004, 31 DECEMBER 2005 AND 31 DECEMBER 2006 (CONTD.)

	Note	2004 RM'000 (restated)	2005 RM'000 (restated)	2006 RM'000
EQUITY AND LIABILITIES (CONTD.)				
Non-current liabilities				
Retirement benefit obligations	15	1,420	1,477	1,414
Borrowings	16	173	9	1,850
Deferred tax	19	2,871	2,771	2,405
		4,464	4,257	5,669
Current liabilities				
Retirement benefit obligations	15	175	200	223
Borrowings	16	75,112	63,091	64,110
Trade and other payables	18	24,664	25,358	26,010
Tax payables		148	144	164
		100,099	88,793	90,507
Total liabilities		104,563	93,050	96,176
EQUITY AND LIABILITIES		56,391	41,709	39,349

The balance sheets of the Park May Group have been prepared based on the audited financial statements after making the following reclassifications to reflect the classifications as adopted in the latest audited financial statements as follows:

	2004 RM'000	2005 RM'000	2006 RM'000
Property, plant and equipment as stated in the audited financial statements	39,311	25,364	24,652
Reclassification of investment properties	(1,188)	(1,162)	-
Property, plant and equipment as stated in this Report	38,123	24,202	24,652

ERNST & YOUNG
AF: 0039

XVII. AUDITED CONSOLIDATED BALANCE SHEET OF PARK MAY GROUP (CONTD.)

AS AT 31 DECEMBER 2004, 31 DECEMBER 2005 AND 31 DECEMBER 2006 (CONTD.)

	2004 RM'000	2005 RM'000	2006 RM'000
Investment properties as stated in the audited financial statements	-	-	1,050
Reclassification of investment properties	1,188	1,162	-
Investment properties as stated in this Report	1,188	1,162	1,050
Trade and other payables as stated in the audited financial statements	24,839	25,558	26,010
Reclassification of retirement benefit obligations	(175)	(200)	-
Trade and other payables as stated in this Report	24,664	25,358	26,010
Retirement benefit obligations as stated under the current liabilities in the audited financial statements	-	-	223
Reclassification of retirement benefit obligations	175	200	-
Retirement benefit obligations as stated under the current liabilities in this Report	175	200	223

ERNST & YOUNG
AF: 0039

XVIII. AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF PARK MAY GROUP

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 TO 2006

		<---------- Attributable to Equity Holders of the Company --------->					Minority Interest	Total Equity
			<--- Non-Distributable --->					
		Share capital RM'000	Share premium RM'000	General Reserves RM'000	Accumulated losses RM'000	Total RM'000	RM'000	RM'000
At 1 January 2004 (audited)		74,996	8,489	200	(147,961)	(64,276)	1,792	(62,484)
Prior year adjustment	(i)	-	-	-	(1,591)	(1,591)	-	(1,591)
At 1 January 2004 (restated)		74,996	8,489	200	(149,552)	(65,867)	1,792	(64,075)
Profit for the year		-	-	-	15,998	15,998	(95)	15,903
At 31 December 2004		74,996	8,489	200	(133,554)	(49,869)	1,697	(48,172)
At 1 January 2005		74,996	8,489	200	(133,554)	(49,869)	1,697	(48,172)
Loss for the year		-	-	-	(3,142)	(3,142)	(27)	(3,169)
At 31 December 2005		74,996	8,489	200	(136,696)	(53,011)	1,670	(51,341)
At 1 January 2006		74,996	8,489	200	(136,696)	(53,011)	1,670	(51,341)
Loss for the year		-	-	-	(5,499)	(5,499)	13	(5,486)
At 31 December 2006		74,996	8,489	200	(142,195)	(58,510)	1,683	(56,827)

Note:
(i) Adjustments raised in the audited financial statements

XIX. AUDITED CONSOLIDATED CASH FLOW STATEMENTS OF PARK MAY GROUP

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 TO 2006

	2004 RM'000	2005 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	16,134	(3,078)	(5,807)
Adjustments for:			
Impairment loss on property, plant and equipment	27	-	689
Depreciation of investment properties	26	26	22
Depreciation of property, plant and equipment	11,335	5,972	5,342
Property, plant and equipment written	1,194	596	307
Gain on disposal of property, plant and equipment	(5,602)	(3,168)	(889)
Provision for pension costs -defined benefit plan	10	92	202
Reversal of impairment in an associate	(710)	-	-
Gain on disposal of associate	(24,286)	-	(105)
Inventories written off	-	25	-
Provision for inventories	201	-	-
Provision for doubtful debts	661	540	-
Waiver of debts	(1,060)	-	-
Impairment loss on other investment	117	-	-
Interest expense	4,939	3,694	3,913
Interest income	(90)	(33)	(5)
Operating profit before working capital changes	2,896	4,666	3,669
Decrease/(increase) in inventories	2,235	(18)	(184)
(Increase)/decrease in receivables	(3,262)	(964)	1,875
(Decrease)/increase in payables	(3,382)	694	652
Cash (used in)/generated from operations capital changes	(1,513)	4,378	6,012

ERNST & YOUNG
AF: 0039

XIX. AUDITED CONSOLIDATED CASH FLOW STATEMENTS OF PARK MAY GROUP (CONTD.)

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 TO 2006 (CONTD.)

	2004 RM'000	2005 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)			
Payment of pension -defined benefit plan	(334)	(10)	(242)
Tax paid	(132)	1,334	(25)
Net cash (used in)/generated from operating activities	(1,979)	5,702	5,745
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	90	33	5
Purchase of property, plant and equipment	(449)	(5,258)	(4,011)
Proceeds from disposal of an associate	25,000	-	105
Proceeds from disposal of property, plant and equipment	19,179	15,785	1,582
Net cash generated from/(used in) investing activities	43,820	10,560	(2,319)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (decrease)/increase in fixed deposits	(17)	234	-
Interest paid			
- on term loan and bank overdraft	(35)	-	
- on finance lease	(17)	(15)	(49)
- Commercial Papers/ Medium Term Notes ("CPs/MTNs")	(4,887)	(3,569)	(3,864)
Repayment of CPs/MTNs	(40,000)	(12,000)	-
Repayment of finance lease creditors	(133)	(101)	(420)
Repayment of term loans	(69)	(84)	(100)
Net cash used in financing activities	(45,158)	(15,535)	(4,433)

ERNST & YOUNG
AF: 0039

XIX. AUDITED CONSOLIDATED CASH FLOW STATEMENTS OF PARK MAY GROUP (CONTD.)

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 TO 2006 (CONTD.)

	2004 RM'000	2005 RM'000	2006 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,317)	727	(1,007)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,833	2,516	3,243
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,516	3,243	2,236
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash on hand and at bank	2,516	3,071	2,122
Deposits with licensed banks	269	207	149
Cash and bank balances	2,785	3,278	2,271
Less: Fixed deposits pledged with licensed banks for securing banking facilities	(269)	(35)	(35)
	2,516	3,243	2,236

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 1.3.

The financial statements of the Group have also been prepared on a historical basis. The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

1.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Group's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at the balance sheet date which are prepared at the same reporting date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(a) Subsidiaries and Basis of Consolidation (Contd.)

(ii) Basis of Consolidation (Contd.)

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

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(b) Associates (Contd.)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(b) Associates (Contd.)

In the Group's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Goodwill

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

(d) Property, Plant and Equipment and Depreciation

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.Freehold land has an unlimited useful life and therefore is not depreciated.

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(d) Property, Plant and Equipment and Depreciation (Contd.)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land and buildings	Over the remaining period of the lease
Buildings	50 years
Workshop, tools and equipment	5 to 10 years
Furniture, fittings and office equipment	3 to 10 years
Renovations	10 years
Buses	10 years
Motor vehicles	7 years
Ticketing machines	5 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(f) Impairment of Non-financial Assets

The carrying amounts of assets, other than investment property, inventories, and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises.

(g) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first-out method. The cost of inventories represents cost of purchase.

Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling and distribution.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(h) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to the financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at cash and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(h) Financial Instruments (Contd.)

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as deduction from equity, net of tax. Equity transaction cost comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(i) Leases

(i) Finance Leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the oustanding liability. Finance costs, which represent the differences between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit and loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 1.2(d).

(ii) Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(j) Income Tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

(k) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(l) Employee Benefits

(i) Short-Term Benefits

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

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary also make contributions to the respective country's statutory pension schemes.

(iii) Defined Benefit Plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the present value of the defined benefit obligation. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(l) Employee Benefits (Contd.)

(iii) Defined Benefit Plans (Contd.)

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. Any assets resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

The last actuarial report was dated 3 March 2006.

(m) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(m) Foreign Currencies (Contd.)

(ii) Foreign Currency Transactions (Contd.)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Advertisement and Rental Income

Income from advertisement and rental are recognised on an accrual basis.

(ii) Bus Services

Revenue is recognised based on bus fare collections and upon rendering of bus charter services.

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.2 Summary of Significant Accounting Policies (Contd.)

(n) Revenue Recognition (Contd.)

(iii) Sale of Goods

Revenue relating to sale of goods is recognised upon the transfer of risks and rewards.

1.3 Changes in Accounting Policies and Adoption of New and Revised FRSs

On 1 January 2006, the Group adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

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

The Group has not early adopted the following new and revised FRSs that are:

Effective for financial periods beginning on or after 1 October 2006

FRS 117	Leases
FRS 124	Related Party Disclosures

Effective for financial periods beginning on or after 1 January 2007

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.3 Changes in Accounting Policies and Adoption of New and Revised FRSs (Contd.)

Effective date deferred indefinitely
FRS 139 Financial Instruments: Recognition and Measurement

The adoption of FRS 119 $_{2004}$ (Revised) and FRS 6 are not expected to have any significant effects on the financial statements of the Group and the Company for the year ending 31 December 2007. The effects on the adoption of FRS 117, 124 and 139 have been exempted from the disclosure.

Other than as disclosed below, the adoption of the new and revised standards did not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their financial impact on the Group, resulting from the adoption of the other new and revised FRSs are as discussed below:

(a) FRS 101: Presentation of Financial Statement

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

Prior to 1 January 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively, over all the financial years under audit and has no impact on the Group's financial statements.

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.3 Changes in Accounting Policies and Adoption of New and Revised FRSs (Contd.)

(b) FRS 140: Investment Property

Investment property is land or buildings held by the Group to earn rental income or for capital appreciation or both. Prior to 1 January 2006, investment property was classified as part of property, plant and equipment. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

	2004 RM'000	2005 RM'000	2006 RM'000
Decrease in property, plant and equipment	(1,214)	(1,188)	(1,162)
Increase in investment properties	1,214	1,188	1,162

2. REVENUE, COST OF SALES AND GROSS PROFIT MARGIN

	2004 RM'000	2005 RM'000	2006 RM'000
Rendering of bus services	52,745	36,341	39,495
Rental of buses	979	1,235	3,039
Premises rental income	423	1,698	20
Advertisement income	168	-	9
Sale of goods	4,959	-	-
	59,274	39,274	42,563
Cost of sales	42,454	26,545	34,522
Gross profit margin (%)	28.4	32.4	18.9

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

3. STAFF COSTS

	2004 RM'000	2005 RM'000	2006 RM'000
Wages and salaries	14,815	5,514	7,069
Social security costs	219	138	173
Pension costs - EPF	1,565	992	1,100
Pension costs - defined benefit	10	92	202
Termination benefits	358	-	-
Other staff related expenses	1,849	3,818	3,676
	18,816	10,554	12,220

Included in staff costs of the Group are executive directors' remuneration as follows:

	2004 RM'000	2005 RM'000	2006 RM'000
Executive Directors' remuneration	249	97	100

4. FINANCE COSTS

	2004 RM'000	2005 RM'000	2006 RM'000
Interest on:			
CPs/MTNs	4,887	3,569	3,864
Others	52	125	49
	4,939	3,694	3,913

5. IMPAIRMENT LOSSES

	2004 RM'000	2005 RM'000	2006 RM'000
Impairment loss on buses	(27)	-	(689)
Impairment loss on other investment	(117)	-	-
Reversal of impairment loss on investment in associate	710	-	-
	566	-	(689)

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

6. PROFIT/(LOSS) BEFORE TAX

	2004 RM'000	2005 RM'000	2006 RM'000
Profit/(loss) before tax is stated after charging/(crediting):			
Staff costs (Note3)	18,816	10,554	12,220
Directors' remuneration	165	182	294
Auditors' remuneration			
- Statutory audits	193	214	214
- Other services	100	-	-
Bad debts written off	936	-	-
Depreciation of property, plant and equipment	11,335	5,972	5,342
Depreciation of investment properties	26	26	22
Impairment loss on other investment	117	-	-
Property, plant and equipment written off	1,194	596	307
Inventories written off	-	25	-
Provision for doubtful debts	661	540	-
Rental of premises	445	1,441	1,655
Rental of equipment	65	30	47
Interest income	(90)	(33)	(5)
Income from rental of premises	(475)	(797)	(778)
Gain on disposal of property, plant and equipment	(5,602)	(3,168)	(889)
Waiver of debts	(1,060)	-	-

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

7. INCOME TAX EXPENSE

	2004 RM'000	2005 RM'000	2006 RM'000
Income tax:			
Tax expense for the year	142	465	45
Real property gains tax	-	(58)	-
Over provision in prior years	(96)	(216)	-
	46	191	45
Deferred tax:			
Relating to origination and reversal of temporary differences	74	(519)	(299)
Under/(over) provision in prior years	111	419	(67)
	185	(100)	(366)
	231	91	(321)

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

	2004 RM'000	2005 RM'000	2006 RM'000
Profit/(loss) before tax	16,134	(3,078)	(5,807)
Taxation at Malaysian statutory tax rate of of 28%	4,497	(862)	(1,626)
Effect on different tax rates	-	(5)	-
Deferred tax recomputed based on the new corporate tax rate	-	-	86
Effect of income subject to tax rate 20%	-	(14)	2
Effect of income subject to RPGT rate of 5%	60	(827)	-
Income not subject to tax	(7,916)	(42)	(161)
Expenses not deductible for tax purposes	3,378	85	99
Utilisation of current year's tax losses	(283)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(6,011)	(690)	(330)
Deferred tax assets not recognised during the the year	6,491	2,243	1,676
Overprovision of tax expense in prior years	15	(216)	-
Under/(over) provision of deferred tax in prior priors	-	419	(67)
Tax expense/(credit) for the year	231	91	(321)

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

8. PROPERTY, PLANT AND EQUIPMENT

2006	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Buses and motor vehicles RM'000	Renovations, furniture, fittings and office equipment RM'000	Ticketing, workshop, tools and equipment RM'000	Total RM'000
Cost						
At 1 January	6,261	1,661	77,423	5,633	6,075	97,053
Additions	-	-	7,322	69	-	7,391
Written off	-	-	(389)	-	-	(389)
Disposal	-	-	(6,106)	(155)	-	(6,261)
At 31 December	6,261	1,661	78,250	5,547	6,075	97,794
Accumulated depreciation and impairment losses						
Accumulated depreciation	258	919	55,498	4,639	5,185	66,499
Accumulated impairment losses	-	-	6,352	-	-	6,352
At 1 January	258	919	61,850	4,639	5,185	72,851
Charge for the year	10	19	4,821	446	46	5,342
Impairment losses	-	-	689	-	-	689
Written off	-	-	(82)	-	-	(82)
Disposals	-	-	(5,565)	(93)	-	(5,658)
At 31 December	268	938	61,713	4,992	5,231	73,142
Analysed as:						
Accumulated depreciation	268	938	54,672	4,992	5,231	66,101
Accumulated impairment losses	-	-	7,041	-	-	7,041
	268	938	61,713	4,992	5,231	73,142
Net carrying amount						
At 31 December	5,993	723	16,537	555	844	24,652

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

2005	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Buses and motor vehicles RM'000	Renovations, furniture, fittings and office equipment RM'000	Ticketing, workshop, tools and equipment RM'000	Total RM'000
Cost						
At 1 January	8,307	12,684	78,196	7,363	13,496	120,046
Additions	-	-	5,145	143	(30)	5,258
Written off	(279)	-	-	-	-	(279)
Disposal	(1,767)	(11,023)	(5,918)	(1,873)	(7,391)	(27,972)
At 31 December	6,261	1,661	77,423	5,633	6,075	97,053
Accumulated depreciation and impairment losses						
Accumulated depreciation	352	2,390	55,356	5,200	12,273	75,571
Accumulated impairment losses	-	-	6,352	-	-	6,352
At 1 January	352	2,390	61,708	5,200	12,273	81,923
Charge for the year	4	174	5,095	646	53	5,972
Written off	(45)	-	-	-	-	(45)
Disposals	(53)	(1,645)	(4,953)	(1,207)	(7,141)	(14,999)
At 31 December	258	919	61,850	4,639	5,185	72,851
Analysed as:						
Accumulated depreciation	258	919	55,498	4,639	5,185	66,499
Accumulated impairment losses	-	-	6,352	-	-	6,352
	258	919	61,850	4,639	5,185	72,851
Net carrying amount						
At 31 December	6,003	742	15,573	994	890	24,202

ERNST & YOUNG
AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

2004	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Buses and motor vehicles RM'000	Renovations, furniture, fittings and office equipment RM'000	Ticketing, workshop, tools and equipment RM'000	Total RM'000
Cost						
At 1 January	8,798	13,512	173,379	9,333	14,550	219,572
Additions	-	-	415	25	9	449
Written off / Disposals	(491)	(828)	(95,598)	(1,995)	(1,063)	(99,975)
At 31 December	8,307	12,684	78,196	7,363	13,496	120,046
Accumulated depreciation and impairment losses						
Accumulated depreciation	314	2,290	117,582	5,144	11,685	137,015
Accumulated impairment losses	-	-	18,750	-	-	18,750
At 1 January	314	2,290	136,332	5,144	11,685	155,765
Charge for the year	82	195	8,343	1,125	1,590	11,335
Impairment losses	-	-	27	-	-	27
Written off / Disposals	(44)	(95)	(82,994)	(1,069)	(1,002)	(85,204)
At 31 December	352	2,390	61,708	5,200	12,273	81,923
Analysed as:						
Accumulated depreciation	352	2,390	42,931	5,200	12,273	63,146
Accumulated impairment losses	-	-	18,777	-	-	18,777
	352	2,390	61,708	5,200	12,273	81,923
Net carrying amount						
At 31 December	7,955	10,294	16,488	2,163	1,223	38,123

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM35,337,000 (2005: RM29,789,000).

(b) The net book value of the leasehold land is made up of the following:

	2004 RM'000	2005 RM'000	2006 RM'000
Short term lease*	8,914	491	478
Long term lease	495	251	245
	9,409	742	723

* Short term leases refer to leasehold land that has an unexpired period of 50 years.

(c) Net carrying amounts of property, plant and equipment held under lease finance arrangements are as follows:

	2004 RM'000	2005 RM'000	2006 RM'000
Buses	113	-	489

During FY2006, the Group acquired property, plant and equipment at aggregate cost of RM3,330,000 by means of lease financing arrangements.

(d) The landed properties of the Group have been pledged as security for the CPs/MTNs issued by Park May and for other banking facilities of the Park May Group, as follows:

	2004 RM'000	2005 RM'000	2006 RM'000
Long term leasehold land and buildings	9,409	742	723
Freehold land and buildings	7,828	6,003	5,993
	17,237	6,745	6,716

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

9. INVESTMENT PROPERTIES

	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Total RM'000
31 December 2006			
Cost			
At 1 January	1,952	38	1,990
Disposal	(784)	-	(784)
At 31 December	1,168	38	1,206
Accumulated depreciation			
At 1 January	790	38	828
Charge for the year	22	-	22
Disposal	(694)	-	(694)
At 31 December	118	38	156
Net carrying amount	1,050	-	1,050
31 December 2005			
Cost			
At 1 January / 31 December	1,952	38	1,990
Accumulated depreciation			
At 1 January	764	38	802
Charge for the year	26	-	26
At 31 December	790	38	828
Net carrying amount	1,162	-	1,162
31 December 2004			
Cost			
At 1 January / 31 December	1,952	38	1,990

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

9. INVESTMENT PROPERTIES (CONTD.)

	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Total RM'000
31 December 2004			
Accumulated depreciation			
At 1 January	738	38	776
Charge for the year	26	-	26
At 31 December	764	38	802
Net carrying amount	1,188	-	1,188

Investment properties comprise of land and buildings leased to third parties have been pledged as security for the CPs/MTNs issued by the Company and for other banking facilities of the Group.

Fair value of investment properties as at FY2006 was estimated by the Directors based on market values of comparable properties, to be approximately RM1,106,000.

10. INVESTMENT IN ASSOCIATES

	2004 RM'000	2005 RM'000	2006 RM'000
In Malaysia:			
Unquoted shares, at cost	1,100	1,100	-
Share of post-acquisition reserves	(883)	(883)	-
	217	217	-
Less: Accumulated impairment losses	(217)	(217)	-
	-	-	-
Represented by:			
Share of net assets	-	-	-

During the FY2006, the Park May Group's equity interest in Airport Coach Sdn. Bhd. was disposed for cash consideration of RM104,550.

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

11. OTHER INVESTMENTS

	2004 RM'000	2005 RM'000	2006 RM'000
Unquoted shares, at cost	125	125	125
Less: Accumulated impairment losses	(125)	(125)	(125)
	-	-	-

12. INVENTORIES

	2004 RM'000	2005 RM'000	2006 RM'000
At cost:			
Spare parts and consumables	38	158	270
At net realisable value:			
Spare parts and consumables	184	82	154
	222	240	424

13. TRADE AND OTHER RECEIVABLES

	2004 RM'000	2005 RM'000	2006 RM'000
Trade receivables			
Third parties	7,308	6,685	5,233
Subsidiaries of a corporate shareholder	2,211	2,569	2,392
Related parties	2,569	-	1,269
	12,088	9,254	8,894
Less: Provision for doubtful debts	(5,496)	(5,948)	(5,948)
	6,592	3,306	2,946
% of trade receivables to revenue	11.1%	8.4%	6.9%
Trade receivables turnover period (days)	41	31	25

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

13. TRADE AND OTHER RECEIVABLES (CONTD.)

	2004 RM'000	2005 RM'000	2006 RM'000
Other receivables			
Sundry receivables	3,722	7,471	2,596
Related parties	43	-	3,428
Deposits	1,163	1,520	1,323
Prepayment	678	413	542
	5,606	9,404	7,889
Less: Provision for doubtful debts	(206)	(294)	(294)
	5,400	9,110	7,595
	11,992	12,416	10,541

(a) Sundry receivables

Included in sundry receivables as at FY2006 are staff loans due within 12 months amounting to RM140,868.

(b) Amount due from subsidiary of corporate shareholders and related parties

Amount due from subsidiary of corporate shareholders and related parties are non-interest bearing and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

14. CASH AND CASH EQUIVALENTS

	2004 RM'000	2005 RM'000	2006 RM'000
Cash on hand and at banks	2,516	3,071	2,122
Deposits with licensed banks	269	207	149
Cash and bank balances	2,785	3,278	2,271
Less : Fixed deposits pledged with licensed banks for securing banking facilities	(269)	(35)	(35)
	2,516	3,243	2,236

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

14. CASH AND CASH EQUIVALENTS (CONTD.)

Deposits with licensed banks of the Park May Group include deposits which have been pledged as security for bank guarantee facilities granted to Park May and certain subsidiaries as follows:

	2004 RM'000	2005 RM'000	2006 RM'000
Fixed deposits	269	35	35

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

	2004	2005	2006
Licensed banks:			
Percentage (%)	2.70	3.10	3.40
Days	365	365	365

15. RETIREMENT BENEFIT OBLIGATION

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying between 6 days to 25 days basic salary per completed year of service on attainment of the retirement age of 55.

	2004 RM'000	2005 RM'000	2006 RM'000
Present value of unfunded defined benefit obligations	1,892	1,946	1,829
Unrecognised actuarial gain	-	(144)	(129)
Unrecognised net transition obligation	(297)	(125)	(63)
Net liability	1,595	1,677	1,637
Analysed as:			
Current	175	200	223
Non-current:			
Later than 1 year	1,420	1,477	1,414
	1,595	1,677	1,637

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

15. RETIREMENT BENEFIT OBLIGATION (CONTD.)

	2004 RM'000	2005 RM'000	2006 RM'000
The amounts recognised in the income statement are as follows:			
Current service cost	5	150	35
Interest cost	5	123	90
Net actuarial losses recognised during the year	-	35	22
Projected benefits payment	-	(276)	-
Net transition obligation	-	60	55
Total, included in staff costs (Note 3)	10	92	202
Movement in the net liability in the current year was as follows:			
At 1 January	1,919	1,595	1,677
Amounts recognised in the income statement	10	92	202
Contributions paid	(334)	(10)	(242)
At 31 December	1,595	1,677	1,637

Principal actuarial assumptions used:

	2004 %	2005 %	2006 %
Discount rate	6	5	5
Expected price inflation	4	4	4
Expected rate of salary increase	5	-	-

16. BORROWINGS

	2004 RM'000	2005 RM'000	2006 RM'000
Short Term Borrowings			
Secured:			
Term loans	91	91	-
Finance lease payables (Note 17)	21	-	1,110
CPs/MTNs	75,000	63,000	63,000
	75,112	63,091	64,110

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

16. BORROWINGS (CONTD.)

	2004 RM'000	2005 RM'000	2006 RM'000
Long Term Borrowings			
Secured:			
Term loans	93	9	-
Finance lease payables (Note 17)	80	-	1,850
	173	9	1,850
Total Borrowings			
Term loans	184	100	-
Finance lease payables (Note 17)	101	-	2,960
CPs/MTNs	75,000	63,000	63,000
	75,285	63,100	65,960
Maturity of borrowings (excluding finance lease):			
Within 1 year	75,091	63,091	63,000
More than 1 year and less than 2 years	93	9	-
	75,184	63,100	63,000

The average effective interest rates during the financial year for borrowings, were as follows:

	2004 %	2005 %	2006 %
Term loans	8.00	8.25	-
Finance lease	5.00	-	4.50
CPs/MTNs	5.56	5.20	5.10

The features of the CPs/MTNs issued are as follows:

(i) The CPs have a maximum principal limit of RM120,000,000.

The CPs/MTNs were constituted by a Trust Deed Program Agreement, a Tender Panel Agreement and an Underwriting Facility Agreement dated 23 January 2002 between Park May and the financial institutions concerned in relation to the refinancing of Redeemable Convertible Secured Bonds. The CPs/MTNs have no listing status.

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

16. BORROWINGS (CONTD.)

(ii) The CPs are issued at a discount with yield to maturity ranging:

	2004 %	2005 %	2006 %
Yield to maturity (per annum)	5.60 - 6.50	4.79 - 5.47	4.70 - 5.40

The features of the CPs/MTNs issued are as follows:

(iii) If any of the Events of Default as provided under the Trust Deed occurs, each of the CPs and MTNs shall be deemed to have matured and the total amounts outstanding (principal and interest) shall immediately become payable by the Park May and the Trust Deed and the securities created under the Security Documents shall become enforceable.

The CPs/MTNs are secured by:

(i) the charge over the designated accounts as defined in the Trust Deed;

(ii) legal charges over all landed properties of Park May and certain landed properties of subsidiaries within Park May Group;

(iii) a fixed and floating charge over all assets of Company and the Group.

17. FINANCE LEASE PAYABLES

	2004 RM'000	2005 RM'000	2006 RM'000
Future minimum lease payments:			
Not later than 1 year	27	-	1,260
Later than 1 year and not later than 2 years	27	-	1,260
Later than 2 years and not later than 5 years	75	-	839
	129	-	3,359
Less: Future finance charges	(28)	-	(399)
Present value of finance lease liabilities	101	-	2,960

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

17. FINANCE LEASE PAYABLES (CONTD.)

	2004 RM'000	2005 RM'000	2006 RM'000
Analysis present value of finance lease liabilities:			
Within 1 year	21	-	1,110
More than 1 year and less than 2 years	22	-	1,110
More than 2 years and less than 5 years	58	-	740
	101	-	2,960
Analysed as:			
Due within 12 months (Note 16)	21	-	1,110
Due after 12 months (Note 16)	80	-	1,850
	101	-	2,960

18. TRADE AND OTHER PAYABLES

	2004 RM'000	2005 RM'000	2006 RM'000
Trade payables			
Third parties	15,647	9,785	9,917
Subsidiaries of a corporate shareholder	133	3,345	2,104
Related parties	779	5,125	6,821
	16,559	18,255	18,842
Other payables			
Sundry payables	6,088	5,973	4,493
Accruals	880	367	1,867
Deposits	1,137	763	808
	8,105	7,103	7,168
	24,664	25,358	26,010

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 - 90 days.

(b) Amount due to subsidiary of corporate shareholders and related parties

Amount due to subsidiary of corporate shareholders and related parties are unsecured, interest-free and has no fixed terms of repayment.

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

19. DEFERRED TAX

	2004 RM'000	2005 RM'000	2006 RM'000
At 1 January	2,686	2,871	2,771
Recognised in the income statement	185	(100)	(366)
At 31 December	2,871	2,771	2,405
Presented after appropriate offsetting as follows:			
Deferred tax assets	(1,536)	(866)	(555)
Deferred tax liabilities	4,407	3,637	2,960
	2,871	2,771	2,405

The components and movements of deferred tax liabilities and assets during FY2004, FY2005 and FY2006 prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000
At 1 January 2006	3,637
Recognised in the income statement	(677)
At 31 December 2006	2,960
At 1 January 2005	4,407
Recognised in the income statement	(770)
At 31 December 2005	3,637
At 1 January 2004	11,705
Recognised in the income statement	(7,298)
At 31 December 2004	4,407

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

19. DEFERRED TAX (CONTD.)

Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2006	(171)	(487)	(208)	(866)
Recognised in the income statement	24	79	208	311
At 31 December 2006	(147)	(408)	-	(555)
At 1 January 2005	(148)	(1,096)	(292)	(1,536)
Recognised in the income statement	(23)	609	84	670
At 31 December 2005	(171)	(487)	(208)	(866)
At 1 January 2004	(9)	(8,718)	(292)	(9,019)
Recognised in the income statement	(139)	7,622	-	7,483
At 31 December 2004	(148)	(1,096)	(292)	(1,536)

20. CAPITAL COMMITMENTS

	2004 RM'000	2005 RM'000	2006 RM'000
Capital expenditure:			
Approved and contracted for:			
Property, plant and equipment	-	-	9,536

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AF: 0039

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

21. FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2006, the current liabilities of Park May Group exceeded current assets by RM77 million and the shareholders' deficits of the Group was RM59 million.

The Group is currently an affected listed issuer under Practice Note 4/2001 of the Bursa Malaysia Securities Berhad Listing Requirements, which indicates that the Group is technically in financial distress. The Group was given until 11 December 2003 to make the requisite announcement to Bursa Malaysia Securities Berhad to regularise its financial condition.

Pursuant to this requirement, the Group made the requisite announcement involving the Restructuring Scheme of Park May on 11 December 2003 on its regularisation plan. On 11 March 2004, the Group submitted its Scheme to the Securities Commission ("SC") for approval.

The approval from SC for the Restructuring Scheme of Park May has been obtained on 27 July 2004. The Group had also obtained approval from the shareholders of the Company during the Extraordinary General Meeting held on 16 May 2005.

Subsequently, SC has approved an extension of time of twenty three (23) months from 27 July 2005 until 26 June 2007 for the Group to complete the Restructuring Scheme of Park May via its letter dated 20 December 2006. The Company is currently taking necessary steps to implement the Restruturing Scheme of Park May.

Upon completion of the Restructuring Scheme of Park May, it is expected that the Group will continue to operate its businesses comprising the stage bus operations in other regions, the express and charter bus operations, with emphasis being given to its express division.

The financial statements have been prepared on a going concern basis which assumes that Park May and Group will continue in operational existence for the foreseeable future. The validity of this assumption is depending on the successful implementation of the Scheme. The financial statements do not include any adjustments that would be required if the restructuring is not concluded and implemented successfully and Park May and Group cannot continue as a going concern.

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, foreign exchange, liquidity and credit risks. At this juncture, the Group is to implement the Restructuring Scheme of Park May as disclosed in Section XX (21) in this Report and to minimise the effects of the volatility of the said financial risks on its financial performance.

The principal financial instruments held by or issued by the Group are cash and deposits, trade receivables and payables, bank borrowings which include term loans and CPs/MTNs. The Group does not use derivative financial instruments for hedging purposes.

The main risks associated with the Group's financial instruments are interest rate risk and liquidity risk, in particular in relation to the CPs in issue. The Board of Directors reviews the Group's exposure to these risks periodically, to ensure that the significant debt obligations are met based on the planned business strategies for the Group and also aim to maintain the interest cost of the Group at an acceptable level.

(b) Interest Rate Risk

The Group's significant interest bearing financial assets and financial liabilities are mainly its deposit placements, and also its short and long term debt obligations comprising the term loans and the CPs/MTNs in issue.

The term loans of the Group as at balance sheet date in relation to FY2004, FY2005 and FY2006 are floating rate financial liabilities, which bear interest based on the base lending rates of financial institutions with the average rates that applied during the year as disclosed under Section XX (16) in this Report. The CPs/MTNs is exposed to interest rate price risk which the Group periodically reviews in conjunction with the formulation of its overall strategies for the redemption of the CPs/MTNs.

(c) Foreign Exchange Risk

The Group has neither material liabilities nor assets that are denominated in foreign currencies as at FY2004, FY2005 and FY2006.

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XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

(d) Liquidity Risk

The Company is an affected issuer pursuant to Practice Note 4/2001 of the Listing Requirements of Bursa Malaysia Securities Berhad.

In order to mitigate liquidity risk, the Group's proposed restructuring scheme plans to deal with the Group's obligation to various participating lenders as of 31 December 2006.

Currently, funding is generally obtained from internal resources of the Group. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

(e) Credit Risk

The Group is not exposed to significant credit risk as its business is substantially conducted on cash basis.

(f) Fair Values

The carrying amounts of financial assets and liability of the Group at the balance sheet date approximated their fair values except for the following:

	Group Carrying Amount RM'000	Group Fair Value RM'000
Financial Assets		
At 31 December 2005:		
Amount due from associates	43	#
At 31 December 2004:		
Amount due from associates	430	#

\# It is not practical to estimate the fair value of amount due from associates due principally to a lack of fixed repayment term entered into by the parties involved and the inability to estimate fair value without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

XX. NOTES TO THE FINANCIAL STATEMENTS - PARK MAY GROUP (CONTD.)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTD.)

(f) Fair Values (Contd.)

Cash and Cash Equivalents, Trade and Other Receivables/Payables

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

XXI. SIGNIFICANT EVENTS

On 14 October 2004, The Kuala Lumpur, Klang and Port Swettenham Omnibus Company Berhad, The Kuala Selangor Omnibus Company Berhad and Tanjung Karang Transportation Sdn. Bhd. ("Central Group"), being the subsidiaries of the Company, entered into an operating and lease agreement with Kenderaan Klang Banting Berhad ("KKBB"), whereby KKBB has agreed to lease the buses and undertake the management of the Central Group's operations with effect from 1 July 2004 at a monthly rental of RM1,000 per bus.

On 14 October 2004, Central Province Wellesley Transport Company Sdn Berhad, The Min Sen Omnibus Company Sdn. Bhd. and Sam Lian Omnibus Company Sendirian Berhad ("Northern Group"), being the subsidiaries of the Company, entered into an operating and lease agreement with Kenderan Langkasuka Sdn Bhd ("KLSB") whereby KLSB has agreed to lease the buses and undertake the management of the Northern Group's operations with effect from 1 July 2004 at a monthly rental of RM1,000 per bus.

In accordance with the terms of the agreement, KKBB and KLSB shall be entitled to retain all revenue received from the operations of the buses whilst bearing all costs and expenses related to the operations of these buses.

The above agreements had expired on 30 June 2006 and the operation of Central and Nothern Group had been managed by the Group itself since then.

ERNST & YOUNG
AF: 0039

XXII AUDITED FINANCIAL STATEMENTS

Yours Faithfully

Ernst & Young
AF: 0039
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim
No. 2607/12/08 (J)
Partner

APPPEDIX 1A

ERNST & YOUNG
AF: 0039

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617580-T

REPORT OF THE AUDITORS TO THE MEMBERS OF KONSORTIUM TRANSNASIONAL BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 17. 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 the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Company as at 31 December 2004 and of the results and the cash flows of the Company for the year ended 31 December 2004; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young
No: AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
1 June 2005

Habibah bte Abdul
No. 1210/05/06(J)
Partner

Partners:
Dato' Syed Amin Aljeffri
Neoh Chin Wah
Lam Wai Min
Mohd Neezal Md. Noordin

AljeffriDean
Chartered Accountants (M)
Firm No:AF 1366

APPENDIX 1B

Principals:
Ghazali Hj. Mohd Yahya
Leong Woay Hong
Kamarul Azhar Dahaman Huri

LAPORAN JURUAUDIT KEPADA AHLI-AHLI
KENDERAAN LANGKASUKA SDN. BHD.
(5683-M)
(Ditubuhkan di Malaysia)

Kami telah mengaudit penyata kewangan yang dibentangkan di mukasurat 10 hingga 23. Penyata kewangan ini adalah tanggungjawab pengarah-pengarah Syarikat.

Tanggungjawab kami adalah untuk menyatakan pendapat yang bebas berdasarkan pengauditan kami, ke atas penyata kewangan ini dan melaporkan pendapat kami kepada pihak tuan, sebagai satu badan, mengikut Seksyen 174, Akta Syarikat, 1965 dan tanpa ada sebarang tujuan yang lain. Kami tidak mengambil tanggungjawab ke atas pihak lain bagi kandungan laporan ini.

Kami melaksanakan pengauditan kami menurut Piawaian-piawaian Audit yang diluluskan di Malaysia. Piawaian-piawaian tersebut menghendaki kami merancang dan melaksanakan kerja-kerja pengauditan untuk memperolehi keyakinan yang munasabah mengenai sama ada penyata kewangan ini bebas daripada salah nyata fakta yang penting. Sesuatu audit merangkumi pemeriksaan, atas dasar pengujian, keterangan yang menyokong jumlah-jumlah dan penyataan di dalam penyata kewangan. Sesuatu audit juga meliputi penilaian prinsip-prinsip penyata kewangan yang digunakan dan anggaran-anggaran penting yang dibuat oleh pengarah-pengarah dan juga penilaian ke atas pembentangan penyata kewangan secara keseluruhannya. Kami percaya bahawa pengauditan kami menyediakan asas yang munasabah bagi pendapat kami.

Pada pendapat kami:

a) penyata kewangan yang dibentangkan telah disediakan menurut piawaian-piawaian perakaunan diluluskan di Malaysia dan mematuhi peruntukan-peruntukan Akta Syarikat, 1965 untuk memberikan gambaran yang benar dan saksama berkenaan:-

   i) kedudukan kewangan Syarikat pada tahun kewangan berakhir 31hb Disember 2004 dan hasil kendalian serta aliran tunai Syarikat bagi tahun kewangan berakhir pada tarikh tersebut; dan

   ii) perkara-perkara yang perlu diambilkira di dalam penyata kewangan Syarikat menurut Seksyen 169, Akta Syarikat, 1965,

b) rekod-rekod perakaunan dan lain-lain rekod dan daftar-daftar yang diperlukan oleh Akta Syarikat, 1965 untuk disimpan oleh Syarikat telah disimpan dengan sempurna mengikut kehendak Akta tersebut.

AljeffriDean
AF 1366
Akauntan Bertauliah (Malaysia)

Mohd Neezal Noordin
No. : 2162/06/05 (J)

Kuala Lumpur,

Tarikh : **13 APR 2005**

HQ: 2-5-13 5th Floor Menara KLH (Business Centre) 2 Jalan Kasipillay 51200 Kuala Lumpur
Tel: 03-23811170 Fax: 03-23811175 e-mail: info@aljeffridean.com website: www.aljeffridean.com

APPENDIX 1C

ERNST & YOUNG
AF: 0039

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6415-H

REPORT OF THE AUDITORS TO THE MEMBER OF KENDERAAN KLANG BANTING BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 6 to 28. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, base on our audit, on the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Company as at 31 December 2004 and of its results and the cash flows of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young
Ernst & Young
AF: 0039
Chartered Accountants

Habibah Abdul
Habibah bte Abdul
No. 1210/05/06(J)
Partner

Kuala Lumpur, Malaysia
28 June 2005

APPENDIX 1D

ERNST & YOUNG
AF: 0039

■ Chartered Accountants
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17730-K

REPORT OF THE AUDITORS TO THE MEMBER OF KENDERAAN LABU SENDAYAN SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 28. 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 the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Company as at 31 December 2004 and of its results and the cash flows of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young
Ernst & Young
AF: 0039
Chartered Accountants

Habibah Abdul
Habibah bte Abdul
No. 1210/05/06(J)
Partner

Kuala Lumpur, Malaysia
28 June 2005

ERNST & YOUNG
AF: 0039

■ Chartered Accountants
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135091-M

REPORT OF THE AUDITORS TO THE MEMBER OF STARISE SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 26. These accompanying financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, base on our audit, on the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 adequacy of the presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

    (i) the financial position of the Company as at 31 December 2004 and of its results and the cash flows of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company.

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Habibah bte Abdul
No. 1210/05/06(J)
Partner

Kuala Lumpur, Malaysia
29 April 2005

APPENDIX 1F

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27504-A

REPORT OF THE AUDITORS TO THE MEMBER OF SYARIKAT REMBAU TAMPIN SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 27. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, base on our audit, on the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 adequacy of the presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Company as at 31 December 2004 and of its results and the cash flows of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company.

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young
Ernst & Young
No: AF 0039
Chartered Accountants

Habibah Abdul
Habibah bte Abdul
No. 1210/05/06(J)
Partner

Kuala Lumpur, Malaysia
13 April 2005

APPENDIX 1G

ERNST & YOUNG
AF: 0039

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327442-K

REPORT OF THE AUDITORS TO THE MEMBERS OF TRANSNASIONAL EXPRESS SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 31. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, base on our audit, on the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Company as at 31 December 2004 and of its results and the cash flows of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young
Ernst & Young
AF: 0039
Chartered Accountants

Habibah Abdul
Habibah bte Abdul
No. 1210/05/06(J)
Partner

Kuala Lumpur, Malaysia
28 June 2005

APPENDIX 1H

Partners:
Dato' Syed Amin Aljeffri
Neoh Chin Wah
Lam Wai Min
Mohd Neezal Md. Noordin

AljeffriDean

Chartered Accountants (M)
Firm No:AF 1366

Principals:
Ghazali Hj. Mohd Yahya
Leong Woay Hong
Kamarul Azhar Dahaman Huri

LAPORAN JURUAUDIT KEPADA AHLI-AHLI SYARIKAT KENDERAAN MELAYU KELANTAN BERHAD (1490-H) (Ditubuhkan di Malaysia)

Kami telah mengaudit penyata kewangan yang dibentangkan di muka surat 12 hingga 35. Penyata kewangan ini adalah tanggungjawab pengarah-pengarah Syarikat.

Tanggungjawab kami adalah untuk menyatakan pendapat yang bebas berdasarkan pengauditan kami, ke atas penyata kewangan ini dan melaporkan pendapat kami kepada pihak tuan, sebagai satu badan, mengikut Seksyen 174 Akta Syarikat, 1965 dan tanpa ada sebarang tujuan yang lain. Kami tidak mengambil tanggungjawab ke atas pihak lain bagi kandungan laporan ini.

Kami melaksanakan pengauditan kami menurut Piawaian-piawaian Audit yang diluluskan di Malaysia. Piawaian-piawaian tersebut menghendaki kami merancang dan melaksanakan kerja-kerja audit untuk memperolehi keyakinan yang munasabah mengenai sama ada penyata kewangan ini bebas dari salah nyata fakta yang penting. Sesuatu audit merangkumi pemeriksaan, atas dasar pengujian, keterangan yang menyokong jumlah-jumlah dan penyataan di dalam penyata kewangan. Sesuatu audit juga meliputi penilaian prinsip-prinsip perakaunan yang digunakan dan anggaran-anggaran penting yang dibuat oleh pengarah-pengarah dan juga penilaian ke atas pembentangan penyata kewangan secara keseluruhannya. Kami percaya bahawa pengauditan kami menyediakan asas yang munasabah bagi pendapat kami.

Pada pendapat kami :

a) penyata kewangan yang dibentangkan telah disediakan menurut Piawaian-piawaian Perakaunan diluluskan di Malaysia dan mematuhi peruntukan-peruntukan Akta Syarikat, 1965 untuk memberikan gambaran yang benar dan saksama berkenaan :-

    i) kedudukan Syarikat pada 31hb Disember 2004 dan hasil kendalian serta aliran tunai Syarikat bagi tahun kewangan berakhir pada tarikh itu; dan

    ii) perkara-perkara yang perlu diambilkira di dalam penyata kewangan Syarikat menurut Seksyen 169, Akta Syarikat, 1965.

b) rekod-rekod perakaunan dan lain-lain rekod dan daftar-daftar yang diperlukan oleh Akta Syarikat, 1965 untuk disimpan oleh Syarikat telah disimpan dengan sempurna mengikut kehendak Akta tersebut.

Kami berpuashati bahawa penyata kewangan syarikat-syarikat subsidiari yang telah disatukan dengan penyata kewangan Syarikat adalah di dalam bentuk dan kandungan yang munasabah dan sesuai untuk tujuan menyediakan penyata kewangan Kumpulan dan kami telah menerima semua maklumat dan keterangan yang kami perlukan untuk tujuan tersebut.

2-5-13, 5th Floor, Menara KLH (Business Centre), No. 2, Jalan Kasipillay, 51200 Kuala Lumpur.
Tel: 03-2381 1170 (Hunting Line) Fax: 03-2381 1175

APPENDIX 1H

No. Syarikat: 1490-H

Laporan juruaudit...samb

Laporan-laporan kami bagi penyata kewangan syarikat-syarikat subsidiari adalah tidak tertakluk kepada apa-apa syarat atau sebarang teguran yang dibuat di bawah Seksyen 174 (3) di dalam Akta tersebut.

AljeffriDean
Nombor Firma : AF 1366
Akauntan Bertauliah (Malaysia)

Mohd Neezal Noordin
Nombor kelulusan : 2162/06/05 (J)

Kuala Lumpur,

Tarikh : 2 4 MAY 2005

APPENDIX 11

ERNST & YOUNG
AF: 0039

■ Chartered Accountants
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3792-X

REPORT OF THE AUDITORS TO THE MEMBERS OF TANJONG KERAMAT TEMERLOH UTARA OMNIBUS BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 29. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, base on our audit, on the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 adequacy of the presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

 (i) the financial position of the Company as at 31 December 2004 and of its results and the cash flows of the Company for the year then ended; and

 (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company.

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young
Ernst & Young
AF 0039
Chartered Accountants

Habibah Abdul
Habibah bte Abdul
No. 1210/05/06(J)
Partner

Kuala Lumpur, Malaysia
13 April 2005

APPENDIX 2

ERNST & YOUNG
AF: 0039

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617580-T

REPORT OF THE AUDITORS TO THE MEMBERS OF KONSORTIUM TRANSNASIONAL BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 8 to 44. 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 the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

(i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and

(ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

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

ERNST & YOUNG
AF: 0039

APPENDIX 2

617580-T

REPORT OF THE AUDITORS TO THE MEMBERS OF KONSORTIUM TRANSNASIONAL BERHAD (CONTD.)
(Incorporated in Malaysia)

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 9(a) 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 with 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 required by us for those purposes.

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

Ernst & Young
Ernst & Young
No: AF 0039
Chartered Accountants

Habibah Abdul
Habibah bte Abdul
No. 1210/05/08(J)
Partner

Kuala Lumpur, Malaysia
15 September 2006

APPENDIX 3

ERNST & YOUNG
AF: 0039

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617580-T

REPORT OF THE AUDITORS TO THE MEMBERS OF KONSORTIUM TRANSNASIONAL BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 8 to 52. 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 the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

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

   (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

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

APPENDIX 3

ERNST & YOUNG
AF: 0039

617580-T

REPORT OF THE AUDITORS TO THE MEMBERS OF KONSORTIUM TRANSNASIONAL BERHAD (CONTD.)
(Incorporated in Malaysia)

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 10(a) 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 with 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 required by us for those purposes.

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

Ernst & Young
No: AF 0039
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim
No. 2607/12/08 (J)
Partner

Kuala Lumpur, Malaysia
6 April 2007

APPENDIX 4

ERNST & YOUNG
AF: 0039

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13294 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF PARK MAY BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 9 to 60. 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 the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries, as indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

APPENDIX 4

ERNST & YOUNG
AF: 0039

13294 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF PARK MAY BERHAD (CONTD.)
(Incorporated in Malaysia)

We are satisfied that the financial statements of the subsidiaries that have been consolidated with 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 required by us for those purposes.

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

In forming our opinion, we have considered the adequacy of the disclosures made in Note 2 of the financial statements. Given the significance that preparation of the financial statements of the Group and of the Company on a going concern basis is dependant on the outcome of the Group's Proposed Restructuring Scheme as well as continuing support from shareholders, financial institutions and creditors, and achieving profitable operations, we consider that this disclosure should be drawn to your attention. Our opinion is not qualified in this respect.

Ernst & Young
AF: 0039
Chartered Accountants

Habibah bte Abdul
No. 1210/05/06 (J)
Partner

Kuala Lumpur, Malaysia
26 April 2005

APPENDIX 5

ERNST & YOUNG
AF: 0039

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13294 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF PARK MAY BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 8 to 58. 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 the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

    (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
AF: 0039

APPENDIX 5

13294 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF PARK MAY BERHAD (CONTD.)
(Incorporated in Malaysia)

We have considered the financial statements and the auditors' reports thereon of the subsidiaries, as indicated in Note 14 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 with 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 required by us for those purposes.

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

In forming our opinion, we have considered the adequacy of the disclosures made in Note 2 to the financial statements. Given that preparation of the financial statements of the Group and of the Company on a going concern basis is significantly dependant on the outcome of the Group's Proposed Restructuring Scheme as well as continuing support from shareholders, financial institutions and creditors, and achieving profitable operations, we consider that this disclosure should be drawn to your attention. Our opinion is not qualified in this respect.

Ernst & Young
Ernst & Young
AF: 0039
Chartered Accountants

Habibah Abdul
Habibah bte Abdul
No. 1210/05/08 (J)
Partner

Kuala Lumpur, Malaysia
27 APR 2006

APPENDIX 6

ERNST & YOUNG
AF: 0039

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13294 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF PARK MAY BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 8 to 68. 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 the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

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

    (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

    (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
AF: 0039

APPENDIX 6

13294 - A

REPORT OF THE AUDITORS TO THE MEMBERS OF PARK MAY BERHAD (CONTD.)
(Incorporated in Malaysia)

We are satisfied that the financial statements of the subsidiaries that have been consolidated with 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 required by us for those purposes.

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

In forming our opinion, we have considered the adequacy of the disclosures made in Note 2 to the financial statements. Given that preparation of the financial statements of the Group and of the Company on a going concern basis is significantly dependent on the outcome of the Group's Proposed Restructuring Scheme as well as continuing support from shareholders, financial institutions and creditors, and achieving profitable operations, we consider that this disclosure should be drawn to your attention. Our opinion is not qualified in this respect.

Ernst & Young
AF: 0039
Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim
No. 2607/12/08(J)
Partner

Kuala Lumpur, Malaysia
6 APR 2007