



# Group Mission Statement

We will strive to be a leading, thoroughly professional and genuinely caring retail group in all that we do. We will provide the best merchandise, sales and service experience for our customers. We will do this in a way that will foster the continuous improvement of our people and our company. We will strive to be a leading Retail Group when measured against appropriate business standards of performance in every function, in every department, in every outlet.

We will pursue quality and profitability with the aim to stay in business and provide jobs for our people. The development of our people is essential to our growth and future success. We will provide them with training to encourage long term employment and professional advancement.

We will strive for constant improvement and innovation in all that we do. We will earn and re-earn the goodwill, trust and confidence of our customers and colleagues every day. The highest ethical standards will guide everything we do. We will strive to achieve Excellence in Service, Efficiency in Management and Integrity in our Business Dealings.

Our suppliers are important to our success. We will establish long term relationship with suppliers whose values and quality are consistent with ours.



# M E T R O J A Y A

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 29 September 2006 at 4.00 p.m. for the following purposes:

### AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2006 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of Directors' Fees for the year ended 31 March 2006. (Resolution 2)
3. To re-elect Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain retiring by rotation pursuant to Article 110 of the Company's Articles of Association. (Resolution 3)
4. To re-elect Ms Tan Lian Tee retiring by rotation pursuant to Article 110 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Tan Sri Dato' Khoo Kay Peng retiring pursuant to Article 90 of the Company's Articles of Association. (Resolution 5)
6. To consider and if thought fit, pass a resolution pursuant to Section 129 of the Companies Act, 1965:  
"That Dr Ngui Chon Hee be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." (Resolution 6)
7. To re-appoint Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)

### As Special Business

To consider and, if thought fit, pass with or without any modifications, the following Ordinary Resolution:

8. ORDINARY RESOLUTION  
Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965  
"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 8)
9. To consider any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

LEONG PARK YIP  
Company Secretary  
Kuala Lumpur  
6 September 2006

**Notes:**

1. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of the attorney. A proxy shall be entitled to vote both on a show of hands and on a poll on any question at any general meeting;*
2. *A proxy need not be a member of the Company but if he is not a Member he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in a particular case or a person approved by the Directors prior to the appointment;*
3. *A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy only in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account;*
4. *Where a Member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy; and*
5. *To be valid this form duly completed must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for the holding of the Meeting or adjourned Meeting.*

**Resolution pursuant to Section 132D of the Companies Act, 1965**

*The Proposed Ordinary Resolution No. 8, if passed, will give the Directors of the Company, from the date of the 31st Annual General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting.*

## CORPORATE INFORMATION

**BOARD OF DIRECTORS**

DATO' AHMAD KHAIRUMMUZAMMIL  
BIN MOHD YUSOFF  
*Chairman*

TAN SRI DATO' MOHD IBRAHIM  
BIN MOHD ZAIN  
*Deputy Chairman*

ROBERT HENG FOOK HEE  
*Chief Executive Officer*

TAN SRI DATO' KHOO KAY PENG

DR NGUI CHON HEE

FARIZON BTE DATO' IBRAHIM

LILLIAN TAN LIAN TEE

KHET KOK YIN

CHAN CHOUNG YAU  
*(Alternate Director to Khet Kok Yin)*

**KEY MANAGEMENT**

ROBERT HENG FOOK HEE  
*Chief Executive Officer*

SIN TIEW CHEO  
*General Manager*  
– *Properties and Operations*

JENNY LIM EYE CHUEN  
*General Manager*  
– *Merchandising – Reject Shop*

JENSEN LIM TEK SHENG  
*Deputy General Manager*  
– *Operations – Northern Region*

PATRICIA LEONG AH CHOY  
*Assistant General Manager*  
– *Finance and Accounts*

PAUL FONG POH KONG  
*Assistant General Manager*  
– *Merchandising – Department Stores*

ALICE TAN BEE LIAN  
*Assistant General Manager*  
– *Advertising and Promotions*

DR CHRISTINE CHOW KIM YIM  
*Assistant General Manager*  
– *Human Resources and Administration*

DANIEL LIM MOON HING  
*Senior Manager*  
– *Operations – Department Stores*

NASRON ABDUL RAHMAN  
*Senior Manager*  
– *Merchandise Control*

TEOH ENG GAIK  
*Divisional Head*  
– *Merchandising – Somerset Bay*

JAMALUDDIN BIN MOHD SHARIF  
*Operations Manager*  
– *Specialty Stores*

**COMPANY SECRETARY**

Leong Park Yip  
(MIA 6569)

**AUDITORS**

Messrs. Deloitte KassimChan  
(AF0080)

**PRINCIPAL BANKERS**

Malayan Banking Berhad  
Citibank Berhad  
RHB Bank Berhad  
Southern Bank Berhad

**REGISTERED OFFICE**

5th Floor, Menara PMI  
No. 2, Jalan Changkat Ceylon  
50200 Kuala Lumpur  
Tel : 03-2116 6789  
Fax : 03-2144 5209

**BUSINESS ADDRESS**

3rd Floor, Menara PMI  
No. 2, Jalan Changkat Ceylon  
50200 Kuala Lumpur  
Tel : 03-2117 5800  
Fax : 03-2070 7119  
Website: [www.metrojaya.com.my](http://www.metrojaya.com.my)

**REGISTRAR**

Pan Malaysia Management Sdn Bhd  
5th Floor, Menara PMI  
No. 2, Jalan Changkat Ceylon  
50200 Kuala Lumpur  
Tel : 03-2148 7696  
Fax : 03-2144 2118

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Metrojaya Berhad, I am pleased to present the Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 March 2006.

### ECONOMIC REVIEW

Global economy grew by 4.3% in 2005. The growth was remarkable considering the persistently high oil prices, rising interest rates and disruptions from natural disasters. The real Gross Domestic Product (GDP) of major industrial countries expanded by 2.6% in 2005 (2004: 3.3%). The Asian region registered better GDP growth of 7.2% in 2005 (2004: 7.9%). Overall, the global economic growth for 2005 was led by China and the United States with growth rates of 9.9% and 3.5% respectively (2004: 10.1% and 3.5% respectively), and supported by the recovery in Japan and Europe which gained momentum in the second half of 2005.

The Malaysian economy in 2005 expanded in tandem with the global economic growth, achieving a GDP growth rate of 5.3% as compared to 7.1% the previous year. The growth was mainly driven by the strong performance in the private sector. Most sectors, with the exception of construction, reported growth in 2005.

The domestic wholesale and retail trade, hotels and restaurants sub-sector, which accounted for a quarter of the services sector recorded another year of strong growth of 8.0% in 2005 (2004: 7.1%). The strong performance was supported by higher spending of domestic households and foreign tourists. In particular, the distributive trade including wholesale and retail industry strengthened significantly.

### FINANCIAL PERFORMANCE

Group revenue for the financial year ended 31 March 2006 rose to RM347.4 million, an increase of RM28.3 million or 9% compared to RM319.1 million in the last financial year.

Driven by growth in retail revenue, the Group recorded a profit before exceptional item of RM25.2 million compared to RM20.1 million the year before. This represented an improvement of RM5.1 million or 25%.

Group profit after tax was RM8.3 million compared to RM19.1 million for the last financial year. The lower profit was mainly due to an exceptional item of RM9.75 million relating to a settlement of loan liabilities in an associated company.

As at 31 March 2006, the Group's shareholders' equity amounted to RM283.7 million while cash and bank balances remained strong at RM70.6 million. The Group had no gearing as at 31 March 2006 and 2005.

### REVIEW OF OPERATIONS

#### Department Stores

In line with the Group's business rationalisation exercise, all the businesses relating to the Metrojaya department store operations undertaken by Metrojaya Berhad, were sold to MJ Department Stores Sdn Bhd on 1 August 2005. However, this corporate restructure has not affected the identity of our department stores which continued to operate under the established Metrojaya name.

In September 2005, a new Metrojaya store was opened at Island Plaza, Penang. Occupying 112,000 square feet, Metrojaya is the anchor tenant of the shopping cum office complex.

In March 2006, the Group closed the Metrojaya store in Section 14, Petaling Jaya following the expiry of its lease and the number of department stores remained at four as at end of the financial year.

During the financial year under review, total department store revenue improved by RM37.6 million or 20% to RM228 million and like-for-like increase for department store revenue improved 11% as a result of continual improvements in merchandise mix, better supply chain management and effective advertising and promotional activities.

## CHAIRMAN'S STATEMENT (cont'd)

**Specialty Stores**

During the financial year, eight new specialty stores were opened as follows:

Specialty Store	No of Stores	Location
Reject Shop	3	Kajang, Selangor • Tebrau City, Johor Baru • USJ Summit, Subang Jaya
East India Company	2	Island Plaza, Penang • Tebrau City, Johor Baru
Somerset Bay	2	Island Plaza, Penang • Tebrau City, Johor Baru
Cape Cod	1	1 Utama, Petaling Jaya
<b>Total</b>	<b>8</b>	

The Cape Cod label, which used to be an in-house brand of Metrojaya, was repositioned as a specialty store with its maiden outlet opened in 1 Utama Shopping Complex, Petaling Jaya in January 2006. During the year, the Reject Shops at Pertama Complex, Kuala Lumpur and Mahkota Parade, Melaka were renovated and upgraded and nine unprofitable specialty stores including all five La Senza outlets ceased operations.

As at 31 March 2006, the Group has 61 specialty stores in Malaysia operating under the established names of Reject Shop (30 stores), East India Company (16 stores), Somerset Bay (11 stores), Living Quarters (3 stores) and Cape Cod (1 store). The total revenue from this sector declined marginally by 1.5% to RM109.4 million.

**Hypermarket**

The Group continues to operate its hypermarket under the brand name Cosmart in its own property in Kompleks Bukit Jambul, Penang.

**MARKETING AND COMMUNITY RELATIONS****Loyalty Programme**

The Metrojaya Privilege Card, a customer loyalty reward programme, continued to play a major role in driving sales during the financial year. Under this programme, customers collect points for each Ringgit spent which can then be redeemed for a range of exciting gifts. The Metrojaya Privilege Card membership increased by 20% while members' purchases accounted for 26% of total Group revenue.

**E-Commerce Initiatives**

Now in its sixth year, the Metrojaya website [www.metrojaya.com.my](http://www.metrojaya.com.my) continues to provide a growing database of permission based subscribers with timely information on the latest fashion launches and in-store promotions across the Group. The website is continually being monitored and updated whilst customers are driven to the website and stores through regular electronic mail-outs. The Group has plans to introduce a full scale e-commerce facility and shopping portal and is closely monitoring the market environment as to when and how this can be most advantageously launched.

**Marketing and Publicity Initiatives**

The Group continues to execute innovative marketing initiatives and publicity campaigns with strategic business partners in Malaysia to position both our Department and Specialty stores positively in the minds of target customers. These are predominantly below the line marketing materials, with the main focus on direct mail, newspaper advertisements and radio commercials. Of particular note was the Metrojaya V Sensation campaign across June and July 2005 when Metrojaya partnered with Suzuki Malaysia Automobile Sdn Bhd, a subsidiary of DRB-Hicom Berhad, to offer a Suzuki Swift 1.5 Auto as a prize for a contest opened to Metrojaya Privilege Cardmembers. The year also saw Metrojaya expanding its retail space by occupying the concourse areas of selected shopping malls around the Klang Valley during the Hari Raya and Christmas seasons to offer seasonal merchandise through sales promotions. These initiatives contributed positively to both branding awareness and revenue.

## CHAIRMAN'S STATEMENT (cont'd)

Along with seasonal sales campaigns, Metrojaya received substantial support from the media for the opening of its new Department Store in Island Plaza, Penang in September 2005. The official launch was graced by the Chief Minister of Penang, YAB Tan Sri Dr Koh Tsu Koon.

In support of the seasonal campaigns of Spring/Summer and Hari Raya/Christmas and Chinese New Year, the Group's Press Fashion Previews attracted positive and widespread news coverage.

### **Community Relations**

During the year, Metrojaya continued to play an active social role through its fund raising activities for community causes. For festive seasons, fund raising drives which began before Deepavali continued through Hari Raya, Christmas and Chinese New Year. For the launch of Metrojaya Island Plaza in Penang, business partners were encouraged to refrain from purchasing congratulatory space in the press and instead to channel the funds to a local charity.

The Hari Raya Campaign raised funds for the Asrama Baitul Ummah whilst the Christmas Campaign raised funds for the orphans from Desa Amal Jireh in Kajang, Selangor. In collaboration with students from University College Sedaya International ("UCSI"), a food party and giving of presents was followed by entertainment and carol singing by the UCSI students.

### **DELISTING OF METROJAYA BERHAD FROM BURSA MALAYSIA SECURITIES BERHAD**

Pursuant to paragraphs 8.15(5) and 8.15(6) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the entire issued and paid up share capital of the Company was removed from the Official List of the Bursa Securities on 31 March 2006.

### **PROPOSED CAPITAL REPAYMENT**

On 26 August 2005, the Board of Directors announced a capital repayment scheme by the Company to its shareholders by way of a reduction of the share premium reserve of the Company by RM164.896 million in accordance with Sections 60(2) and 64(1) of the Companies Act, 1965 ("Proposed Capital Repayment").

In conjunction with the Proposed Capital Repayment, the Board of Directors also announced a change in utilisation of the remaining unutilised cash proceeds previously raised from the rights issue of the Company completed on 10 October 1996, amounting to RM46.9 million as at 30 June 2005. The balance of the rights issue proceeds of RM46.9 million formed part of the Proposed Capital Repayment.

The Board is pleased to inform shareholders that subsequent to the approvals from shareholders, the relevant authorities and confirmation by the High Court, the Proposed Capital Repayment was completed on 11 May 2006.

### **DIVIDENDS**

A second interim dividend of RM0.12 per share on 124,921,000 ordinary shares of RM1.00 each, less 28% tax, amounting to RM10,793,174 for the financial year ended 31 March 2005 was paid on 15 June 2005.

An interim dividend of RM0.10 per share on 124,921,000 ordinary shares of RM1.00 each, less 28% tax, amounting to RM8,994,312 for the financial year ended 31 March 2006 was paid on 13 December 2005.

### **OUTLOOK FOR 2006/2007**

World output and world trade are projected to expand at a firm pace of 4.3% and 7.4% respectively in 2006. In tandem with this growth, the Malaysian economy is expected to strengthen further in 2006. Real GDP is projected to grow at a faster pace of 6.0%, driven by strengthening exports and resilient domestic demand.

## CHAIRMAN'S STATEMENT (cont'd)

The Malaysia Retailers Association expects retail sales in the second half of 2006 to be better than its corresponding period last year. The retail industry is also benefiting from the increased Government and private sector commitment and efforts to bring more tourists into the country.

With a strong foundation laid for our department store operations, the Metrojaya group is poised to expand further and strengthen its position as a leading retailer in Malaysia. Our flagship store in Mid Valley Megamall is continuing its upgrading programme in response to market trends and customer expectations, which should translate into higher sales and profits.

Metrojaya's first fashion concept store MJ by Metrojaya at The Curve, Mutiara Damansara was opened on 19 May 2006. In respect of specialty stores, we have opened eight new stores and closed two stores subsequent to 31 March 2006. The new stores were opened at:

Specialty Store	No of Stores	Location
Reject Shop	1	Berjaya Megamall, Kuantan
East India Company	1	The Curve, Mutiara Damansara
Somerset Bay	1	The Curve, Mutiara Damansara
Cape Cod	5	Bukit Bintang Plaza, Kuala Lumpur • Mid Valley Megamall, Kuala Lumpur Plaza Pelangi, Johor Baru • Island Plaza, Penang The Curve, Mutiara Damansara
<b>Total</b>	<b>8</b>	

With the above additions, we are currently operating 5 department stores and 67 specialty stores. We are also pleased to announce that Metrojaya will be opening its 6th department store at Berjaya Times Square, Kuala Lumpur in September 2006, while its 7th store MJ at Avenue K in Jalan Ampang, Kuala Lumpur is expected to roll out in December 2006.

With the opening of these new stores in 2006, Metrojaya is reaffirming its presence in the three key regional retail markets in Malaysia, namely Klang Valley, Johor Baru and Penang.

Barring unforeseen circumstances, the Group is expected to perform better in the financial year ending 31 March 2007.

### DIRECTORATE

The Board welcomes two new Directors, namely Tan Sri Dato' Khoo Kay Peng who was appointed on 1 April 2006 and Mr Chan Choung Yau who was appointed alternate director to Mr Khet Kok Yin on 4 May 2006.

### ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my sincere appreciation to the Management and all the staff for their continued dedication, commitment, loyalty and contributions. I would also like to thank our suppliers, business associates, bankers, shareholders and the authorities for their support. To my fellow directors, thank you for your wise advice and directions. Last but not least, the Board expresses its gratitude to all Metrojaya customers for their loyal patronage.

### DATO' AHMAD KHAIRUMMUZAMMIL BIN MOHD. YUSOFF

Chairman

8 August 2006

## DIRECTORS' REPORT

The directors of METROJAYA BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2006.

### PRINCIPAL ACTIVITIES

The Company is principally involved in operating department stores and investment holding. During the financial year, the operations of department stores were transferred to a wholly owned subsidiary company. Since then, the Company is principally an investment holding company.

The principal activities of the subsidiary companies are as described in Note 25 to the Financial Statements.

Other than as abovementioned, there have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

### RESULTS OF OPERATIONS

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

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Profit before exceptional item	24,823	24,722
Exceptional item	(9,750)	(9,750)
	<hr/>	<hr/>
Profit before tax	15,073	14,972
Income tax expense	(6,773)	(6,851)
	<hr/>	<hr/>
Net profit for the financial year	<u>8,300</u>	<u>8,121</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the exceptional item as mentioned in Note 5 to the Financial Statements.

### DIVIDENDS

A second interim dividend of RM0.12 per share on 124,921,000 ordinary shares, less 28% tax amounting to RM10,793,174 for the financial year ended March 31, 2005 was paid by the Company on June 15, 2005.

An interim dividend of RM0.10 per share on 124,921,000 ordinary shares, less 28% tax amounting to RM8,994,312 for the financial year ended March 31, 2006, was paid on December 13, 2005.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## DIRECTORS' REPORT (cont'd)

### ISSUE OF SHARES AND DEBENTURES

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

### TREASURY SHARES

The Company has not repurchased any of its own shares during the financial year.

During the current financial year, the treasury shares were cancelled. Details of the treasury shares are set out in Note 23 to the financial statements.

### SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

### OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

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

## DIRECTORS' REPORT (cont'd)

### OTHER FINANCIAL INFORMATION (cont'd)

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the year in which this report is made.

### DIRECTORS

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

Dato' Ahmad Khairummuzammil bin Mohd. Yusoff

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain

Tan Sri Dato' (Dr) Abdul Aziz bin Zain

Dr. Ngui Chon Hee

Farizon bte Dato' Ibrahim

Heng Fook Hee

Khet Kok Yin

Tan Lian Tee

Tan Sri Dato' Khoo Kay Peng (*Appointed on 1.4.2006*)

Chan Choung Yau (*Alternate Director to Khet Kok Yin*) (*Appointed on 4.5.2006*)

In accordance with Article 110 of the Company's Articles of Association, Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain and Ms. Tan Lian Tee retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129 (2) of the Companies Act, 1965, Tan Sri Dato' (Dr) Abdul Aziz Bin Zain and Dr. Ngui Chon Hee retire from the Board at the forthcoming Annual General Meeting, and the Directors recommend their re-appointments pursuant to Section 129 (6) of the said Act.

Tan Sri Dato' Khoo Kay Peng, who was appointed to the Board subsequent to the last Annual General Meeting, retires at the forthcoming Annual General Meeting pursuant to Article 90 of the Company's Articles of Association and, being eligible, offers himself for re-election.

## DIRECTORS' REPORT (cont'd)

**DIRECTORS' INTERESTS**

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares of the Company and its related companies except as stated below:

<b>Shares in the ultimate holding company</b> <b>Pan Malaysian Industries Berhad</b>	<b>Number of ordinary shares of RM0.50 each</b>			<b>Balance at</b> <b>31.3.2006</b>
	<b>Balance at</b> <b>1.4.2005</b>	<b>Bought</b>	<b>Sold</b>	
<b>Registered in the name of director</b>				
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	550,000	–	–	550,000
<b>Deemed interest</b>				
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	4,773,000	–	–	4,773,000
<b>Number of warrants</b>				
<b>Warrants in the ultimate holding company</b> <b>Pan Malaysian Industries Berhad</b>	<b>Balance at</b> <b>1.4.2005</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance at</b> <b>31.3.2006</b>
<b>Deemed interest</b>				
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	1,110,891	–	–	1,110,891

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**HOLDING COMPANY**

The Company is a subsidiary company of Pan Malaysian Industries Berhad, a public listed company incorporated in Malaysia, which is also the ultimate holding company.

## DIRECTORS' REPORT (cont'd)

### **DELISTING OF METROJAYA BERHAD FROM BURSA MALAYSIA SECURITIES BERHAD**

Pursuant to paragraph 8.15 (5) and 8.15 (6) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the entire issued and paid-up share capital of the Company was removed from the Official List of Bursa Securities on March 31, 2006.

### **CAPITAL REPAYMENT EXERCISE**

On August 26, 2005, the Board of Directors announced a capital repayment scheme by the Company to its shareholders via a reduction of the share premium reserve of the Company by RM164.896 million in accordance with Section 64(1) and Section 60(2) of the Companies Act, 1965 ("Proposed Capital Repayment").

The Board of Directors is pleased to announce that the Proposed Capital Repayment has been successfully implemented on May 11, 2006, as shown in Note 28 to the Financial Statements.

### **AUDITORS**

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

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

**DATO' AHMAD KHAIRUMMUZAMMIL BIN MOHD. YUSOFF**

**HENG FOOK HEE**

Kuala Lumpur  
June 23, 2006

## INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2006

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	4	<b>347,393</b>	319,128	<b>56,175</b>	190,533
Other operating income	5	<b>11,434</b>	10,479	<b>24,600</b>	21,259
Changes in inventories of trading merchandise and other inventories	5	<b>3,505</b>	(205)	<b>2,588</b>	(913)
Purchases of trading merchandise and other inventories	5	<b>(240,949)</b>	(213,882)	<b>(44,451)</b>	(138,520)
Staff costs	6	<b>(27,521)</b>	(27,192)	<b>(3,539)</b>	(13,771)
Depreciation of property, plant and equipment	11	<b>(9,109)</b>	(11,525)	<b>(1,697)</b>	(8,177)
Amortisation of goodwill	15	<b>(500)</b>	(500)	-	-
Other operating expenses	5	<b>(59,085)</b>	(56,239)	<b>(8,639)</b>	(33,325)
Profit before exceptional item		<b>25,168</b>	20,064	<b>25,037</b>	17,086
Exceptional item	5	<b>(9,750)</b>	4,648	<b>(9,750)</b>	4,725
Profit after exceptional item		<b>15,418</b>	24,712	<b>15,287</b>	21,811
Finance costs	5	<b>(315)</b>	(432)	<b>(315)</b>	(432)
Share in results of associated companies		<b>(30)</b>	249	-	-
<b>Profit before tax</b>		<b>15,073</b>	24,529	<b>14,972</b>	21,379
Income tax expense	8	<b>(6,773)</b>	(5,395)	<b>(6,851)</b>	(4,353)
<b>Net profit for the financial year</b>		<b>8,300</b>	19,134	<b>8,121</b>	17,026
Earnings per ordinary share of RM1 each	10	<b>6.64 sen</b>	15.32 sen		

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

## BALANCE SHEETS

AS OF MARCH 31, 2006

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>ASSETS</b>					
<b>Property, plant and equipment</b>	11	<b>85,619</b>	86,420	–	17,366
<b>Investments in subsidiary companies</b>	12	–	–	<b>8,825</b>	3,825
<b>Advances to subsidiary company</b>	12	–	–	<b>17,218</b>	17,218
<b>Investments in associated companies</b>	13	–	–	–	–
<b>Other investments</b>	14	<b>10,324</b>	10,324	<b>687</b>	687
<b>Goodwill on consolidation</b>	15	<b>500</b>	1,000	–	–
<b>Deferred tax assets</b>	16	<b>2,351</b>	2,512	–	1,566
<b>Current Assets</b>					
Inventories	17	<b>41,453</b>	37,948	–	19,726
Trade receivables	18	<b>620</b>	498	–	267
Other receivables and prepaid expenses	18	<b>9,260</b>	9,847	<b>578</b>	4,025
Amount owing by subsidiary companies	12	–	–	<b>105,378</b>	99,292
Amount owing by holding company	19	<b>115,847</b>	103,544	<b>115,847</b>	103,544
Fixed deposits	20	<b>64,517</b>	81,503	<b>52,017</b>	74,023
Cash and bank balances		<b>6,039</b>	10,574	<b>1,258</b>	7,662
		<b>237,736</b>	243,914	<b>275,078</b>	308,539
<b>Current Liabilities</b>					
Trade payables	21	<b>33,924</b>	29,128	–	23,596
Other payables and accrued expenses	21	<b>16,871</b>	18,486	<b>235</b>	12,144
Tax liabilities		<b>1,686</b>	1,016	<b>513</b>	735
		<b>52,481</b>	48,630	<b>748</b>	36,475
<b>Net Current Assets</b>		<b>185,255</b>	195,284	<b>274,330</b>	272,064
<b>Deferred Liability</b>					
Deferred tax liabilities	16	<b>(348)</b>	(352)	–	–
<b>Net Assets</b>		<b>283,701</b>	295,188	<b>301,060</b>	312,726
<b>Represented by:</b>					
Issued capital	22	<b>124,921</b>	126,000	<b>124,921</b>	126,000
Reserves	23	<b>158,780</b>	169,188	<b>176,139</b>	186,726
<b>Shareholders' Equity</b>		<b>283,701</b>	295,188	<b>301,060</b>	312,726

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2006

**The Group**

		Non-distributable Reserves		Capital Redemption Reserve	Distributable Reserve Unappropriated Profit/ (Accumulated Loss)	Total
	Issued Capital	Share Premium	Treasury Shares	Reserve		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as of April 1, 2004</b>	126,000	168,545	(846)	–	29,925	323,624
Net profit for the financial year	–	–	–	–	19,134	19,134
Dividends	–	–	–	–	(47,570)	(47,570)
<b>Balance as of March 31, 2005</b>	126,000	168,545	(846)	–	1,489	295,188
Net profit for the financial year	–	–	–	–	8,300	8,300
Dividends	9	–	–	–	(19,787)	(19,787)
Transfer to capital redemption reserve pursuant to cancellation of treasury shares	(1,079)	–	–	1,079	–	–
Cancellation of treasury shares	–	(846)	846	–	–	–
<b>Balance as of March 31, 2006</b>	<b>124,921</b>	<b>167,699</b>	<b>–</b>	<b>1,079</b>	<b>(9,998)</b>	<b>283,701</b>

**The Company**

		Non-distributable Reserves		Capital Redemption Reserve	Distributable Reserve Unappropriated Profit	Total
	Issued Capital	Share Premium	Treasury Shares	Reserve		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as of April 1, 2004</b>	126,000	168,545	(846)	–	49,571	343,270
Net profit for the financial year	–	–	–	–	17,026	17,026
Dividends	–	–	–	–	(47,570)	(47,570)
<b>Balance as of March 31, 2005</b>	126,000	168,545	(846)	–	19,027	312,726
Net profit for the financial year	–	–	–	–	8,121	8,121
Dividends	9	–	–	–	(19,787)	(19,787)
Cancellation of treasury shares	–	(846)	846	–	–	–
Transfer to capital redemption reserve pursuant to cancellation of treasury shares	(1,079)	–	–	1,079	–	–
<b>Balance as of March 31, 2006</b>	<b>124,921</b>	<b>167,699</b>	<b>–</b>	<b>1,079</b>	<b>7,361</b>	<b>301,060</b>

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

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2006

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	<b>15,073</b>	24,529	<b>14,972</b>	21,379
Adjustments for:				
Amortisation of goodwill	<b>500</b>	500	–	–
Depreciation of property, plant and equipment	<b>9,109</b>	11,525	<b>1,697</b>	8,177
Finance costs	<b>315</b>	432	<b>315</b>	432
Property, plant and equipment written off	<b>71</b>	47	<b>40</b>	47
Allowance for doubtful debts	<b>104</b>	5	–	–
Settlement of loan liabilities in an associated company	<b>9,750</b>	–	<b>9,750</b>	–
Share in results of associated companies	<b>30</b>	(249)	–	–
Dividend income	<b>(134)</b>	(221)	<b>(12,529)</b>	(8,068)
Gain on disposal of property, plant and equipment	<b>(32)</b>	(4)	<b>(1)</b>	(4)
Gain on disposal of investment in:				
Associated company	–	(4,648)	–	(4,725)
Quoted shares	–	(213)	–	(213)
Inventories written back	<b>(100)</b>	(1,202)	<b>(1,930)</b>	(1,524)
Allowance for doubtful debts no longer required	<b>(2)</b>	–	<b>(69)</b>	–
Interest income	<b>(7,451)</b>	(7,378)	<b>(7,111)</b>	(7,098)
Operating Profit Before Working Capital Changes	<b>27,233</b>	23,123	<b>5,134</b>	8,403
(Increase)/Decrease in:				
Inventories	<b>(3,405)</b>	1,407	<b>21,656</b>	2,437
Receivables	<b>717</b>	(10)	<b>(2,303)</b>	8,427
Increase/(Decrease) in:				
Payables	<b>3,181</b>	7,299	<b>(35,505)</b>	5,993
Cash Generated From/(Used In) Operations	<b>27,726</b>	31,819	<b>(11,018)</b>	25,260
Dividends received	<b>98</b>	188	<b>9,022</b>	5,812
Interest received	<b>1,848</b>	2,339	<b>1,508</b>	2,059
Income tax refunded	–	838	–	–
Income tax paid	<b>(6,264)</b>	(5,621)	<b>(2,000)</b>	(2,263)
Net Cash From/(Used In) Operating Activities	<b>23,408</b>	29,563	<b>(2,488)</b>	30,868

**CASH FLOW STATEMENTS** (cont'd)  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2006

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions to property, plant and equipment		<b>(8,379)</b>	(3,113)	<b>(25)</b>	(283)
Additional investment in subsidiary company		-	-	<b>(5,000)</b>	-
Proceeds from disposal of property, plant and equipment		<b>32</b>	4	<b>15,655</b>	22
Proceeds from disposal of investments in quoted shares		-	871	-	871
Proceeds from disposal of investment in associated company		-	8,725	-	8,725
Settlement of loan liabilities in an associated company		<b>(9,750)</b>	-	<b>(9,750)</b>	-
Purchase of investment in associated company		<b>(30)</b>	(100)	-	-
Purchase of investment in quoted shares		-	(4,034)	-	-
Net Cash From/(Used In) Investing Activities		<b>(18,127)</b>	2,353	<b>880</b>	9,335
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		<b>(19,787)</b>	(47,570)	<b>(19,787)</b>	(47,570)
Increase in amount owing by holding company		<b>(6,700)</b>	-	<b>(6,700)</b>	-
Finance costs paid		<b>(315)</b>	(432)	<b>(315)</b>	(432)
Net Cash Used In Financing Activities		<b>(26,802)</b>	(48,002)	<b>(26,802)</b>	(48,002)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>					
		<b>(21,521)</b>	(16,086)	<b>(28,410)</b>	(7,799)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>					
		<b>92,077</b>	108,163	<b>81,685</b>	89,484
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>					
	24	<b>70,556</b>	92,077	<b>53,275</b>	81,685

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company is principally involved in operating department stores and investment holding. During the financial year, the operations of department stores were transferred to a wholly owned subsidiary company. Since then, the Company is principally an investment holding company.

The principal activities of the subsidiary companies are as described in Note 25.

Other than as abovementioned, there have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

The total number of employees of the Group and the Company at financial year end were 1,568 (2005: 1,415) and Nil (2005: 649) respectively.

The Company is a public company, incorporated and domiciled in Malaysia. With effect from March 31, 2006, the Company was delisted from Bursa Malaysia Securities Berhad as mentioned in Note 31 to the Financial Statements.

The registered office of the Company is located at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur.

The principal place of business of the Company is located at 3rd Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on June 23, 2006.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention modified by the revaluation of leasehold land and building and investment in a subsidiary company, unless otherwise indicated in the significant accounting policies.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Foreign Currency Conversion (cont'd)**

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

<b>Currency</b>	<b>2006</b>	2005
	<b>RM</b>	RM
1 United States Dollar	<b>3.645</b>	3.800
1 Singapore Dollar	<b>2.247</b>	2.275
1 Hong Kong Dollar	<b>0.461</b>	0.480
1 Sterling Pound	<b>6.345</b>	7.142
1 Indian Rupee	<b>0.078</b>	–

**Income Tax**

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

**Impairment of Assets**

The carrying amounts of property, plant and equipment, investment in subsidiary companies, investment in associated companies and goodwill on consolidation 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. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statements, unless the relevant assets are carried at revalued amounts in which case the impairment loss is stated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised as income immediately, unless the relevant assets are carried at revalued amounts, in which case the reversal of the impairment loss is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Property, Plant and Equipment**

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

Leasehold land and building of a subsidiary company have not been revalued since they were first revalued in 1990. In 2000, the directors applied the transitional provisions of International Accounting Standard No. 16 (Revised), Property, Plant and Equipment by virtue of which a reporting enterprise which does not adopt a policy of revaluation is allowed to retain revalued amounts on the basis of their previous revaluation (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount).

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

Property, plant and equipment, other than freehold and leasehold land and building under construction, are depreciated on a straight-line method to their residual values at the following annual rates based on the estimated useful lives of the various assets:

Building under long-lease	2%
Shoplots	2%
Furniture, fittings and fixtures	15% – 33.33%
Equipment	10% – 33.33%
Motor vehicles	20%

Freehold land and building under construction are not depreciated. Leasehold land at 1990 valuation is amortised over the term of the lease of ninety-six years whilst another 2 parcels of leasehold land is amortised over the remaining term of the lease of eighty-three years and eighty-one years respectively.

**Borrowing Costs**

Finance charges are charged to the income statements in the period incurred.

**Basis of Consolidation**

The consolidated financial statements include the audited financial statements of the Company and of its subsidiary companies made up to March 31, 2006 as shown under Note 25. Subsidiary companies are those companies in which the Group owns directly or indirectly, more than 50% of the equity share capital and has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Basis of Consolidation (cont'd)**

The results of subsidiary companies acquired or disposed off during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company accounts and transactions are eliminated on consolidation.

Goodwill arising on consolidation represents the excess of the cost of the Company's investment in a subsidiary company over the fair values attributable to the net assets of the subsidiary company at the date of acquisition. It is amortised evenly over 10 years.

**Subsidiary Companies**

The investment in unquoted shares of subsidiary companies, which is eliminated on consolidation, is stated at cost or at directors' valuation less any impairment losses in the Company's financial statements.

**Associated Companies**

An associated company is a non-subsiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and in which the Group is in a position to exercise significant influence in its management.

The investments in unquoted shares of the associated companies are stated at cost in the Company's financial statements. Where there is an indication of impairment in value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in associated companies in the Group's financial statements are accounted for under the equity method of accounting based on the latest audited and/or management financial statements of the associated companies made up to March 31, 2006. Under this method of accounting, the Group's interest in post-acquisition profit and reserves of the associated companies is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. Where there is an indication of impairment in value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

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

**Other Investments**

The investments in quoted shares held for long-term basis are stated at cost less allowance for any diminution in value of investments to recognise any decline, other than temporary, in the value of the investments.

**Inventories**

Inventories, consisting of mainly trading merchandise, are valued at the lower of cost (determined on the weighted-average method) and net realisable value. Costs comprise the purchase price plus cost incurred in bringing the inventories to their present location. Net realisable value is arrived at after considering the allowance for obsolete and slow-moving inventories computed at rates which vary based on shelf age of inventories.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Receivables**

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

**Employee Benefits**

## (a) Short-term employee benefits

Salaries, wages, annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

## (b) Post-employment benefits

The Group and the Company makes statutory contributions to the Employees' Provident Fund ("EPF") which are charged to the income statement in the period incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations. This post-employment benefit scheme is in accordance with local conditions and practices in which it operates and is a defined contribution plan.

**Provisions**

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

**Cash Flow Statements**

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

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

**4. REVENUE**

An analysis of revenue is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Retail trading	<b>346,772</b>	318,473	<b>56,175</b>	190,533
Rental income	<b>516</b>	502	-	-
Dividend income	<b>105</b>	153	-	-
	<b>347,393</b>	319,128	<b>56,175</b>	190,533

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**5. OTHER OPERATING INCOME/(EXPENSES)**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income on advances to holding company	<b>5,603</b>	5,039	<b>5,603</b>	5,039
Interest income on fixed deposits	<b>1,848</b>	2,339	<b>1,508</b>	2,059
Rental income receivable from:				
Subsidiary companies	-	-	<b>41</b>	124
Third parties	<b>1,528</b>	1,895	<b>273</b>	606
Dividends received from investments in shares:				
Quoted in Malaysia (gross)	<b>29</b>	29	<b>29</b>	29
Quoted outside Malaysia (gross)	-	39	-	39
Computer system charges to subsidiary companies	-	-	<b>240</b>	720
Allowance for doubtful debts no longer required	<b>2</b>	-	<b>69</b>	-
Handling charges receivable from subsidiary companies	-	-	<b>1,664</b>	-
Share of administrative expenses				
charged to subsidiary companies	-	-	<b>1,150</b>	3,668
Dividend received from subsidiary companies (gross)	-	-	<b>12,500</b>	8,000
Gain on:				
Disposal of property, plant and equipment	<b>32</b>	4	<b>1</b>	4
Disposal of investment in quoted shares	-	213	-	213
Foreign exchange – realised	<b>5</b>	18	<b>2</b>	18
Rental of premises payable to:				
A subsidiary company	-	-	<b>(164)</b>	(492)
A related party	<b>(510)</b>	(211)	-	-
Third parties	<b>(33,204)</b>	(30,388)	<b>(5,774)</b>	(17,867)
Directors' remuneration (Note 7):				
Fees	<b>(110)</b>	(125)	<b>(110)</b>	(125)
Other emoluments	<b>(336)</b>	(562)	<b>(90)</b>	(562)
Finance costs comprising interest on:				
Bank overdrafts	-	(1)	-	(1)
Other borrowings	<b>(315)</b>	(431)	<b>(315)</b>	(431)
Audit fee:				
Statutory	<b>(140)</b>	(131)	<b>(24)</b>	(47)
Non-statutory	<b>(27)</b>	(9)	<b>(21)</b>	(6)
Overprovision in prior year	<b>4</b>	20	<b>5</b>	-
Property, plant and equipment written off	<b>(71)</b>	(47)	<b>(40)</b>	(47)
Allowance for doubtful debts	<b>(104)</b>	(5)	-	-
Exceptional item:				
Gain on disposal of investment				
in an associated company	-	4,648	-	4,725
Settlement of loan liabilities in				
an associated company	<b>(9,750)</b>	-	<b>(9,750)</b>	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**5. OTHER OPERATING INCOME/(EXPENSES) (cont'd)**

Included in changes in inventories of trading merchandise and other inventories is the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Inventories written back	<b>100</b>	1,202	<b>1,930</b>	1,524

**6. STAFF COSTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Salaries, wages and bonuses	<b>20,986</b>	21,052	<b>2,761</b>	11,096
Contributions to EPF	<b>2,134</b>	2,117	<b>221</b>	944
Other employee benefits	<b>4,401</b>	4,023	<b>557</b>	1,731
	<b>27,521</b>	27,192	<b>3,539</b>	13,771

**7. DIRECTORS' REMUNERATION**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Executive directors:				
Other emoluments	<b>336</b>	562	<b>90</b>	562
Non-executive directors:				
Fees	<b>110</b>	125	<b>110</b>	125
	<b>446</b>	687	<b>200</b>	687

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM14,700 (2005: RM22,000).

Included in other emoluments received by the directors of the Group and of the Company is an amount of RM36,000 (2005: RM66,365) and RM9,600 (2005: RM66,365) representing contributions to EPF by the Group and the Company respectively.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**8. INCOME TAX EXPENSE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Current:				
Estimated tax payable	<b>6,907</b>	5,537	<b>5,578</b>	4,239
Deferred tax	<b>685</b>	1,042	<b>2,331</b>	899
	<b>7,592</b>	6,579	<b>7,909</b>	5,138
Under/(Over) provision in prior years:				
Current tax	<b>(291)</b>	(425)	<b>(293)</b>	16
Deferred tax	<b>(528)</b>	(849)	<b>(765)</b>	(801)
	<b>(819)</b>	(1,274)	<b>(1,058)</b>	(785)
Share in income tax of associated company	-	90	-	-
	<b>6,773</b>	5,395	<b>6,851</b>	4,353

A reconciliation of profit before tax to income tax expense at the applicable statutory income tax rates to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before tax	<b>15,073</b>	24,529	<b>14,972</b>	21,379
Tax at applicable statutory income tax rates	<b>4,120</b>	6,751	<b>4,192</b>	5,986
Tax effects of:				
Expenses non-deductible for tax purposes	<b>3,273</b>	1,028	<b>3,717</b>	535
Income non-taxable in determining taxable profit	-	(1,383)	-	(1,383)
Utilisation of deferred tax assets not previously recognised	<b>199</b>	124	-	-
Others	-	59	-	-
	<b>7,592</b>	6,579	<b>7,909</b>	5,138

As of March 31, 2006, the Company and certain subsidiary companies have tax exempt income amounting to approximately RM771,000 (2005: RM740,000) and RM2,169,000 (2005: RM2,169,000) respectively in accordance with the Income Tax Act, 1967.

Also, as of March 31, 2006, the Company and certain subsidiary companies have tax exempt income arising from the tax payable on chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 which amounts to RM840,000 (2005: RM840,000) and RM5,370,000 (2005: RM5,370,000) respectively.

These tax exempt income accounts, which are subject to the approval by the tax authorities, are available for the distribution of tax exempt dividends to the shareholders of the Company and the subsidiary companies without attracting any further tax liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**9. DIVIDENDS**

A second interim dividend of RM0.12 per share on 124,921,000 ordinary shares, less 28% tax amounting to RM10,793,174 for the financial year ended March 31, 2005 was paid by the Company on June 15, 2005.

An interim dividend of RM0.10 per share on 124,921,000 ordinary shares, less 28% tax amounting to RM8,994,312 for the financial year ended March 31, 2006, was paid on December 13, 2005.

**10. EARNINGS PER ORDINARY SHARE**

Earnings per ordinary share is calculated as follows:

	<b>The Group</b>	
	<b>2006</b>	2005
	<b>RM'000</b>	RM'000
Net profit for the financial year (RM'000)	<b>8,300</b>	19,134
Weighted average number of ordinary shares in issue ('000)	<b>124,921</b>	124,921
Basic earnings per ordinary share (sen)	<b>6.64</b>	15.32

**11. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following:

<b>The Group</b>	<b>At beginning</b>			<b>Written</b>	<b>At end</b>
<b>Cost</b>	<b>of year</b>	<b>Additions</b>	<b>Disposals</b>	<b>off</b>	<b>of year</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold land	7,191	–	–	–	7,191
Land under long lease	15,221	193	–	–	15,414
Building under long lease	1,440	–	–	–	1,440
Freehold shoplots	34,198	–	–	–	34,198
Leasehold shoplots	2,972	–	–	–	2,972
Furniture, fittings and fixtures	71,298	7,288	–	(8,556)	70,030
Equipment	29,343	894	(241)	(3,083)	26,913
Motor vehicles	1,344	4	(57)	–	1,291
Building under construction	20,610	–	–	–	20,610
Total	183,617	8,379	(298)	(11,639)	180,059

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**11. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

<b>Accumulated depreciation</b>	<b>At beginning of year RM'000</b>	<b>Charge for the year RM'000</b>	<b>Disposals RM'000</b>	<b>Written off RM'000</b>	<b>At end of year RM'000</b>
Freehold land	–	–	–	–	–
Land under long lease	693	183	–	–	876
Building under long lease	416	29	–	–	445
Freehold shoplots	5,358	684	–	–	6,042
Leasehold shoplots	535	52	–	–	587
Furniture, fittings and fixtures	64,778	5,151	–	(8,494)	61,435
Equipment	24,157	2,967	(241)	(3,074)	23,809
Motor vehicles	1,260	43	(57)	–	1,246
Building under construction	–	–	–	–	–
Total	97,197	9,109	(298)	(11,568)	94,440

<b>Net Book Value</b>	<b>2006 RM'000</b>	<b>2005 RM'000</b>	<b>Depreciation charge for 2005 RM'000</b>
Freehold land	<b>7,191</b>	7,191	–
Land under long lease	<b>14,538</b>	14,528	93
Building under long lease	<b>995</b>	1,024	28
Freehold shoplots	<b>28,156</b>	28,840	685
Leasehold shoplots	<b>2,385</b>	2,437	59
Furniture, fittings and fixtures	<b>8,595</b>	6,520	7,088
Equipment	<b>3,104</b>	5,186	3,510
Motor vehicles	<b>45</b>	84	62
Building under construction	<b>20,610</b>	20,610	–
Total	<b>85,619</b>	86,420	11,525

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**11. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

<b>The Company</b>	<b>At beginning of year</b>	<b>Additions</b>	<b>Disposals</b>	<b>Written off</b>	<b>At end of year</b>
<b>Cost</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Land under long lease	7,216	–	(7,216)	–	–
Leasehold shoplot	2,972	–	(2,972)	–	–
Furniture, fittings and fixtures	43,808	15	(43,784)	(39)	–
Equipment	23,430	6	(23,424)	(12)	–
Motor vehicles	1,093	4	(1,097)	–	–
<b>Total</b>	<b>78,519</b>	<b>25</b>	<b>(78,493)</b>	<b>(51)</b>	<b>–</b>
	<b>At beginning of year</b>	<b>Charge for the year</b>	<b>Disposals</b>	<b>Written off</b>	<b>At end of year</b>
<b>Accumulated depreciation</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Land under long lease	–	–	–	–	–
Leasehold shoplot	534	20	(554)	–	–
Furniture, fittings and fixtures	41,359	828	(42,183)	(4)	–
Equipment	18,251	835	(19,079)	(7)	–
Motor vehicles	1,009	14	(1,023)	–	–
<b>Total</b>	<b>61,153</b>	<b>1,697</b>	<b>(62,839)</b>	<b>(11)</b>	<b>–</b>
			<b>Depreciation charge</b>		
<b>Net Book Value</b>	<b>2006 RM'000</b>	<b>2005 RM'000</b>	<b>for 2005 RM'000</b>		
Land under long lease	–	7,216	–		
Leasehold shoplot	–	2,438	59		
Furniture, fittings and fixtures	–	2,449	5,019		
Equipment	–	5,179	3,037		
Motor vehicles	–	84	62		
<b>Total</b>	<b>–</b>	<b>17,366</b>	<b>8,177</b>		

Included in land and building under long lease of the Group at cost is an amount of RM3,540,000 representing the carrying value of a subsidiary company's long leasehold land and building at 1990 valuation. In accordance with the transitional provisions of International Accounting Standard No. 16 (Revised), Property, Plant and Equipment, these properties continue to be carried at their 1990 valuation amount.

The surplus of RM1,231,139 arising from the revaluation had been credited to capital reserve of the said subsidiary company, of which an amount of RM1,175,000 was utilised for a bonus issue of the Company's ordinary shares in prior years. A deferred tax liability of RM345,000 is provided on the revaluation surplus.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**12. INVESTMENTS IN SUBSIDIARY COMPANIES**

The Company's investments in subsidiary companies are as follows:

	<b>The Company</b>	
	<b>2006</b>	2005
	<b>RM'000</b>	RM'000
Unquoted shares		
– at 1990 valuation	<b>1,675</b>	1,675
– at cost	<b>10,509</b>	5,509
	<b>12,184</b>	7,184
Less: Impairment loss	<b>(3,359)</b>	(3,359)
	<b>8,825</b>	3,825

The Company's investment in unquoted shares of a subsidiary company, stated at valuation was revalued by directors in March 1990 in connection with the initial offer for sale and public flotation of the Company's shares on the Main Board of Bursa Malaysia Securities Berhad. It was not the intention of the directors then to adopt a policy for revaluation of its long-term investments in subsidiary companies at a regular interval. Accordingly, the Company continues to state its investments in unquoted shares of a subsidiary company at its 1990 valuation.

The advances to subsidiary companies are non-interest bearing and not repayable within the next twelve months.

The amount owing by subsidiary companies shown under current assets represents outstanding balances arising mainly from trade transactions, rental receivable, share of administrative expenses charged and payments made on behalf. The amount owing by subsidiary companies is non-interest bearing and has no fixed repayment terms.

**13. INVESTMENTS IN ASSOCIATED COMPANIES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Unquoted shares – at cost	<b>26,894</b>	26,864	–	–
Share in post-acquisition results	<b>(26,894)</b>	(26,864)	–	–
Net	–	–	–	–

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**14. OTHER INVESTMENTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Shares quoted in Malaysia:	<b>12,567</b>	12,567	<b>873</b>	873
Less: Allowance for diminution in value	<b>(2,243)</b>	(2,243)	<b>(186)</b>	(186)
	<b>10,324</b>	10,324	<b>687</b>	687
Market value of shares quoted in Malaysia	<b>7,685</b>	6,613	<b>589</b>	568

The Directors are of the opinion that the shortfall in market value of the investment in quoted shares is temporary in nature and there is no permanent diminution in the value of these investments.

**15. GOODWILL ON CONSOLIDATION**

	<b>The Group</b>	
	<b>2006</b>	2005
	<b>RM'000</b>	RM'000
Goodwill on consolidation	<b>5,000</b>	5,000
Amortisation:		
At beginning of financial year	<b>(4,000)</b>	(3,500)
Amortisation for the financial year	<b>(500)</b>	(500)
At end of financial year	<b>(4,500)</b>	(4,000)
	<b>500</b>	1,000

**16. DEFERRED TAX ASSETS/(LIABILITIES)****Deferred Tax Assets**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of financial year	<b>2,512</b>	2,709	<b>1,566</b>	1,664
Transfer from income statement	<b>(161)</b>	(197)	<b>(1,566)</b>	(98)
At end of financial year	<b>2,351</b>	2,512	<b>-</b>	1,566

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**16. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)**

The net deferred tax assets are in respect of the following:

	<b>Deferred Tax Assets/(Liabilities)</b>			
	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Tax effects of temporary differences in respect of:				
Property, plant and equipment	<b>1,258</b>	(169)	-	(283)
Provisions	<b>1,093</b>	1,349	-	517
Tax effects of unused tax losses and unabsorbed capital allowances	-	1,332	-	1,332
	<b>2,351</b>	2,512	-	1,566

As mentioned in Note 3, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilised. As of March 31, 2006, the amount of net deferred tax assets of certain subsidiary companies, calculated at the applicable statutory income tax rates and which has not been recognised in the financial statements, is as follows:

	<b>The Group</b>	
	<b>Deferred Tax Assets</b>	
	<b>2006</b>	2005
	<b>RM'000</b>	RM'000
Tax effects of temporary differences in respect of:		
Property, plant and equipment	<b>49</b>	87
Provisions	<b>17</b>	21
Tax effects of unused tax losses and unabsorbed capital allowances	<b>1,523</b>	1,282
Net	<b>1,589</b>	1,390

These deferred tax assets have not been recognised in the financial statements of the Group due to uncertainty of their realisation. The unabsorbed capital allowances and unused tax losses are subject to agreement by the Inland Revenue Board.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**16. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)****Deferred Tax Liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of financial year	<b>352</b>	356	-	-
Transfer from income statement	<b>(4)</b>	(4)	-	-
At end of financial year	<b>348</b>	352	-	-

The net deferred tax liabilities are in respect of:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Tax effects of temporary differences in respect of:				
Property, plant and equipment	<b>63</b>	63	-	-
Revaluation reserve	<b>285</b>	289	-	-
	<b>348</b>	352	-	-

**17. INVENTORIES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At cost:				
Trading merchandise	<b>47,839</b>	44,231	-	21,161
Others	<b>661</b>	864	-	495
	<b>48,500</b>	45,095	-	21,656
Less: Inventories written down	<b>(7,047)</b>	(7,147)	-	(1,930)
	<b>41,453</b>	37,948	-	19,726

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES**

Trade receivables of the Group and of the Company comprise mainly amounts receivable from credit card companies and corporate customers for the sales of goods.

The credit period granted to credit card companies and corporate customers of the Group and of the Company range from 7 to 30 days (2005: 7 to 30 days).

Other receivables and prepaid expenses consist of:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables	<b>1,133</b>	1,551	<b>578</b>	912
Less: Allowance for doubtful debts	<b>(189)</b>	(87)	<b>-</b>	(69)
	<b>944</b>	1,464	<b>578</b>	843
Refundable deposits	<b>4,967</b>	5,113	<b>-</b>	2,037
Prepaid expenses	<b>2,393</b>	2,668	<b>-</b>	1,145
Tax recoverable from tax authorities	<b>956</b>	602	<b>-</b>	-
	<b>9,260</b>	9,847	<b>578</b>	4,025

Other receivables of the Group and of the Company comprise mainly amount owing by a related party for investment fund management and interest income receivable.

**19. AMOUNT OWING BY HOLDING COMPANY**

The Company is a subsidiary company of Pan Malaysian Industries Berhad (PMI), a public listed company incorporated in Malaysia, which is also the ultimate holding company.

The amount owing by holding company totalling RM115,847,000 (2005: RM103,544,000) is unsecured and bears interest at 5% (2005: 5%) per annum. The outstanding amount has no fixed repayment terms except for an amount of RM31.7 million consisting of three temporary term loans granted of RM15.0 million, RM10.0 million and RM6.7 million which were to be repaid by August 2003, March 2006 and May 2006 respectively. However, as of March 31, 2006, no repayment has been made.

The Directors have reviewed the collectibility of the outstanding balance owing by the holding company and are of the opinion that the outstanding balance is collectible in full and no allowance for non-recoverability is deemed necessary.

Subsequent to the financial year end, the amount owing by holding company was settled as mentioned in Note 28 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**20. FIXED DEPOSITS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Amounts deposited with:				
Licensed banks	<b>62,466</b>	73,631	<b>49,966</b>	66,151
Licensed finance company	<b>2,051</b>	7,872	<b>2,051</b>	7,872
Total	<b>64,517</b>	81,503	<b>52,017</b>	74,023

The fixed deposits of the Group and of the Company have an average maturity period of 90 days (2005: 90 days) and bear interest at an average interest rate of 2.6% (2005: 2.6%) per annum.

**21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES**

Trade payables of the Group and of the Company comprise amounts outstanding for trade purchases. The average credit period granted to the Group and the Company for trade purchases range from 30 to 60 days (2005: 30 to 60 days).

Analysis of trade payables by currency:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Ringgit Malaysia	<b>33,896</b>	29,128	-	23,596
Indian Rupee	<b>12</b>	-	-	-
Singapore Dollar	<b>10</b>	-	-	-
Euro	<b>6</b>	-	-	-
	<b>33,924</b>	29,128	-	23,596

Other payables and accrued expenses consist of:

Other payables	<b>7,308</b>	5,876	-	4,254
Accrued expenses	<b>9,563</b>	12,610	<b>235</b>	7,890
	<b>16,871</b>	18,486	<b>235</b>	12,144

Other payables of the Group and of the Company comprise mainly amounts outstanding for operating expenses.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**22. SHARE CAPITAL**

	<b>The Group and The Company</b>	
	<b>2006</b> RM'000	2005 RM'000
<b>Authorised:</b>		
Ordinary shares of RM1 each	<b>300,000</b>	300,000
<b>Issued and fully paid:</b>		
Ordinary shares of RM1 each:		
At beginning of year	<b>126,000</b>	126,000
Transfer to capital redemption reserve	<b>(1,079)</b>	–
At end of year	<b>124,921</b>	126,000

**23. RESERVES**

Reserves consist of the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b> RM'000	2005 RM'000	<b>2006</b> RM'000	2005 RM'000
<b>Non-Distributable Reserves:</b>				
Share premium	<b>167,699</b>	168,545	<b>167,699</b>	168,545
Treasury shares	–	(846)	–	(846)
Capital redemption reserve	<b>1,079</b>	–	<b>1,079</b>	–
Total Non-Distributable Reserves	<b>168,778</b>	167,699	<b>168,778</b>	167,699
<b>Distributable Reserves:</b>				
Unappropriated profit/(Accumulated loss)	<b>(9,998)</b>	1,489	<b>7,361</b>	19,027
Total	<b>158,780</b>	169,188	<b>176,139</b>	186,726

Distributable reserves are those available for distribution by way of cash dividend.

Based on the tax exempt income account balance as mentioned in Note 8 and based on the estimated tax credits available and the prevailing tax rate applicable to dividends, the entire unappropriated profit of the Company as of March 31, 2006 is available for distribution by way of cash dividends without additional tax liability being incurred.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**23. RESERVES (cont'd)****Share premium**

Share premium arose from the following:

	<b>The Group and The Company</b>	
	<b>2006</b>	2005
	<b>RM'000</b>	RM'000
Public issue of 3,000,000 ordinary shares issued at a premium of RM0.90 per ordinary share in 1991, net of share issue expenses of RM663,000	<b>2,037</b>	2,037
Rights issue of 84,000,000 ordinary shares issued at a premium of RM2.00 per ordinary share in 1997, net of share issue expenses of RM1,492,000	<b>166,508</b>	166,508
	<b>168,545</b>	168,545
Cancellation of treasury shares	<b>(846)</b>	–
	<b>167,699</b>	168,545

**Treasury Shares**

In 2004, the Company repurchased 1,079,000 of its issued ordinary shares at average cost of RM0.78 per share from the open market on Bursa Malaysia Securities Berhad for a cash consideration of RM846,117. The transactions were financed by internally generated funds. The shares repurchased were being held as treasury shares as allowed under Section 67A of the Companies Act, 1965. The rights attached to the treasury shares in relation to voting, dividends and participation in any other distributions were suspended. On September 12, 2005, the Company cancelled the 1,079,000 treasury shares in accordance with the authority given by the shareholders' mandate on April 17, 2003.

**24. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fixed deposits	<b>64,517</b>	81,503	<b>52,017</b>	74,023
Cash and bank balances	<b>6,039</b>	10,574	<b>1,258</b>	7,662
	<b>70,556</b>	92,077	<b>53,275</b>	81,685

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**25. SUBSIDIARY AND ASSOCIATED COMPANIES**

The subsidiary and associated companies, all incorporated in Malaysia except as indicated, are as follows:

<b>Direct Subsidiary Companies</b>	<b>Effective Equity Interest</b>		<b>Issued Share Capital</b>	<b>Principal Activities</b>
	<b>2006 %</b>	<b>2005 %</b>		
Designer Forte Sdn. Bhd.	<b>100</b>	100	RM25,000	Dormant
East India Company Clothing (Malaysia) Sdn. Bhd.	<b>100</b>	100	RM2	Pre-operating
Living Quarters Sdn. Bhd.	<b>100</b>	100	RM200,000	Operating of specialty stores
Metro Direct Sdn. Bhd.	<b>88</b>	88	RM750,000	Dormant
Metro Multiples Sdn. Bhd.	<b>100</b>	100	RM500,000	Investment holding
Metrojaya Holdings Sdn. Bhd.	<b>100</b>	100	RM2	Pre-operating
Metrojaya Department Stores Sdn. Bhd.	<b>100</b>	100	RM2	Pre-operating
Millionmart Sdn. Bhd.	<b>100</b>	100	RM324,767	Investment holding
MJ Accessories Sdn. Bhd.	<b>100</b>	100	RM2	Pre-operating
MJ Cape Cod Sdn. Bhd. (Formerly known as Contemporary Image Sdn. Bhd.)	<b>100</b>	100	RM100,000	Operating of specialty stores
MJ Department Stores Sdn. Bhd.	<b>100</b>	100	RM5,000,000	Operating of department stores
MJ Discount Store Sdn. Bhd.	<b>100</b>	100	RM2	Pre-operating
MJ Properties Sdn. Bhd.	<b>100</b>	100	RM500,000	Property investment and investment holding
MJ Properties (Komtar) Sdn. Bhd.	<b>100</b>	100	RM2,000,000	Property investment and investment holding
MJ Reject Shop Sdn. Bhd.	<b>100</b>	100	RM500,000	Dormant
MJ Reject Shop (2002) Sdn. Bhd.	<b>100</b>	100	RM1,000,000	Operating of specialty stores and general merchandising stores
MJ Somerset Bay Sdn. Bhd.	<b>100</b>	100	RM200,000	Operating of specialty stores
MJ Specialty Stores.Com Sdn. Bhd.	<b>100</b>	100	RM2	Pre-operating
East India Company (Hong Kong) Pte. Limited * (Incorporated in Hong Kong)	<b>100</b>	100	HKD2	Pre-operating
East India Company (Singapore) Pte Ltd * (Incorporated in Singapore)	<b>100</b>	100	SGD2	Pre-operating
Metrojaya Reject Shop Pte Ltd * (Incorporated in Singapore)	<b>100</b>	100	SGD2	Pre-operating

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**25. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)**

	Effective		Issued Share Capital	Principal Activities
	Equity Interest 2006	2005		
Indirect Subsidiary Companies	%	%		
EIC Clothing Sdn. Bhd.	100	100	RM300,000	Operating of specialty stores
Blue Spruce Holdings Ltd. (Incorporated in the British Virgin Islands)	100	100	USD1	Pre-operating
Danberg Overseas Inc. (Incorporated in the British Virgin Islands)	100	100	USD100	Pre-operating
Dixon Enterprise Limited * (Incorporated in Hong Kong)	100	100	HKD2	Pre-operating
The East India Company Clothing (UK) Limited * (Incorporated in the United Kingdom)	100	100	£1	Pre-operating
<b>Associated Company</b>				
Affluent Development Sdn. Bhd.	50	50	RM7,042,721	Property investment and property management

\* The financial statements of these companies are audited by auditors other than the auditors of the Company.

**26. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

Name of related parties	Relationship
MUI Plaza Sdn. Bhd. MUI Continental Insurance Berhad Pan Malaysia Travel & Tours Sdn. Bhd Malayan United Management Sdn. Bhd Pan Malaysia Holdings Berhad	These companies are the subsidiary companies of Malayan United Industries Berhad, an associated company of Pan Malaysian Industries Berhad

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**26. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)****Significant Related Party Transactions and Balances**

The significant related party transactions undertaken by the Group and the Company with related parties during the financial year and the respective balances outstanding at the financial year end are as follows:

**The Group**

	<b>Transactions</b>		<b>Balances Outstanding</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income on advances granted to				
– Pan Malaysian Industries Berhad (Note 19)	<b>5,603</b>	5,039	<b>5,603</b>	5,039
Office rental charged by				
– MUI Plaza Sdn. Bhd.	<b>-</b>	211	<b>-</b>	-
– Pan Malaysia Holdings Berhad	<b>510</b>	-	<b>-</b>	-
Insurance premium charged by				
– MUI Continental Insurance Berhad	<b>562</b>	557	<b>-</b>	10
Air tickets, travel and ancillary services charged by				
– Pan Malaysia Travel & Tours Sdn. Bhd.	<b>211</b>	200	<b>7</b>	4
Computer related services and internal audit services charged by				
– Malayan United Management Sdn. Bhd.	<b>78</b>	70	<b>1</b>	30

Significant intercompany transactions undertaken during the financial year and the respective balances outstanding at the financial year end are as follows:

**The Company**

	<b>Transactions</b>		<b>Balances Outstanding</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Concessionaire sales paid/payable to				
– EIC Clothing Sdn. Bhd.	<b>1,237</b>	5,528	<b>-</b>	226
– MJ Somerset Bay Sdn. Bhd.	<b>1,466</b>	5,297	<b>-</b>	204
– MJ Cape Cod Sdn Bhd (Formerly known as Contemporary Image Sdn. Bhd.)	<b>359</b>	967	<b>-</b>	55

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**26. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)****The Company**

	Transactions		Balances Outstanding	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Handling charges receivable from				
– MJ Reject Shop (2002) Sdn. Bhd.	<b>765</b>	–	<b>765</b>	–
– EIC Clothing Sdn. Bhd.	<b>347</b>	–	<b>347</b>	–
– MJ Somerset Bay Sdn. Bhd.	<b>379</b>	–	<b>379</b>	–
– Living Quarters Sdn. Bhd.	<b>81</b>	–	<b>81</b>	–
– MJ Cape Cod Sdn. Bhd. (Formerly known as Contemporary Image Sdn. Bhd.)	<b>92</b>	–	<b>92</b>	–
Share of administrative expenses charged to				
– MJ Reject Shop (2002) Sdn. Bhd.	<b>762</b>	2,365	–	137
– EIC Clothing Sdn. Bhd.	<b>147</b>	562	–	43
– MJ Somerset Bay Sdn. Bhd.	<b>132</b>	396	–	28
– Living Quarters Sdn. Bhd.	<b>87</b>	285	–	24
– MJ Cape Cod Sdn. Bhd. (Formerly known as Contemporary Image Sdn. Bhd.)	<b>22</b>	60	–	5
Dividend receivable (gross) from				
– MJ Reject Shop Sdn. Bhd.	<b>4,167</b>	5,000	–	–
– Metro Multiples Sdn. Bhd.	<b>7,500</b>	2,700	–	–
– Millionmart Sdn. Bhd.	<b>833</b>	300	–	–
Rental of premises received from				
– MJ Reject Shop (2002) Sdn. Bhd.	<b>41</b>	124	–	–
Rental of premises payable to				
– MJ Properties Sdn. Bhd.	<b>164</b>	492	–	41
Computer system charges to				
– MJ Reject Shop (2002) Sdn. Bhd.	<b>153</b>	460	–	–
– EIC Clothing Sdn. Bhd.	<b>40</b>	120	–	–
– MJ Somerset Bay Sdn. Bhd.	<b>20</b>	60	–	–
– Living Quarters Sdn. Bhd.	<b>20</b>	60	–	–
– MJ Cape Cod Sdn. Bhd. (Formerly known as Contemporary Image Sdn. Bhd.)	<b>7</b>	20	–	–
Disposal of property, plant and equipment to MJ Properties Sdn. Bhd.	<b>9,634</b>	–	<b>9,634</b>	–
Net assets transferred relating to the transfer of operations of Metrojaya department stores to MJ Department Stores Sdn. Bhd.	<b>3,785</b>	–	–	–

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**27. FINANCIAL INSTRUMENTS****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 businesses whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the Group's policy is generally not to engage in speculative transactions.

The main areas of financial risks faced by the Group are as follows:

**Foreign currency exchange risk**

The Group's exposure to foreign currency risk is minimal as its transactions are mainly denominated in Ringgit Malaysia (RM) and United States Dollar (USD). The imposition of currency controls via the pegging of RM to USD at the fixed exchange rate of USD1.00 to RM3.80 by Bank Negara Malaysia since September 1998 has stabilised the risks arising from foreign exchange fluctuation.

From July 21, 2005, the exchange rate for RM is operated as a managed float against a basket of currencies. The Group will monitor changes in the exchange rate and, where appropriate, enter into forward foreign currency exchange contracts to limit its exposure on foreign currency payables.

**Interest rate risk**

The Group's interest bearing financial liabilities at balance sheet date is minimal. Interest earning financial assets are mainly deposits placed with banks and financial institutions that generate interest income. Duration of the placements and interest rates are revised regularly to maximise interest income.

**Market risk**

Market risk in respect of investment in quoted securities is monitored through guidelines and policies.

**Credit risk**

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Term and call deposits and bank balances are held with licensed banks and financial institutions.

As at balance sheet date, the concentration of credit risk is limited due to ongoing credit evaluations on all customers and suppliers. Therefore the Group does not expect to incur material credit losses on its risk management and financial assets.

**Liquidity and Cash flow risks**

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group also maintains sufficient credit facilities for investment opportunities and contingent funding requirement of working capital. The Group's cash flow is reviewed regularly to ensure the Group is able to settle its commitments when they fall due.

**Financial Assets**

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables, amount owing by holding company and other investments.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**27. FINANCIAL INSTRUMENTS (cont'd)****Financial Liabilities**

Significant financial liabilities include trade payables and other payables.

**Fair Values**

The fair values of the financial assets and financial liabilities reported in the balance sheet approximate the carrying amounts of these assets and liabilities because of the immediate or short-term maturity of these financial instruments except as follows:

	Note	The Group		The Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial assets</b>					
Advances to subsidiary companies	12	–	–	17,218	–
Other investments – quoted shares	14	10,324	7,685	687	589

It is not practical to estimate the fair value of the advances to subsidiary companies as there are no fixed terms of repayment.

The market value of other investments in quoted shares represents the fair value of the quoted shares.

**28. STATUS OF CORPORATE PROPOSALS/RIGHTS ISSUE**

On August 26, 2005, the Board of Directors announced a capital repayment scheme by the Company to its shareholders via a reduction of the share premium reserve of the Company by RM164.896 million in accordance with Section 64(1) and Section 60(2) of the Companies Act, 1965 ("Proposed Capital Repayment").

In conjunction with the Proposed Capital Repayment, the Board of Directors also announced a change in utilisation of the remaining unutilised cash proceeds previously raised from the rights issue of the Company completed on October 10, 1996 amounting to RM46.9 million as at June 30, 2005 ("Proposed Change in Utilisation"). The balance of rights issue proceeds of RM46.9 million shall form part of the Proposed Capital Repayment.

The Proposed Change in Utilisation and Proposed Capital Repayment had been approved by the shareholders via an Extraordinary General Meeting held on December 13, 2005. The Securities Commission has, vide its letter dated December 14, 2005, approved the Proposed Change in Utilisation to partly fund the Proposed Capital Repayment. The High Court of Malaya confirmed the Proposed Capital Repayment on April 7, 2006.

Subsequent to the approvals from the relevant authorities, the Proposed Capital Repayment was completed on May 11, 2006 as follows:

	<b>2006</b>
	<b>RM'000</b>
Set-off of capital repayment with amount owing by PMI	<b>115,847</b>
Net payment to PMI	<b>34,306</b>
Payment to other shareholders	<b>14,743</b>
	<b>164,896</b>

The Company does not have other corporate proposals as at March 31, 2006.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**29. COMMITMENTS**

As at the end of the financial year:

- (i) The Group and the Company have outstanding commitments in respect of future rental of premises as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financial year ending March 31,				
2006	-	27,265	-	16,558
2007	<b>26,799</b>	18,766	-	11,248
2008	<b>19,429</b>	12,961	-	9,972
2009	<b>9,167</b>	-	-	-
	<b>55,395</b>	58,992	-	37,778

- (ii) The Group and the Company have capital commitments as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Approved and contracted for	<b>101</b>	1,842	-	-
Approved but not contracted for	<b>8,400</b>	8,804	-	5,895

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**30. SEGMENT INFORMATION**

The segment information by activities and geographical location for the Company and its subsidiary companies is not provided as the Group is principally involved in operating department, specialty and general merchandising stores in Malaysia.

**31. DELISTING OF METROJAYA BERHAD FROM BURSA MALAYSIA SECURITIES BERHAD**

Pursuant to paragraph 8.15 (5) and 8.15 (6) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the entire issued and paid-up share capital of the Company was removed from the Official List of Bursa Securities on March 31, 2006.

**32. CONTINGENT LIABILITY**

Affluent Development Sdn. Bhd. ("ADSB"), an associated company, which is 50% owned by a subsidiary company, has term loan facilities amounting to RM115.20 million (2005: RM115.20 million) obtained from various banks (Bankers) for the construction of a shopping complex cum office block in Seremban (Project). A charge was created on the Project (Charged Property) in respect of the term loan facilities. The Project had been suspended.

Subsequent to the legal proceedings commenced by the Bankers, a public auction was held on August 1, 2005. The charged property was sold for a consideration of RM27.4 million.

As of December 31, 2005, the latest practicable date prior to final settlement, the amount of the term loan facilities utilised by the associated company was RM44.94 million and estimated accrued interest was RM16.0 million.

On January 24, 2006, a settlement sum of RM9.75 million was paid to the consortium bankers being full and final settlement of the share of liabilities by its subsidiary company in an associated company. Accordingly, the settlement sum of RM9.75 million is shown as exceptional item as of March 31, 2006.

There is no contingent liability as of March 31, 2006.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**33. SIGNIFICANT EVENT**

With effect from August 1, 2005, the operations of department stores of the Company were transferred to a wholly owned subsidiary company, MJ Department Stores Sdn. Bhd. Since then, the Company is principally an investment holding company.

The effects of the transfer of the operations on the financial statements of the Company are as follows:

	<b>April 1, 2005 to July 31, 2005 (4 Months) RM'000</b>	<b>Year Ended March 31, 2005 (12 Months) RM'000</b>
Profit before tax	3,811	21,379

The results of the department store operations for the financial period April 1, 2005 to July 31, 2005 are as follows:

	<b>April 1, 2005 to July 31, 2005 (4 Months) RM'000</b>	<b>Year Ended March 31, 2005 (12 Months) RM'000</b>
Revenue	56,175	190,533
Other operating income	5,546	21,259
Changes in inventories of trading merchandise and other inventories	2,588	(913)
Purchases of trading merchandise and other inventories	(44,451)	(138,520)
Staff costs	(4,708)	(13,771)
Depreciation of property, plant and equipment	(1,697)	(8,177)
Other operating expenses	(9,536)	(33,325)
Profit before exceptional item	3,917	17,086
Exceptional item	–	4,725
Profit from operations	3,917	21,811
Finance costs	(106)	(432)
Profit before tax	3,811	21,379
Income tax expense	(567)	(4,353)
Net profit	3,244	17,026

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**33. SIGNIFICANT EVENT (cont'd)**

The carrying amount of the assets and liabilities of the department store operations at the date of transfer and at March 31, 2005 are as follows:

	<b>August 1, 2005</b> <b>RM'000</b>	<b>March 31, 2005</b> <b>RM'000</b>
<b>Property, plant and equipment</b>	5,987	7,712
<b>Current Assets</b>		
Inventories	22,314	19,726
Trade receivables	1,371	267
Other receivables and prepaid expenses	3,558	4,025
Cash on hand	359	7,662
	<u>27,602</u>	<u>31,680</u>
<b>Current Liabilities</b>		
Trade payables	17,670	23,596
Other payables and accrued expenses	12,134	12,144
	<u>29,804</u>	<u>35,740</u>
<b>Net assets transferred</b>	<u>3,785</u>	<u>3,652</u>

The cashflows attributable to the department store operations for the financial period April 1, 2005 to July 31, 2005 and for the financial year ended March 31, 2005 are as follows:

	<b>April 1, 2005</b> <b>to July 31, 2005</b> <b>(4 Months)</b> <b>RM'000</b>	<b>Year Ended</b> <b>March 31, 2005</b> <b>(12 Months)</b> <b>RM'000</b>
Net Cash Flows From/(Used In):		
Operating Activities	(240)	30,868
Investing Activities	(4,991)	9,335
Financing Activities	(17,588)	(48,002)
	<u>(22,819)</u>	<u>(7,799)</u>

The aforesaid transfer of operations has no effect on the financial statements of the Group.

## STATEMENT BY DIRECTORS

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

Signed in accordance with  
a resolution of the Directors,

**DATO' AHMAD KHAIUMMUZAMMIL BIN MOHD. YUSOFF**

**HENG FOOK HEE**

Kuala Lumpur  
June 23, 2006

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

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

**LEONG AH CHOY**

Subscribed and solemnly declared by  
the abovenamed LEONG AH CHOY  
at KUALA LUMPUR this 23rd day of June, 2006.

Before me,

COMMISSIONER FOR OATHS

## REPORT OF THE AUDITORS

TO THE MEMBERS OF METROJAYA BERHAD

(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of March 31, 2006 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and of the Company as of March 31, 2006 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors as indicated in Note 25 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 subsidiary companies 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 as required by us for these purposes.

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

### **DELOITTE KASSIMCHAN**

AF 0080

Chartered Accountants

### **WU CHIH SHAN**

1887/03/08 (J)

Partner

June 23, 2006

# METROJAYA BERHAD

(21476-P)  
(Incorporated in Malaysia)

## FORM OF PROXY

No. of Shares

I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of METROJAYA BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_ Occupation \_\_\_\_\_

or failing him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_ Occupation \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-First Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 29 September 2006 at 4.00 p.m. and at any adjournment thereof, and to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
1. To receive the Financial Statements for the year ended 31 March 2006		
2. To approve Directors' Fees for the year ended 31 March 2006		
3. To re-elect Tan Sri Dato' Mohd Ibrahim bin Mohd Zain as a Director of the Company		
4. To re-elect Ms Tan Lian Tee as a Director of the Company		
5. To re-elect Tan Sri Dato' Khoo Kay Peng as a Director of the Company		
6. To re-appoint Dr Ngui Chon Hee as a Director of the Company		
7. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
8. As special business: Approval of Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain as he thinks fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Signature

Seal

### NOTES:

- (1) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of the attorney. A proxy shall be entitled to vote both on a show of hands and on a poll on any question at any general meeting;
- (2) A proxy need not be a member of the Company but if he is not a Member he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in a particular case or a person approved by the Directors prior to the appointment;
- (3) A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy only in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account;
- (4) Where a Member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, appoints two (2) proxies the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy; and
- (5) To be valid this form duly completed must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for the holding the Meeting or adjourned Meeting.

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Stamp

The Company Secretary  
Metrojaya Berhad  
5th Floor, Menara PMI  
No. 2, Jalan Changkat Ceylon  
50200 Kuala Lumpur  
Malaysia

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