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A N N U A L
R E P O R T



GuocoLand Limited

(Reg. No. 197600660W)

A Member of the Hong Leong Group Malaysia

CONTENTS

1	Corporate Information
2	Chairman's Statement
8	Financial Highlights
10	Corporate Governance
14	Board of Directors
16	Senior Management
17	Operations Review
18	Singapore
28	China
32	Malaysia
38	Directors' Report
47	Statement by Directors
48	Report of the Auditors
49	Balance Sheets
50	Consolidated Profit and Loss Account
51	Statements of Changes in Equity
55	Consolidated Statement of Cash Flows
57	Notes to the Financial Statements
103	Shareholding Statistics
104	Interested Person Transactions
105	Notice of Annual General Meeting

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sat Pal Khattar, *Chairman*
Quek Chee Hoon, *Group President & Chief Executive Officer*
Quek Leng Chan
Kwek Leng Hai
Lum Choong Wah
Goh Yong Hong
Reggie Thein

AUDIT COMMITTEE

Reggie Thein, *Chairman*
Lum Choong Wah
Goh Yong Hong

NOMINATING COMMITTEE

Sat Pal Khattar, *Chairman*
Kwek Leng Hai
Lum Choong Wah

REMUNERATION COMMITTEE

Sat Pal Khattar, *Chairman*
Quek Leng Chan
Reggie Thein

COMPANY SECRETARY

Dawn Pamela Lum

REGISTERED OFFICE

20 Collyer Quay #20-01
Tung Centre, Singapore 049319
Tel : (65) 6535 6455
Telefax : (65) 6532 6196
Registration No : 197600660W

WEBSITE

<http://www.guocoland.com.sg>

AUDITORS

KPMG
Certified Public Accountants
Partner-in-charge : Yap Chee Meng
(since FY ended June 2005)
Practising Register No : 660

REGISTRAR

B.A.C.S Private Limited
63 Cantonment Road, Singapore 089758

PRINCIPAL BANKERS

Affin Bank Berhad
Agricultural Bank of China
Arab Bank plc
Bank of China Limited
Bank of Communications Co, Ltd
Bank of Taiwan
Bumiputra-Commerce Bank Berhad
Citibank N.A.
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Public Bank Berhad
RHB Bank Berhad
Southern Bank Berhad
Sumitomo Mitsui Banking Corporation
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland plc
United Overseas Bank Limited
WestLB Asia Pacific Limited

STOCK EXCHANGE LISTING

Singapore Exchange Securities Trading Limited

DATE OF INCORPORATION

31 March 1976

DATE OF CONVERSION TO A PUBLIC COMPANY

30 September 1978



Mr Sat Pal Khattar,
Chairman of GuocoLand Limited

“ The Company’s vision is to be a premier regional property company. In furtherance of this vision, the Company continues to judiciously allocate resources to growth sectors in its core markets in Singapore, China and Malaysia. ”

CHAIRMAN'S STATEMENT

GROUP PERFORMANCE

The Company's vision is to be a premier regional property company. In furtherance of this vision, the Company continues to judiciously allocate resources to growth sectors in its core markets in Singapore, China and Malaysia. This focused strategy has started to yield good results. For the financial year, 1 July 2005 to 30 June 2006 (the "Year"), I am pleased to report that the Group had a net profit after tax and minority interests of \$155.6 million, representing an increase of 88% from \$82.7 million profit in the previous financial year.

The bulk of the net profit for the Year was primarily attributable to the following:-

- sales of our Singapore projects;
- the sale of the Group's 20.97% long-term investment in Hotel Properties Limited;
- the sale of *Robinson Centre*;
- the revaluation gain from *Tung Centre*; and
- negative goodwill arising from the Group's increased stake in GuocoLand (Malaysia) Berhad.

Shareholders' funds increased from \$1,083.1 million as at 30 June 2005 to \$1,124.7 million as at 30 June 2006, reflecting an increase in the Group's net asset value per ordinary share from \$1.67 as at 30 June 2005 to \$1.83 as at 30 June 2006. The Company's market capitalisation grew from \$991.7 million as at the end of the last financial year to \$1,610.9 million as at the close of the Year, reflecting an improvement in the intrinsic value of the Company's shares. The gearing ratio was 0.55 times as at 30 June 2006.

In line with the Group's commitment to offer shareholders stable and superior returns, shareholders will be pleased to note that the Board is recommending for approval by shareholders an ordinary dividend of 8% or 8 cents per ordinary share for the Year. Subject to shareholders' approval at the Annual General Meeting to be scheduled on 20 October 2006, this dividend will be paid on 27 November 2006. As the Company has elected to move to the one-tier corporate tax system, the 8 cents per share will be the net amount paid with no tax deducted therefrom.

MEDIUM-TERM STRATEGY

The Group's medium-term strategy is to create value and to have sustainable earnings with an emphasis on growth. This will in turn ensure sustainable returns to shareholders. In order to attain this objective, the Group is working towards the following initiatives:-

- *Scalability through a sustainable rolling landbank in the countries in which it operates*

To achieve scalability in its core businesses of property investment and property development, the Group has acquired or agreed to acquire approximately 12.9 million square feet of saleable development landbank in the following countries:-

Singapore: A freehold site of about 267,000 square feet at *Casa Rosita* in the Newton / Scotts vicinity with a saleable area of approximately 494,000 square feet. This well located site will yield about 270 luxury homes;

China: The Group has about 6.1 million square feet of land in Beijing, Shanghai and Nanjing for development into residential, retail and commercial integrated projects, which can yield approximately 10.8 million square feet of saleable area;

Vietnam: A land parcel of about 1.9 million square feet in Binh Duong Province, about 17 kilometres north of Ho Chi Minh City. An integrated residential, office, commercial, hotel cum retail development, with a saleable area of approximately 1.6 million square feet, is slated for this site.

In **Malaysia**, the Group has established a stronger presence by increasing its stake in GuocoLand (Malaysia) Berhad ("GLM") to 64.5%, thereby making GLM a subsidiary. GLM has a large landbank for residential and commercial development.

- *Recurring income from managing third party assets*
The Tower Real Estate Investment Trust (*Tower REIT*) which was set up by GLM during the Year, is a start in this direction.
- *New Markets*
As Asia is seen as a key driver of global growth in the next 5 years, the Group has identified Vietnam as a new growth market. The Group will continue to evaluate and explore other new markets for opportunities for growth.

BUSINESS REVIEW

I would now like to update shareholders on the Group's activities in Singapore, China and Malaysia:-

Singapore - Boosted by relatively robust economic fundamentals and growth momentum, the price index for the Singapore residential property market has been on the uptrend for the past Year, especially for high-end and lifestyle-driven private homes.

This upbeat sentiment has resulted in the private land sales market being very active, especially in prime districts. Riding on this positive outlook, the Group launched the following developments:-

- *The Stellar*, a 162-unit freehold condominium being developed at West Coast Road near the National University of Singapore. To date, this development is about 79% sold;
- *Leonie Studio*, a 97-unit condominium development situated in the Orchard Road area. To date, about 95% of this development has been sold;
- *Paterson Residence*, a luxurious high-end 110-unit condominium development in the Orchard Road belt. We are pleased that about 95% of this development has been sold.

With a pick-up in the high-end residential market, a broader recovery in the private residential property market is also envisaged. Accordingly, the Group released for sale about one third of the units in *The Quartz*, a proposed 625-unit suburban development, within walking distance from Buangkok MRT station. The market received this well.

Planning directives to transform the Marina Bay waterfront area into the next financial and round-the-clock entertainment and lifestyle hub augurs well for the Group's development called *The View @ Meyer*, located in prime Meyer Road. Likewise, with initiatives being undertaken to inject more life and vibrancy into the city and position the Singapore River front as a water sports hub, our units in *Sanctuary Green* at Tanjong Rhu Road will benefit from the remaking of this riverfront area.

CHAIRMAN'S STATEMENT

China - The Group made its first foray into China in 1994. It has since established its presence via embedded property operations in the major cities of Beijing, Shanghai and Nanjing. Given China's huge population base where young families aspire to home ownership, the Group has positioned itself for growth to cater for this demand in these fast-growing cities. The Group's assets in China grew from \$378 million as at 30 June 2005 to \$816 million as at 30 June 2006. This represents about 30% of the Group's total assets as at 30 June 2006 and underlines our perspective of China as a growth market.

During the Year, the Group made a series of new land acquisitions as follows:-

- Shanghai: a land parcel of about 1.5 million square feet in the Changfeng area of the Putuo District, about 10 kilometres from the city centre. There are plans to construct a modern integrated mixed-use development consisting of small office home office (SOHO) spaces, retail, office, hotel and serviced apartments;
- Nanjing: (i) a land parcel of about 966,000 square feet in the Maqun area of the Qixia District, some 14 kilometres to the Nanjing City Centre, which will be redeveloped into a residential and commercial development;
- (ii) a land parcel of about 3.2 million square feet in Gujiaying, Xuanwu District. Given its good location opposite the scenic Purple Mountains, this site will be developed into a resort-style residential enclave together with retail and recreational facilities.

In Beijing, the Group launched *West End Point* in July 2006. About 35% of the launched units have been sold. This is a high-end development comprising low-rise apartments with ground floor retail units located in the prime Xicheng District within Beijing's Second Ring Road. We expect robust demand for this development which will make a meaningful contribution to our bottom line.

In July 2006, the central government issued several guidelines aimed at reining in speculation and reducing price volatility, in the wake of China's roaring housing market. Notwithstanding these measures, the Group believes that it has targeted the appropriate market segments, ie. quality but affordable housing, and mixed developments with retail and entertainment components, to meet the aspirations of a growing and affluent population.

Malaysia - The Malaysian economy is expected to meet its 6% growth forecast for 2006. With generally favourable sentiments underpinned by positive demographics, the Group sees good prospects in Malaysia, especially in the key economically vibrant centre of Klang Valley, which covers Kuala Lumpur and the major towns of Selangor.

In April 2006, the Group strengthened its presence in Malaysia by launching a successful general offer for GLM. The Group presently holds about 64.5% in GLM. With established property operations in Malaysia, the Group intends to grow this company, which currently has the following operations:-

- *as a developer*
GLM has a landbank of about 11,800 acres for residential, commercial and mixed developments. This includes an 8.4-acre freehold land in prime Damansara Heights, Kuala Lumpur, where development approval has already been obtained for a 2.2 million square feet integrated development called *Damansara City*, comprising luxury condominiums, a 5-star boutique hotel, office towers and a lifestyle shopping mall.

- *as the manager of a real estate investment trust (REIT)*

GLM provides management services to *Tower REIT*, a REIT listed on Bursa Malaysia Securities Berhad. Comprising an initial portfolio of two former commercial properties of GLM, *Tower REIT* is a source of recurring income to the Group. The Group intends to grow the asset size under management, to increase its recurring management income.

To achieve sustainability, the Group is exploring other developments and acquisitions to build up its income base, through property development and property funds and asset management activities.

IN APPRECIATION

I would like to thank my fellow Directors, for their valuable counsel and the Management and staff for their unstinting support and dedication during the Year. My appreciation also goes to our bankers, shareholders and customers who have supported us throughout the Year.

SAT PAL KHATTAR

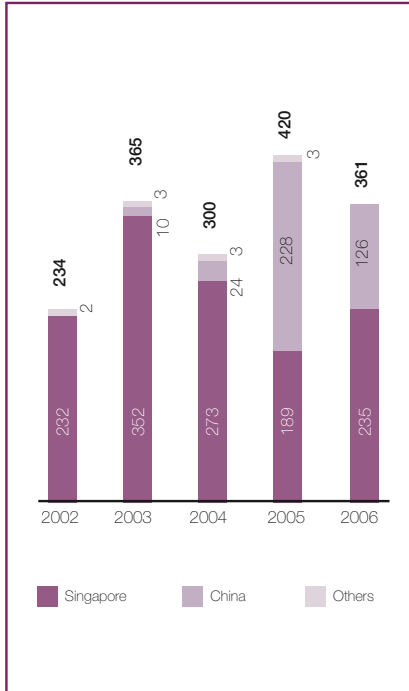
8 September 2006

FINANCIAL HIGHLIGHTS

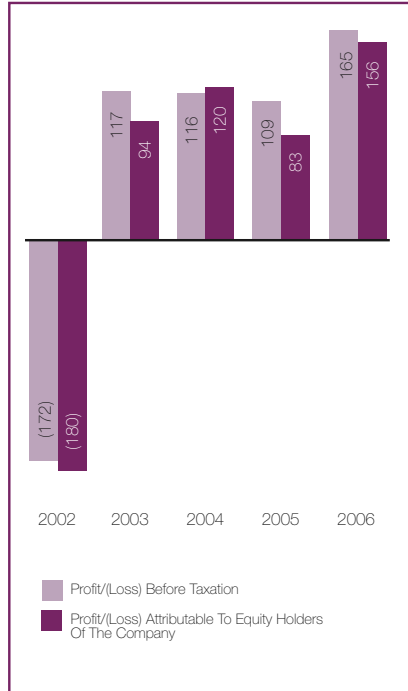
Year ended 30 June	2006 S\$'000	2005 S\$'000	2004 S\$'000	2003 S\$'000	2002 S\$'000
Profit & Loss Accounts					
Revenue by business segments					
Property development	345,940	400,069	283,221	338,111	192,327
Property investment	11,544	9,444	13,353	16,465	18,324
Equity investment	3,576	9,935	527	4,641	11,355
Insurance	–	–	–	–	13,305
Other operations	267	93	2,960	5,637	(1,181)
Total	361,327	419,541	300,061	364,854	234,130
Profit/(Loss) before taxation	164,757	109,201	116,005	117,100	(171,616)
Profit/(Loss) attributable to the equity holders of the Company	155,630	82,743	120,015	94,205	(179,925)
Dividends (ordinary)	49,293	40,948	42,594	38,141	15,863
Balance Sheets					
Property, plant and equipment	127,161	1,864	1,846	1,865	1,886
Investment properties	246,224	308,000	308,000	318,000	353,000
Inventories	1,288,334	958,800	878,650	1,024,262	838,159
Interests in associates and jointly-controlled entities	190,462	223,541	147,947	366,920	547,766
Other assets	848,649	631,911	788,356	392,236	596,041
Total Assets	2,700,830	2,124,116	2,124,799	2,103,283	2,336,852
Equity attributable to equity holders of the Company					
Share capital	839,716	665,540	675,524	516,137	369,162
Reserves	284,949	417,537	297,058	366,485	380,605
	1,124,665	1,083,077	972,582	882,622	749,767
Minority interests	153,356	43,943	41,852	39,882	26,394
Total equity	1,278,021	1,127,020	1,014,434	922,504	776,161
Bank borrowings	1,157,533	809,845	980,612	1,055,697	1,404,022
Other liabilities	265,276	187,251	129,753	125,082	156,669
Total liabilities	1,422,809	997,096	1,110,365	1,180,779	1,560,691
Total Equity and Liabilities	2,700,830	2,124,116	2,124,799	2,103,283	2,336,852
Ratios					
Net tangible assets per share (S\$)	1.82	1.67	1.54	1.53	1.92
Net asset value per share (S\$)	1.83	1.67	1.44	1.52	1.92
Basic earnings per share (cents)	24.43	12.57	19.95	19.91	(49.41)
Gross ordinary dividend per share (cents)	8	8	8	8	5

Note: Comparative figures for 2005 have been restated to take into account retrospective adjustments arising from the adoption of various new/revised Financial Reporting Standards in 2006. Comparative figures for the other years have not been restated.

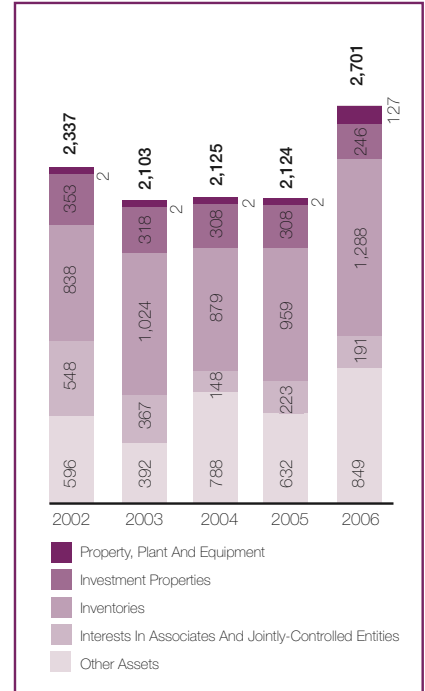
GROUP REVENUE
(S\$ MILLION)



GROUP PERFORMANCE
(S\$ MILLION)



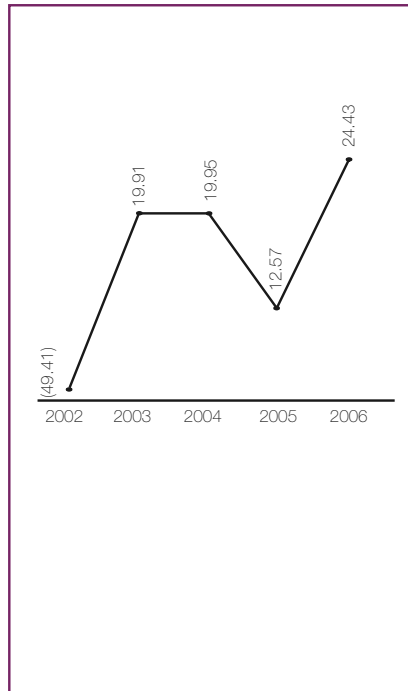
GROUP TOTAL ASSETS
(S\$ MILLION)



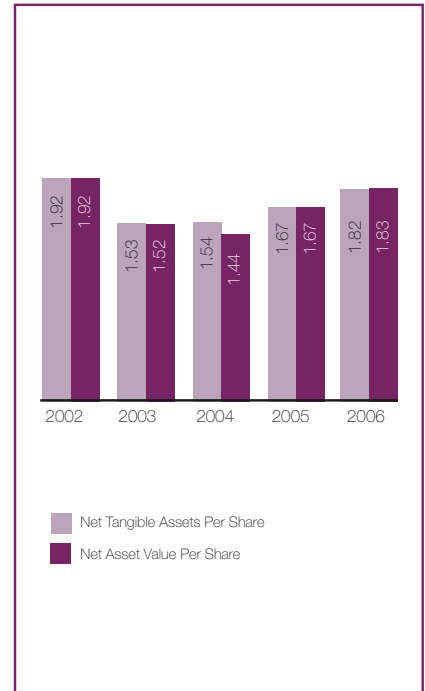
SHAREHOLDERS' EQUITY AND NET DEBT (S\$ MILLION)



BASIC EARNINGS PER SHARE (CENTS)



NET TANGIBLE ASSETS PER SHARE AND NET ASSET VALUE PER SHARE (S\$)



CORPORATE GOVERNANCE

The Company remains committed to maintaining high standards of corporate governance. The Company's own Code of corporate governance provides the framework for the Company's corporate governance policies and practices, which are substantially in line with the principles of the Singapore Code of Corporate Governance ("Code") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST").

The following sections describe the corporate governance practices adopted by the Company.

(A) BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS PRINCIPLE 1

The Board assumes responsibility for effective stewardship and corporate governance of the Company and the Group. Its role and responsibilities include inter alia setting the overall business strategy and direction for the Company and the Group.

The Board also reviews and approves key strategic and financial initiatives, the business plan and budget, quarterly, interim and annual results, and major investments and divestments.

The Board meets at least on a quarterly basis to review inter alia the Company's quarterly results. During the last financial year, the Board held four meetings. New directors are apprised of the business activities of the Group and its strategic directions. All Directors are provided with relevant information on the Company's policies, procedures and practices relating to governance issues, including disclosure of interests in securities, dealings in the Company's securities, restrictions on disclosure of price sensitive information and disclosure of interests relating to the Group's businesses. Directors are also updated regularly on key regulatory and accounting changes at Board Meetings. During the last financial year, Directors attended briefings and seminars to be updated on

relevant new laws, accounting standards and corporate governance issues and practices.

BOARD COMPOSITION AND BALANCE PRINCIPLE 2

Currently, the Board comprises seven well-qualified members who are business leaders and professionals with financial, banking and legal backgrounds. The Board considers its present size to be appropriate after taking into account the current nature and scope of the Group's operations. Profiles of the Directors are set out on pages 14 and 15. The majority of the Directors are non-executive and are considered independent by the Nominating Committee. The Nominating Committee determines annually the independence of Directors.

BOARD COMMITTEES

To assist the Board in executing its duties, the Board has delegated specific functions to the following Board committees:

1. *Executive Committee*: The Executive Committee is entrusted with the conduct of the Company's business and affairs, in line with the overall strategy set by the Board. The members of the Executive Committee are Messrs Quek Chee Hoon, Quek Leng Chan (who is the Chairman) and Kwek Leng Hai, and certain key senior management personnel. During the last financial year, the Executive Committee held eight meetings.
2. *Audit Committee*: The members of the Audit Committee comprise Messrs Reggie Thein (who is the Chairman), Lum Choong Wah and Goh Yong Hong, all of whom are non-executive Directors and are considered independent. As part of the Company's corporate governance practices, the CEO participates at all Audit Committee meetings, either in attendance or by way of telephone conferencing. The Audit Committee held four meetings during the last financial year.

3. *Executives' Share Option Scheme ("ESOS") Committee:* The ESOS Committee assists the Board in administering the ESOS. The ESOS Committee comprises Mr Sat Pal Khattar, a non-executive Director and Mr Quek Leng Chan, an executive Director.
4. *Nominating Committee:* This committee comprises three Directors, two of whom are considered to be independent. Mr Sat Pal Khattar chairs the Nominating Committee and the other members are Messrs Kwek Leng Hai and Lum Choong Wah. This committee which meets at least annually, held two meetings in the last financial year.
5. *Remuneration Committee:* This committee comprises two non-executive independent Directors and an executive non-independent Director. Mr Sat Pal Khattar chairs the Remuneration Committee and the other members are Messrs Quek Leng Chan and Reggie Thein. The Remuneration Committee which meets at least annually, held two meetings in the last financial year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER PRINCIPLE 3

There is a clear division of responsibilities in the respective roles and functions of the Chairman and Chief Executive Officer ("CEO") as these appointments are held separately by Messrs Sat Pal Khattar and Quek Chee Hoon respectively. The Chairman oversees the Group's corporate governance structure and conduct, in particular, the effective functioning of the Board and its Board committees. The Chairman also ensures that shareholders' questions and concerns are addressed at the general meetings of the Company. The CEO leads the Management team by providing entrepreneurial leadership and strategic directions. He oversees the business operations and affairs of the Group and monitors the performance of Management against pre-agreed targets.

As the Chairman is a non-executive Director, the Company Secretary assists the Chairman to schedule and prepare agendas for Board meetings. The CEO ensures the quality and timeliness of information flow between the Board and Management, which comprises key executive personnel of the Company.

BOARD MEMBERSHIP PRINCIPLE 4

The Nominating Committee reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board having regard to the Director's contribution and performance (for example, attendance, participation, including if applicable, independence as a Director). As prescribed by the Company's Articles of Association and recommended by the Code, one-third of the directors for the time being are required to retire from office and are subject to re-election by shareholders at the Company's Annual General Meeting. All Directors also retire from office and are subject to re-election at least once in every three years.

BOARD PERFORMANCE PRINCIPLE 5

On an annual basis, the Nominating Committee assesses the effectiveness and performance of the Board as a whole and the contributions of each Director. The assessment takes into account the performance of the Company, attendance and contributions of Directors at meetings of the Board and Board Committees and Directors' participation in the affairs of the Company, including a review of matters such as the independence of Directors, their individual skills and experience as well as overall Board size and composition. The results of the Nominating Committee's assessment for the financial year ended 30 June 2006 had been communicated to and accepted by the Board.

CORPORATE GOVERNANCE

ACCESS TO INFORMATION PRINCIPLE 6

Directors have separate and independent access to Management and the Company Secretary, whose role includes inter alia ensuring that Board procedures as well as applicable rules and regulations are complied with. The Company Secretary attends all Board and Board Committee meetings. Management keeps the Board apprised of the Company's operations and performance through regular updates and reports as well as through separate meetings and discussions. Directors may take independent professional advice at the Company's expense, if necessary.

Internally, Management presents the Board with reports of and updates on the Company's performance, financial position and prospects for review at each Board meeting.

(B) REMUNERATION MATTERS

PRINCIPLES 7, 8 & 9

The Remuneration Committee, in consultation with the Executive Committee, reviews and recommends to the Board a framework of remuneration for the Board and key executives.

Non-executive Directors do not receive any salary. However, non-executive Directors together with executive Directors receive directors' fees that are based on corporate and individual responsibilities and which are in line with industry norm. The fees for the seven Directors for the last financial year amounted in the aggregate to S\$317,500 and is subject to the approval of shareholders.

The remuneration package comprising mainly salaries and bonuses, for the executive Directors (including the

CEO) and the top four key executives who may also be the Directors of the Company's subsidiaries, is disclosed in bands of S\$250,000 so as to maintain confidentiality of staff remuneration matters. This information is contained in Note 27c to the Financial Statement.

During the last financial year, a brother of Messrs Quek Leng Chan and Kwek Leng Hai received remuneration exceeding S\$150,000 as an executive Director of one of the Company's principal subsidiaries.

(C) ACCOUNTABILITY AND AUDIT

AUDIT COMMITTEE AND INTERNAL CONTROLS PRINCIPLES 10, 11, 12 & 13

The terms of reference of the Audit Committee are set out in the Company's own code of corporate governance.

In performing its functions, the Audit Committee undertook, inter alia, the following:-

- reviewing the Group's quarterly, interim and final financial statements prior to submission to the Board;
- meeting with the Company's external and internal auditors, in the absence of Management;
- reviewing the independence of the Company's external auditors;
- ensuring that a review of the effectiveness of the Company's material internal controls (including financial, operational and compliance controls, and risk management) was conducted;
- noting or reviewing interested person transactions, as recorded in the Company's Register of Interested Person Transactions;

- reviewing all non-audit services provided by the external auditors of the Company and confirming that such non-audit services do not affect the independence of the external auditors; and
- reviewing the adequacy of the internal audit function.

The Company has an internal audit team comprising qualified personnel, which assists the Audit Committee in discharging its responsibilities. To assist the Board in inter alia, identifying, assessing and managing the significant business risks faced by the Group within its operating environment, Internal Audit reviews the Group's enterprise risk management framework which incorporates a Risk Register to capture the risk profile of the Group and the strategy / internal controls in place to mitigate these significant business risks.

The internal mitigating controls under the risk management framework may not eliminate all risks of failure but these control mechanisms seek to provide a reasonable assurance against material misstatement or loss.

Having regard to the reviews carried out by the Audit Committee and internal auditor, the Board believes that the system of internal controls maintained by Management together with the ongoing process of identifying, assessing and managing significant risks faced by the Group, should meet the needs of the Company in its current business environment.

(D) COMMUNICATION WITH SHAREHOLDERS

PRINCIPLES 14 & 15

The Company ensures timely and adequate disclosure of information on matters of material impact to shareholders. Shareholders are provided with information on the Company's financial performance, position and prospects through announcements released through SGXNet and through the Company's annual reports, press releases to the SGX-ST and the Company's website at <http://www.guocoland.com.sg>.

Shareholders are given opportunities to participate at the Company's general meetings. The Board and Management are present at these meetings to address any questions that shareholders may have. The Company's external auditors are also present at the Company's annual general meetings to assist the Board in addressing any queries raised by shareholders.

DEALINGS IN SECURITIES

The Company has in its own Code of corporate governance provided guidelines to the Company's officers in relation to dealings in securities. These guidelines set out, inter alia, that officers should refrain from dealing in any securities of the Company when in possession of unpublished price-sensitive information in relation to those securities, and during the Company's close period which is defined as two weeks immediately preceding the announcement of the Company's annual or half-yearly or quarterly results, as the case may be, up to and including the date of announcement of the relevant results. These guidelines have been disseminated to all directors, officers and key employees of the Group.

BOARD OF DIRECTORS

MR SAT PAL KHATTAR

was appointed to the Board in 1988, and was last re-elected to the Board at the Company's Annual General Meeting in October 2005. He has been the Chairman of the Group since 1990. Mr Khattar is the Chairman of the Nominating Committee and Remuneration Committee which were established in September 2002. Mr Khattar is also a Director of other listed companies such as Haw Par Corporation Limited in Singapore and Guoco Group Limited in Hong Kong. Mr Khattar holds a LLM degree and a LLB (Hons) degree from the University of Singapore.

Mr Khattar chaired the Board, Nominating Committee and Remuneration Committee meetings of the Company held during the financial year ended 30 June 2006.

MR QUEK CHEE HOON

was appointed to the Board in 1998, and is proposed for re-election at the Company's Annual General Meeting to be held on 20 October 2006. He is the Group President and Chief Executive Officer of the Group. Mr Quek has 29 years' extensive experience in various investment, corporate and management activities, including property-related activities and businesses. Mr Quek holds a Bachelor of Accountancy degree from the University of Singapore.

Mr Quek attended all the Board and Executive Committee meetings of the Company held during the financial year ended 30 June 2006. He also participated at all the Audit Committee meetings either in attendance or by way of telephone conference, held during the financial year ended 30 June 2006 in his capacity as the Group President and Chief Executive Officer of the Company.

MR QUEK LENG CHAN

was appointed to the Board in 1988, and was last re-elected to the Board at the Company's Annual General Meeting in October 2005. He is the Chairman of the Executive Committee and a member of the Remuneration Committee. Mr Quek is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad ("HLCM") and he sits on the Boards of Directors of the major public listed companies of HLCM. He is also the Executive Chairman of Guoco Group Limited, the Company's intermediate holding company in Hong Kong. Mr Quek qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

Mr Quek attended all the Board, Executive Committee and Remuneration Committee meetings of the Company held during the financial year ended 30 June 2006.

MR KWEK LENG HAI

was appointed to the Board in 1988, and is proposed for re-election at the Company's Annual General Meeting to be held on 20 October 2006. He is a member of the Nominating Committee. Mr Kwek is the President and Chief Executive Officer of Guoco Group Limited in Hong Kong. Mr Kwek is a qualified chartered accountant of the Institute of Chartered Accountants in England and Wales, and has extensive experience in financial services, manufacturing and property investment.

Mr Kwek attended all the Board, Executive Committee and Nominating Committee meetings of the Company held during the financial year ended 30 June 2006.

MR LUM CHOONG WAH

was appointed to the Board in 1997, and is proposed for re-election at the Company's Annual General Meeting to be held on 20 October 2006. He is a member of the Audit Committee and Nominating Committee. Mr Lum who is now retired, has held senior executive and chief executive positions in both the public and private sectors spanning some 25 years. He holds a Bachelor of Arts (Hons) degree from the University of Malaya in Singapore and a Master of Public Administration from Harvard University.

Mr Lum attended all the Board, Audit Committee and Nominating Committee meetings of the Company held during the financial year ended 30 June 2006.

MR GOH YONG HONG

was appointed to the Board in 1999, and was last re-elected to the Board at the Company's Annual General Meeting in October 2004. Mr Goh is a member of the Audit Committee. He had served 31 years in the Singapore Police Force, being Commissioner of Police from 1979 until his retirement from service in 1992. His other appointments include being Chairman of the Board of Advisors of Raffles Town Club, Patron of Singapore Swimming Association, Director of Asia Pacific Breweries Limited, Asia Pacific Breweries (S) Pte Ltd, Dragon Land Limited and SC Global Developments Ltd. Mr Goh holds a Bachelor of Law (Hons) degree from the University of Malaya in Singapore (1961).

Mr Goh attended all the Board and Audit Committee meetings of the Company held during the financial year ended 30 June 2006.

MR REGGIE THEIN

was appointed to the Board in July 2002, and was last re-elected to the Board at the Company's Annual General Meeting in October 2005. He is Chairman of the Audit Committee and a member of the Remuneration Committee. He retired as a Senior Partner, Coopers & Lybrand Singapore, the legacy firm of PricewaterhouseCoopers in 1999 after having spent 37 years with the firm. Mr Thein is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore. He is also a member of the governing council of the Singapore Institute of Directors and is active in promoting and advancing the practice of corporate governance in Singapore. Mr Thein was awarded the Public Service Medal by the President of Singapore in 1999. He is currently a director of several listed companies in Singapore which include BIL International Limited, F J Benjamin Holdings Ltd, Grand Banks Yachts Limited, Haw Par Corporation Limited, Keppel Telecommunications & Transportation Limited, MFS Technology Ltd, MobileOne Ltd and Lindeteves-Jacoberg Limited

Mr Thein attended all the Board and Remuneration Committee meetings and chaired all the Audit Committee meetings of the Company held during the financial year ended 30 June 2006.

SENIOR MANAGEMENT

SINGAPORE PROPERTY DIVISION - MRS TRINA LOH

Mrs Trina Loh is the Managing Director of the Group's Singapore Property Division. She joined the Group in 1999. Mrs Loh has 24 years' experience in various aspects of the real estate business, particularly in Singapore, United Kingdom and New Zealand. Mrs Loh was a Colombo Plan Scholar and holds a Bachelor of Property Administration degree from the University of Auckland, New Zealand.

CHINA PROPERTY DIVISION - MS VIOLET LEE

Ms Violet Lee is the Managing Director of the Group's China Property Division. She joined the Group in 2000. Ms Lee has 22 years' working experience, spanning business development, marketing and management of various projects, including real estate-related projects in China. Ms Lee holds a Bachelor of Accountancy degree from the National University of Singapore.

MALAYSIA PROPERTY DIVISION - MR KWEK LENG SENG

Mr Kwek Leng Seng is the Group Managing Director of GuocoLand (Malaysia) Berhad ("GLM") and was appointed to the Board of GLM on 1 November 1995. He is a member of the Board Audit & Risk Management Committee of GLM. He is also a Director of Hong Leong Bank Berhad, a public listed company. Mr Kwek holds an Honours degree in Law from the University of Buckingham, London.

CHIEF FINANCIAL OFFICER - MR JERRY LEE

Mr Jerry Lee is the Chief Financial Officer. He has been with the Group since 1996. Mr Lee has 27 years of working experience and held various positions in management, business development, corporate finance, corporate treasury, accounting and banking. Mr Lee holds a Bachelor of Accountancy degree from the University of Singapore, a Master of Business Administration degree from the Australian Graduate School of Management, University of New South Wales and a Master Degree in Applied Finance from Macquarie University.

GROUP COMPANY SECRETARY - MRS DAWN PAMELA LUM

Mrs Dawn Pamela Lum is the General Manager, Corporate Affairs and concurrently, the Group Company Secretary of the Group. She has been with the Group since 1987. Mrs Lum has a total of 30 years of working experience and has assumed key roles in the corporate and management functions of the Company. Mrs Lum holds a Bachelor of Law (Hons) degree from the University of Singapore. She was admitted to the Rolls of the Supreme Court of Singapore as an advocate and solicitor in 1977.

OPERATIONS REVIEW



In Singapore, the Group has successfully developed and sold 24 residential developments, yielding more than 7,300 homes.

RESIDENTIAL DEVELOPMENTS: SINGAPORE



The Group is active in the mid to high-end market segments and it currently has 10 launched projects located at some of the island's most exclusive addresses.



LEONIE STUDIO

CITY LIVING

For those who enjoy the glamour and excitement of city living, the Group has 4 luxury condominiums in the heart of Singapore's choicest districts.

LEONIE STUDIO

Cosily tucked within an exclusive residential stretch and yet a stone's throw away from the bright lights and malls of Singapore's Orchard Road, Leonie Studio offers homeowners breathtaking views of the city's skyline from the higher floors.

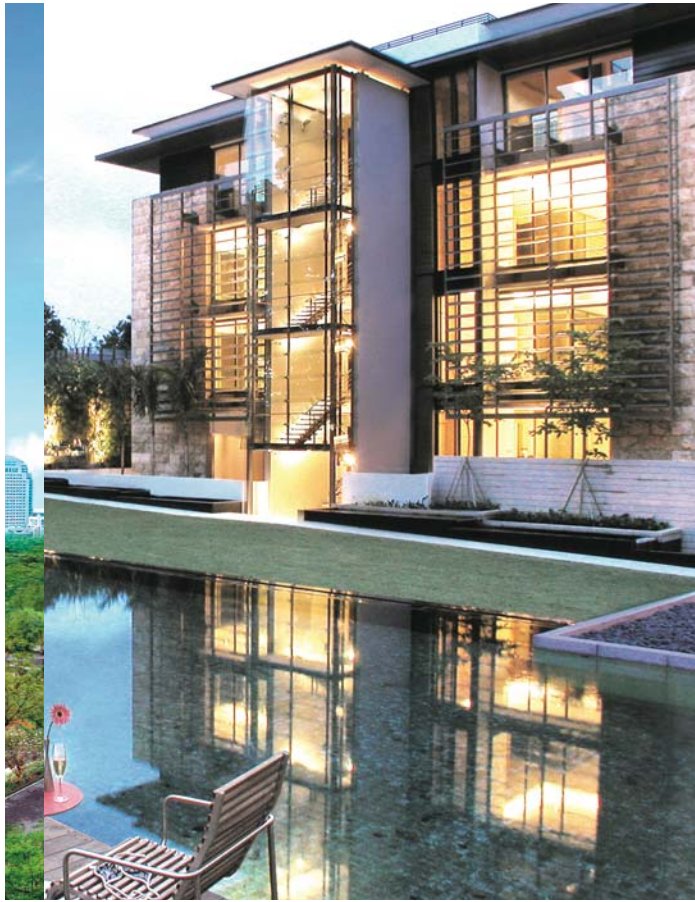
Leonie Studio is a modern 32-storey development with 97 units, each designed with a spacious balcony and a unique full glass curtain wall in the master bedroom.



PATERSON RESIDENCE

PATERSON RESIDENCE

Stylish and distinctive. City living takes on another dimension with Paterson Residence, an upmarket luxury freehold condominium in the heart of Orchard Road. The 24-storey high-rise tower comprises 104 apartments and 6 strata-houses with impressive facilities, offering air-conditioned lobbies with luxurious finishes at every level of the tower block.



THE LADYHILL



THE BOULEVARD RESIDENCE

The Group has 2 joint venture properties in the vicinity of Orchard Road.

THE LADYHILL

The Ladyhill is a luxury condominium of 55 units located at the exclusive address of No. 1 Lady Hill Road, only minutes away from Orchard Road. Available for immediate occupation, these limited edition apartments cater to the lifestyles of a very select circle.

THE BOULEVARD RESIDENCE

The Boulevard Residence is an urbane and sophisticated development consisting of a 36-storey tower, equipped with full-height glass curtain walls. The development comprises 4 luxurious penthouses, 2 with their very own swimming pools in the sky, and 42 apartments, with every unit accessible via a private lift.



THE VIEW@MEYER



SANCTUARY GREEN

LIFESTYLE PROJECTS

For those who relish living close to nature while enjoying the comfort and conveniences of modern living, the Group offers 4 unparalleled options.

THE VIEW@MEYER

Close to the recreational facilities of East Coast beach, The View@Meyer is slated for launch in the second half of 2006. The upmarket freehold residential site will be a 23-storey tower comprising 45 premier sea facing homes with private lift access. All units offer stunning views of the sea, pool or park.

SANCTUARY GREEN

Situated in the intimate residential enclave of Tanjong Rhu, Sanctuary Green is a resort-style development offering the serenity of waterfront living. Sanctuary Green is also in close proximity to the Marina Bay Golf Course and other future developments in the Marina Bay area such as the Business and Financial Centre, Integrated Resort, Singapore Flyer and Gardens By The Bay. The project comprises 522 units spread over 5 tower blocks ranging from 7 to 19 storeys in height.



THE STELLAR

THE STELLAR

Launched in early 2006, The Stellar is a low-rise freehold development of 162 spacious apartments spread over an estimated 143,000 square feet site with some units having their own private pool. Featuring a distinguished entrance and a stunning clubhouse, the development is situated near the West Coast Park and Clementi Woods in close proximity to The National University of Singapore. This idyllic setting within an education hub is just a short drive to the CBD via the West Coast Highway.



LE CRESCENDO

LE CRESCENDO

A freehold development of 228 units conveniently located in Paya Lebar and within walking distance to 2 MRT Stations (MacPherson and Tai Seng) on The Circle Line, all of Le Crescendo's units have a north-south orientation and wide bay windows.



THE QUARTZ

SUBURBAN LIVING

For those who prefer suburban living, the Group offers 3 projects that offer a sanctuary to retreat to and yet are strategically located near major transport, shopping conveniences and leading educational institutions.

THE QUARTZ

An affordable 99-year leasehold property in the fast developing locale of Buangkok and launched in June 2006, The Quartz is a 3-minute walk away from the newly opened Buangkok MRT station, bringing the 3 main city stations of Dhoby Ghaut, City Hall and Chinatown within a 20-minute reach. The Quartz features a wide array of recreational facilities and amenities.



THE GARDENS AT BISHAN

THE GARDENS AT BISHAN

The Gardens At Bishan is a fully equipped condominium with ample facilities and a distinct European theme. Its 756 units are spread over four 20-storey tower blocks named after the 4 seasons, and its locale in the Thomson-Bishan area is complete with top schools of all levels nearby, with some higher floor units offering a scenic view and easy access to shopping and transportation.



BISHAN POINT

BISHAN POINT

Bishan Point is a single high-rise tower condominium with a contemporary look and units designed to facilitate natural lighting and ventilation. This development is well located within walking distance of leading educational institutions.



TUNG CENTRE

INVESTMENT PROPERTIES:

SINGAPORE

The Group holds an investment commercial property located in the Central Business District.

TUNG CENTRE

Located at the heart of Singapore's financial district, Tung Centre is the Group's flagship office building. The 24-storey office block overlooks the scenic Marina Bay and is adjacent to Raffles Place MRT station and is almost fully occupied.



THE QUARTZ

PROPERTY-RELATED SERVICES: SINGAPORE

The Group also owns a property management subsidiary, GuocoLand Property Management Pte. Ltd. ("GLPM") which undertakes both marketing as well as after-sales project management services relating to the Group's development projects in Singapore. With about 16 years of experience in property-related services, GLPM continues to provide the Group with its invaluable expertise and know-how.

The Group also owns an internet property portal www.myhome.com.sg which links service providers in property development, banking and finance, lifestyle and hospitality with homeowners in an online community.

OVERSEAS INVESTMENTS:
CHINA

In China, the Group has built up a portfolio of quality assets which are located in the bustling gateway cities of Beijing, Shanghai and Nanjing.



SHANGHAI, CENTRAL PARK

SHANGHAI, CENTRAL PARK

Central Park is an exclusive condominium development comprising 262 units and strategically located at the junctions of Taoyuan Road and Liulin Road in the Luwan District, parallel to the high-end shopping and entertainment belt of Huai Hai Middle Road. The Group has received an overwhelming response to sales of units in Central Park.



ARTIST'S IMPRESSION- PROPOSED DEVELOPMENT AT SHANGHAI, PUTUO SITE

SHANGHAI, SITE AT PUTUO

With a gross floor area of about 3.9 million square feet, the Putuo site is located in Changfeng in the Putuo District of Shanghai, with its easy access to key landmarks such as the People's Square in Shanghai City Centre and the Hong Qiao International Airport. The site is in a unique setting which is across the Changfeng Park to the north of the Suzhou River. It is set to be one of the most sophisticated and modern developments in Shanghai with its mix of SOHO, shopping mall, offices, serviced apartments and hotel.



ARTIST'S IMPRESSION- BEIJING, WEST END POINT

BEIJING, WEST END POINT

West End Point is slated to be one of the most prestigious developments in Xicheng District, Beijing. Located within the West Second Ring Road, where land is limited for residential use, West End Point is built on an estimated 393,000 square feet site, and it is only 10 minutes from the Forbidden City and within walking distance to the city's financial centre. Located just a stone's throw away from the development is the renowned Four Seasons Shopping Center and two 5-star hotels. The area is earmarked as a one-stop shopping haven that will showcase major international brands and restaurants. Within the vicinity, there is also the bustling Xidan Shopping District and entertainment belt. The presence of the Chinese People's Political Consultative Conference directly opposite the street adds to the exclusivity of West End Point's address.

One of the highlights of this development is the subterranean clubhouse and sunken courtyard. With its array of clubhouse facilities and amenities, West End Point blends the sensibilities of the East and the modernity of the West.



ARTIST'S IMPRESSION- PROPOSED DEVELOPMENT AT NANJING, HILLVIEW REGENCY (GUJIAYING)

NANJING, HILLVIEW REGENCY (GUJIAYING)

In Nanjing, the Group has acquired an estimated 3.2 million square feet land parcel in Gujiaying. The site is strategically located to the south of the Purple Mountains in the Xuanwu District and is readily accessible via the Huning Highway and Ninghang Road from the north and the Round-City Road from the south. The site will be served by the No. 2 subway line, which is currently under construction and is expected to be in operation in 2009. There are currently more than 5 higher educational and research institutions in the proximity of the site.

The proposed development is targeted for the mid and high-end market and the Group intends to construct more than 2,000 residential units in this resort-style development.



ARTIST'S IMPRESSION- PROPOSED DEVELOPMENT AT NANJING, ASCOTT PARK (MAQUN)

NANJING, ASCOTT PARK (MAQUN)

The latest addition to the Group's land bank in Nanjing is a land parcel of about 966,000 square feet (with a saleable area of about 1.9 million square feet) located to the east of the scenic Purple Mountains and just next to the racecourse and the golf club in the Maqun area of the Qixia District in the eastern part of Nanjing City.

This development is slated for residential and commercial development with a gross floor area of about 1.4 million square feet and 519,000 square feet respectively. To the west of the site is the subway line 2 and the future Nanjing-Shanghai train station and bus interchange.

OVERSEAS INVESTMENTS: MALAYSIA

The Group's subsidiary in Malaysia, GuocoLand (Malaysia) Berhad (GLM), is a major Malaysian property group listed on Bursa Malaysia Securities Berhad.

The property portfolio of GLM and its associated companies comprise mainly residential and commercial assets in Malaysia including prime office properties and hotels in Kuala Lumpur and townships in various parts of the Peninsula. Some of these properties are highlighted as follows:



BANGUNAN HONG LEONG

COMMERCIAL PROPERTIES

BANGUNAN HONG LEONG

Bangunan Hong Leong is a 16-storey purpose-built office tower. Bangunan Hong Leong has a total net lettable area of 92,561 square feet and is located in the heart of Kuala Lumpur's central business district. Conveniently connected to key transportation systems, Bangunan Hong Leong is within walking distance to the Central Market and Plaza Rakyat LRT stations.



NOTTING HILL BUNGALOWS

RESIDENTIAL PROPERTIES

NOTTING HILL BUNGALOWS

This exclusive bungalow development is nestled among the intimate and private enclave of Bukit Rahman Putra. A mere 20 minutes to the Kuala Lumpur City Centre, Notting Hill Bungalows offers luxurious living enhanced by the beauty of natural surroundings.



EMERALD, RAWANG

TOWNSHIPS

EMERALD, RAWANG

Spanning 1,000 acres of freehold land, the lush residential paradise of the Emerald enclave in Rawang is located just 20 minutes north of Kuala Lumpur City alongside the North-South Highway. The Emerald enclave presents a balanced mix of elegant and distinctive range of bungalows, semi-detached and link homes to meet the residential needs of the fast growing population in this region.



ARTIST'S IMPRESSION- DAMANSARA CITY

PANTAI SEPANG PUTRA

Also known as "City by the Sea", freehold Pantai Sepang Putra is a 5,253-acre township strategically located in the fastest growing southern corridor in Malaysia. Just about an hour's drive from Kuala Lumpur, it offers an idyllic lifestyle of waterfront living offering various property options including bungalows, semi-detached houses, terrace houses, courtyard homes and shop offices.

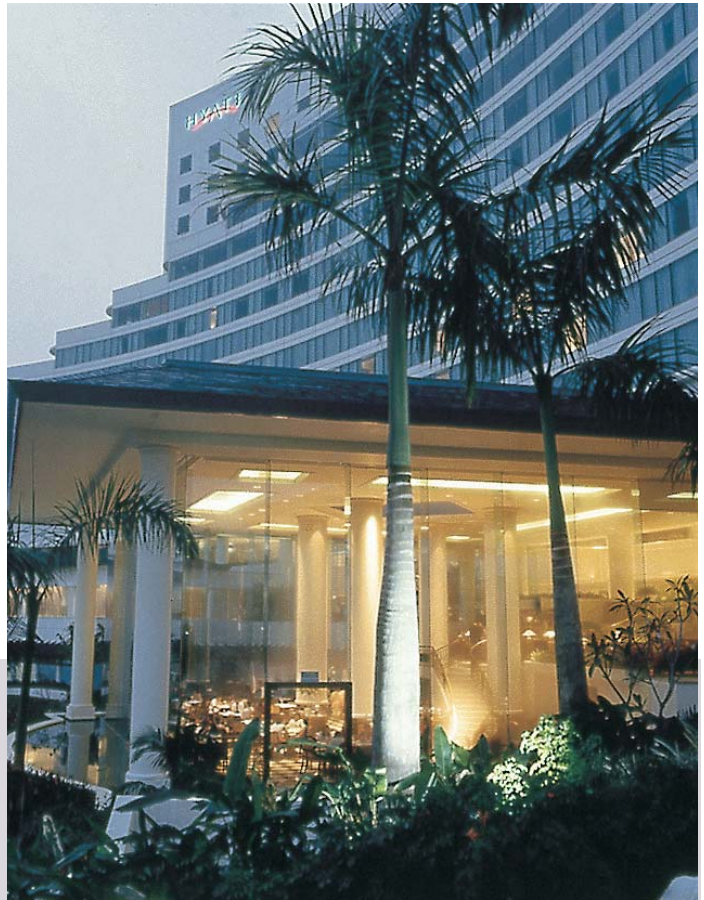
BANDAR PUTRA MELAKA

Bandar Putra Melaka is a proposed 5,627-acre upmarket township development in Jasin, Melaka and is well-positioned as an ideal environment to work, live and play. This township is just a 20-minute drive from the Malacca town. It is directly connected to the North-South Highway by a new flyover interchange linking Kuala Lumpur in the north and Singapore in the south and is 1½ hours' drive from Kuala Lumpur.

PROJECTS IN THE PIPELINE

DAMANSARA CITY, DAMANSARA HEIGHTS

Damansara City is an 8.5-acre integrated commercial development located within the exclusive residential enclave of Damansara. Comprising more than 2 million square feet of serviced apartments, office towers, hotel and shopping mall, Damansara City is set to be the next iconic landmark in Damansara.



HYATT REGENCY JOHOR BAHRU

BEDFORD BUSINESS PARK, OLD KLANG ROAD

Bedford Business Park comprises 1 block of 5-storey shop offices fronting the busy and newly upgraded Old Klang Road complemented by a second block of 12-storey apartments at the back.

TUMPUAN PROJECT, ULU KELANG

Strategically located along Middle Ring Road 2, the Tumpuan Project will showcase 49 units of courtyard terrace and 150 units of apartments set amidst the verdant greenery of the surrounding hills.

HOTELS

HYATT REGENCY JOHOR BAHRU

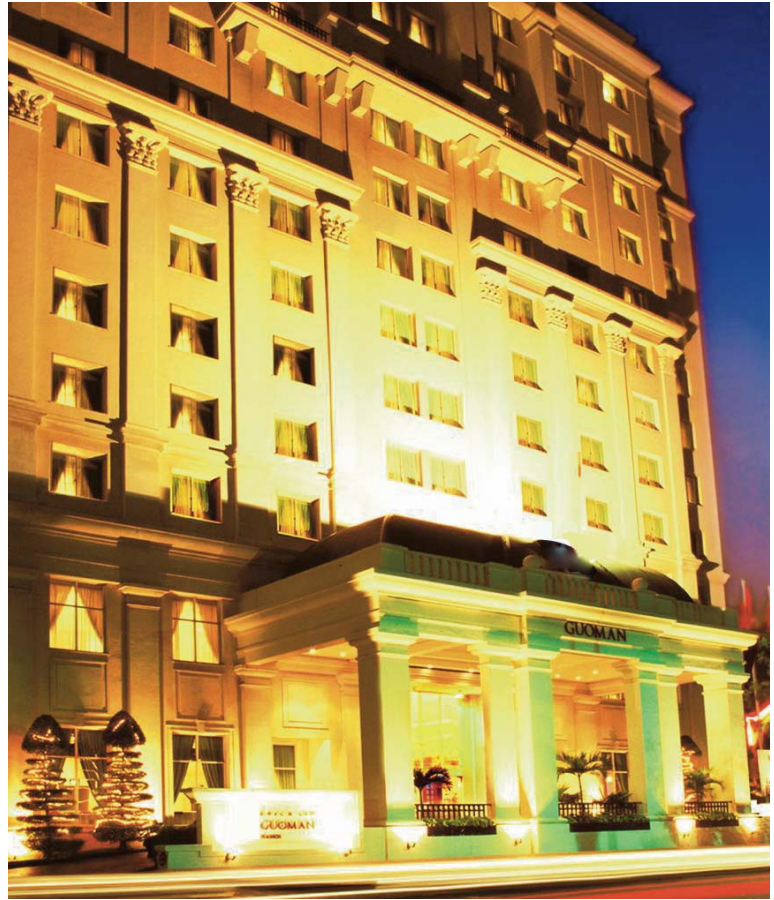
Hyatt Regency Johor Bahru is a 406-room, 5-star business class hotel with full conference, ballroom and restaurant facilities. Hyatt Regency is located within the heart of Johor Bahru, in southern Malaysia.



GUOMAN PORT DICKSON RESORT HOTEL

GUOMAN PORT DICKSON RESORT HOTEL

A 256-room, 4-star beach front resort hotel, Guoman Port Dickson is a peaceful haven that is just a short drive from Kuala Lumpur. The hotel boasts an array of recreational and leisure facilities such as a swimming pool, a private nine-hole golf course, a driving range, tennis courts, water sports, beach front hotel lawn, conference/function rooms and restaurants.



GUOMAN HANOI

GUOMAN HANOI

Guoman Hanoi is a 149-room boutique hotel with a beautiful classy decor that has been built to complement the city's historical setting with a graceful blend of individuality and elegance. The hotel is approximately a 40-minute drive from Noi Bai International Airport and only 5 minutes from the city centre.

FINANCIAL CONTENTS

38	Directors' Report
47	Statement by Directors
48	Report of the Auditors
49	Balance Sheets
50	Consolidated Profit and Loss Account
51	Statements of Changes in Equity
55	Consolidated Statement of Cash Flows
57	Notes to the Financial Statements

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

We are pleased to present this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2006.

DIRECTORS

The directors in office at the date of this report are as follows:-

Sat Pal Khattar
 Quek Chee Hoon
 Quek Leng Chan
 Kwek Leng Hai
 Lum Choong Wah
 Goh Yong Hong
 Reggie Thein

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:-

	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
	As at	As at	As at	As at
	1 July 2005	30 June 2006	1 July 2005	30 June 2006
The Company	Fully Paid Ordinary Shares			
Sat Pal Khattar	5,000,000	5,000,000	5,392,362	5,392,362
Quek Chee Hoon	5,862,725	6,862,725	Nil	Nil
Quek Leng Chan	14,047,224	15,047,224	459,407,229	469,407,229
Kwek Leng Hai	18,851,140	19,851,140	Nil	Nil
	Options to subscribe for Ordinary Shares [■]			
Quek Chee Hoon	6,500,000	6,500,000	Nil	Nil
Intermediate Holding Company	Ordinary Shares of US\$0.50 each fully paid			
Guoco Group Limited				
Sat Pal Khattar	691,125	691,125	Nil	Nil
Quek Leng Chan	1,656,325	1,656,325	218,861,309	219,606,309
Kwek Leng Hai	2,820,775	3,670,775	Nil	Nil
Ultimate Holding Company	Ordinary Shares of RM1.00 each fully paid			
Hong Leong Company (Malaysia) Berhad				
Quek Leng Chan	390,000	390,000	7,487,100	7,487,100
Kwek Leng Hai	400,500	420,500	Nil	Nil

- Subject to certain financial and performance targets being met during the performance period for the financial years 2004/2005 to 2006/2007. Please refer to Note 1 under "Share Options".

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

DIRECTORS' INTERESTS (CONT'D)

	Nominal Value per share	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks			
		As at 1 July 2005	As at 30 June 2006	As at 1 July 2005	As at 30 June 2006
Interests of Quek Leng Chan in Related Corporations					
Hong Leong Fund Management Sdn Bhd	RM1.00	Nil	Nil	1,400,000	1,400,000
MEHY Sdn Bhd (In members' voluntary liquidation)	RM1.00	Nil	Nil	650,000	650,000
Hong Leong Financial Group Berhad (formerly known as Hong Leong Credit Berhad)	RM1.00	11,046,600	4,989,600	813,767,298	819,824,298
HLG Capital Berhad	RM1.00	Nil	Nil	92,590,545	92,590,545
Hong Leong Bank Berhad	RM1.00	40,000	Nil	953,685,600	953,525,600
Hong Leong Tokio Marine Takafu Berhad	RM1.00	Nil	Nil	Nil	65
Hong Leong Industries Berhad	RM0.50	2,512,000 40,000*	Nil	131,299,900 38,546,335*	134,924,600 46,611,833*
Maxider Sdn Bhd (formerly known as Hong Leong Yamaha Distributors Sdn Bhd)	RM1.00	Nil	Nil	10,360,000	14,000,000
Hong Leong Yamaha Motor Sdn Bhd	RM1.00	Nil	Nil	17,352,872	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	RM1.00	Nil	Nil	19,600,000	19,600,000
Hong Leong Maruken Sdn Bhd (In members' voluntary liquidation)	RM1.00	Nil	Nil	1,750,000	1,750,000
Guocera Tile Industries (Labuan) Sdn Bhd	RM1.00	Nil	Nil	6,545,001	6,545,001
Varinet Sdn Bhd (In members' voluntary liquidation)	RM1.00	Nil	Nil	10,560,627	10,560,627
RZA Logistics Sdn Bhd	RM1.00	Nil	Nil	7,815,980	7,815,980
Global Roaming Communications Sdn Bhd	RM1.00	Nil	Nil	Nil	2,610,000
Malaysian Pacific Industries Berhad	RM0.50	53,500	Nil	113,896,809	115,153,209
Carter Realty Sdn Bhd	RM1.00	Nil	Nil	7	7

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

DIRECTORS' INTERESTS (CONT'D)

	Nominal Value per share	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks			
		As at 1 July 2005	As at 30 June 2006	As at 1 July 2005	As at 30 June 2006
Interests of Quek Leng Chan in Related Corporations (cont'd)					
Carsem (M) Sdn Bhd	RM1.00 RM100.00	Nil Nil	Nil Nil	84,000,000 22,400 (Redeemable Preference Shares)	84,000,000 22,400 (Redeemable Preference Shares)
Guolene Packaging Industries Berhad (In members' voluntary liquidation)	RM1.00	Nil	Nil	69,924,134	69,924,134
Hume Industries (Malaysia) Berhad	RM1.00	4,034,000	2,000,000	118,536,428	120,144,828
Narra Industries Berhad	RM1.00	8,170,200	8,170,200	38,304,000	38,304,000
Camerlin Group Berhad	RM1.00	Nil	Nil	239,738,779 3,888,925*	271,615,317 7,181,564*
Citywide International Limited	US\$1.00	Nil	Nil	9	Nil**
First Changi Development Pte Ltd	∞	Nil	Nil	40,002,075	40,002,075
First Garden Development Pte Ltd	∞	Nil	Nil	72,000,000	72,000,000
Melville Park Development Pte Ltd	∞	Nil	Nil	57,840,000	57,840,000
Sanctuary Land Pte Ltd	∞	Nil	Nil	54,000,000	54,000,000
Beijing Minghua Property Development Co., Ltd	^	Nil	Nil	150,000,000	150,000,000
Beijing Xinhaoyi Property Development Co., Ltd	^	Nil	Nil	138,000,000	Nil♦
Shanghai Xinhaozhong Property Development Co., Ltd	#	Nil	Nil	19,600,000	19,600,000
Shanghai Xinhaolong Property Development Co., Ltd	#	Nil	Nil	Nil	126,000,000
Beijing Jiang Sheng Property Development Co., Ltd	^	Nil	Nil	247,600,000	247,600,000
Nanjing Xinhaoning Property Development Co., Ltd	#	Nil	Nil	Nil	11,800,800
Nanjing Xinhaoxuan Property Development Co., Ltd	#	Nil	Nil	Nil	11,800,800
Nanjing Docker Club Real Estate Co., Ltd	^	Nil	Nil	Nil	95,404,650

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

DIRECTORS' INTERESTS (CONT'D)

	Nominal Value per share	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks			
		As at 1 July 2005	As at 30 June 2006	As at 1 July 2005	As at 30 June 2006
Interests of Quek Leng Chan in Related Corporations (cont'd)					
Lam Soon (Hong Kong) Limited	HK\$1.00	Nil	Nil	140,008,659	140,008,659
Kwok Wah Hong Flour Company Limited	HK\$100.00	Nil	Nil	9,800	9,800
LS Golden Oils & Fats Limited	HK\$1.00	Nil	Nil	185,000,000	185,000,000
M.C. Packaging Offshore Limited	HK\$0.01	Nil	Nil	471,793	471,793
Lam Soon Ball Yamamura Inc	NT\$10.00	Nil	Nil	15,221,823 [▶]	15,221,823
Guangzhou Lam Soon Food Products Limited	Ω	Nil	Nil	6,570,000	6,570,000
Shekou Lam Soon Silo Company Limited	#	Nil	Nil	8,464,500	8,464,500
GuocoLand (Malaysia) Berhad	RM0.50	3,266,280 [▲]	3,266,280	352,465,353 [▲]	456,820,716
Guoman Hotel & Resort Holdings Sdn Bhd	RM1.00	Nil	Nil	277,000,000 [▲]	277,000,000
HLL-Guoco Vietnam Co. Limited	#	Nil	Nil	5,000,592 [▲]	5,000,592
JB Parade Sdn Bhd	RM1.00 RM0.01	Nil Nil	Nil Nil	18,000,000 [▲] 68,594,000 [▲] (Redeemable Preference Shares)	18,000,000 68,594,000 (Redeemable Preference Shares)
BIL International Ltd	US\$0.20	150,000 [~]	150,000	403,808,449 [~]	696,892,043
Oil Basins Limited	US\$0.10	Nil	Nil	80,000 [~] (Class A Shares)	80,000 (Class A Shares)
Oil Basins Limited	US\$0.10	Nil	Nil	40,000 [~] (Class B Shares)	40,000 (Class B Shares)
Oil Basins Limited	US\$0.10	Nil	Nil	1,000 [~] (Class D Shares)	1,000 (Class D Shares)
Bondway Properties Limited	GBP1.00	Nil	Nil	1,134,215 [~] (Ordinary Voting Shares)	1,134,215 (Ordinary Voting Shares)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

DIRECTORS' INTERESTS (CONT'D)

	Nominal Value per share	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks			
		As at 1 July 2005	As at 30 June 2006	As at 1 July 2005	As at 30 June 2006
Interests of Quek Leng Chan in Related Corporations (cont'd)					
Bondway Properties Limited	GBP1.00	Nil	Nil	10,332~ (Ordinary - Non Voting Shares)	10,332 (Ordinary - Non Voting Shares)
Denarau Corporation Limited	FJ\$1.00	Nil	Nil	1~ (Ordinary A Share)	1 (Ordinary A Share)
Denarau Corporation Limited	FJ\$1.00	Nil	Nil	30,000~ (Ordinary C Shares)	30,000 (Ordinary C Shares)
Denarau Corporation Limited	FJ\$1.00	Nil	Nil	5,000~ (Ordinary D Shares)	5,000 (Ordinary D Shares)
Denarau Corporation Limited	FJ\$1.00	Nil	Nil	14,632~ (Ordinary E Shares)	14,632 (Ordinary E Shares)
Denarau Corporation Limited	FJ\$1.00	Nil	Nil	5,000~ (Ordinary F Shares)	5,000 (Ordinary F Shares)
Interests of Kwek Leng Hai in Related Corporations					
Hong Leong Industries Berhad	RM0.50	163,200 52,112*	163,200 52,112*	Nil Nil	Nil Nil
Hong Leong Financial Group Berhad (formerly known as Hong Leong Credit Berhad)	RM1.00	2,156,000 160,800*	2,156,000 160,800*	Nil Nil	Nil Nil
HLG Capital Berhad	RM1.00	500,000	500,000	Nil	Nil

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

DIRECTORS' INTERESTS (CONT'D)

	Nominal Value per share	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/convertible unsecured loan stocks			
		As at 1 July 2005	As at 30 June 2006	As at 1 July 2005	As at 30 June 2006
Interests of Kwek Leng Hai in Related Corporations (cont'd)					
Hong Leong Bank Berhad	RM1.00	3,955,700	3,955,700	Nil	Nil
Lam Soon (Hong Kong) Limited	HK\$1.00	2,300,000	2,300,000	Nil	Nil
GuocoLand (Malaysia) Berhad	RM0.50	226,800 [▲]	226,800	Nil	Nil

** Struck off from Register.

∞ Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005.

^ Capital contribution in RMB.

◆ Dissolved by members' voluntary liquidation.

Capital contribution in US\$.

▶ After capital reduction.

Ω Capital contribution in HK\$.

▲ Shareholding as at 28 April 2006 as the corporation became a related corporation.

~ Shareholding as at 21 October 2005 as the corporation became a related corporation.

By virtue of Section 7 of the Act, Mr Quek Leng Chan is deemed to have an interest in all of Hong Leong Company (Malaysia) Berhad's direct and indirect interests in its subsidiaries and associates, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2006.

Except as disclosed under "Share Options" of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Transactions entered into by the Company and/or its related corporations with connected or related parties in which certain of the directors are deemed to have an interest comprised deposits, lease of properties and payments for professional, financial and management services. All such transactions were carried out in the normal course of business of the Group and on commercial terms.

Except as disclosed in this report and in Notes 23, 24, 27 and 33 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

SHARE OPTIONS

1. The GuocoLand Limited Executives' Share Option Scheme

- a. The GuocoLand Limited ("GGL") Executives' Share Option Scheme (the "ESOS") was approved by shareholders of the Company at an Extraordinary General Meeting held on 31 December 1998. The ESOS was further approved by the shareholders of Guoco Group Limited ("GGL"), a company listed on The Stock Exchange of Hong Kong Limited ("HKSE") and the intermediate holding company of the Company, at an Extraordinary General Meeting held on 1 February 1999.
- b. In October 2004, shareholders of the Company and GGL approved the proposed amendments to the rules of the ESOS (the "Rules") to *inter alia* alter the structure of the ESOS to allow the grant of options to be satisfied over newly issued ordinary shares of the Company (the "Shares") or the transfer of existing Shares, or a combination of both new Shares and existing Shares, as well as to align the Rules with the requirements under Chapter 17 of the HKSE Listing Rules.
- c. The ESOS is administered by a Committee of Directors (the "ESOS Committee") comprising Mr Sat Pal Khattar and Mr Quek Leng Chan who were not participants in the ESOS during the financial year.
- d. The following options were granted to selected key executives of the Company ("Participants") in respect of an aggregate of 18,500,000 Shares:-

Date of Grant	Participants	No. of Shares comprised in Options	Exercise Price per Share	Note
1 November 2004	Selected key executives of GLL	12,500,000	S\$1.19	1
30 May 2005	Selected key executive of GLL	6,000,000	S\$1.32	2

- e. During the financial year, no options were vested, exercised or had lapsed and no new options were granted. Further, no Shares were issued pursuant to the ESOS.
- f. The status relating to Options under the ESOS as at the end of the financial year was as follows:-

Name of Participants	Options Granted during Financial Year under Review	Aggregate Options Granted since Commencement of ESOS to End of Financial Year under Review	Aggregate Options Exercised/ Lapsed since Commencement of ESOS to End of Financial Year under Review	Aggregate Options Outstanding as at End of Financial Year under Review
Executive Director, Quek Chee Hoon	–	2,000,000	(2,000,000) (lapsed)	–
	–	6,500,000 ¹	–	6,500,000
Director of Subsidiaries, Violet Lee	–	3,000,000 ¹	–	3,000,000
	–	6,000,000 ²	–	6,000,000
Other Executives	–	3,380,000	(3,380,000) (lapsed)	–
	–	3,000,000 ¹	–	3,000,000
Total	–	23,880,000	(5,380,000) (lapsed)	18,500,000

SHARE OPTIONS (CONT'D)

- g. Statutory information regarding the above Options is as follows:-
- i. The exercise price per Share is the average of the closing prices of the Company's shares on Singapore Exchange Securities Trading Limited for each of the last five market days immediately prior to the date of grant of the option.
 - ii. An option shall be exercisable on the date after (a) the second anniversary of the date of grant (for GLL Employees who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other GLL Employees), and to end on a date not later than 10 years after the date of grant.
 - iii. The persons to whom the Options have been granted do not have the right to participate, by virtue of the Options, in a share issue of any other company.
- h. Since the commencement of the ESOS, no Options have been granted to controlling shareholders of the Company and their associates or parent group employees.
- i. None of the Options which were offered since the commencement of the ESOS was granted at a discount.

Note:-

1. The exercise price was determined based on the average closing price for the five days preceding 29 October 2004. The closing market price per Share on 29 October 2004 (the trading date immediately before the date of grant) was S\$1.20. Subject to certain financial and performance targets being met by the Participants during the performance period for the financial years 2004/2005 to 2006/2007, the Participants may, at any time after 1 July 2007 or, at such other time as may be prescribed by the ESOS Committee at its sole discretion, be notified ("Date of Notification") of the vesting of the options and the number of Shares comprised in the vested options. Thereafter, the Participants shall have an exercise period of up to two years from the Date of Notification or, such other period as may be prescribed by the ESOS Committee at its sole discretion, to exercise the vested options in accordance with the terms of the grant.

During the financial year, none of the granted options had lapsed. Further, as no Shares were vested in or exercised by the Participants during the said period, no Shares were issued or transferred.

2. The exercise price was determined based on the average closing price for the five days preceding 27 May 2005. The closing market price per Share on 27 May 2005 (the trading date immediately before the date of grant) was S\$1.34. Under the terms of the grant, a first tranche of 2,000,000 Shares may be exercised at any time within one year from 30 May 2006 being the first anniversary of the date of grant. Subject to certain financial and performance targets being met by the Participant during the performance period for the financial years 2005/2006 to 2006/2007, the Participant shall have an exercise period of up to two years from the date of vesting, or such other period as may be prescribed by the ESOS Committee at its sole discretion, to exercise the vested option of up to the remaining 4,000,000 Shares in accordance with the terms of the grant.

2. Non-Redeemable Convertible Cumulative Preference Shares

On 29 November 2002, the Company issued 101,671,676 4.5% Non-Redeemable Convertible Cumulative Preference Shares ("NCCPS 2005") which are convertible into ordinary shares of the Company based on one ordinary share for every one NCCPS 2005 held.

During the financial year under review, the Company issued 30,188 ordinary shares to the holders of the NCCPS 2005 upon the conversion of 30,188 NCCPS 2005. On 29 November 2005, the mandatory conversion date of the NCCPS 2005, all the 78,127 outstanding NCCPS 2005 were automatically converted into ordinary shares of the Company.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at end of the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are as follows:-

Reggie Thein, Chairman
Lum Choong Wah
Goh Yong Hong

The Audit Committee performs the functions specified in Section 201B of the Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:-

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and of the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

SAT PAL KHATTAR
Director

QUEK CHEE HOON
Director

Singapore
25 August 2006

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2006

In our opinion:-

- a. the financial statements set out on pages 49 to 102 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2006 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date; and
- b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

SAT PAL KHATTAR
Director

QUEK CHEE HOON
Director

Singapore
25 August 2006

REPORT OF THE AUDITORS

TO THE MEMBERS OF GUOCOLAND LIMITED

We have audited the accompanying financial statements of GuocoLand Limited for the year ended 30 June 2006 as set out on pages 49 to 102. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2006 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG

Certified Public Accountants

Singapore
25 August 2006

BALANCE SHEETS

AS AT 30 JUNE 2006

	Note	Group		Company	
		2006 \$'000	2005 \$'000 (Restated)	2006 \$'000	2005 \$'000 (Restated)
Non-Current Assets					
Property, Plant and Equipment	3	127,161	1,864	–	–
Goodwill on Consolidation	4	1,064	–	–	–
Investment Properties	5	246,224	308,000	–	–
Interests in Subsidiaries	6	–	–	1,860,079	1,578,495
Interests in Associates and Jointly- Controlled Entities	7	190,462	223,541	9,083	9,964
Amounts due from Minority Shareholders of Subsidiaries	8	18,725	18,729	–	–
Investment Securities	9	54,204	154,184	–	–
Deferred Tax Assets	10	365	–	–	–
		638,205	706,318	1,869,162	1,588,459
Asset Held for Sale	11	140,000	–	–	–
Current Assets					
Inventories	12	1,288,334	958,800	–	–
Trade and Other Receivables	15	91,415	55,017	2,825	822
Cash and Cash Equivalents	17	542,876	403,981	356	874
		1,922,625	1,417,798	3,181	1,696
Total Assets		2,700,830	2,124,116	1,872,343	1,590,155
Equity attributable to equity holders of the Company					
Share Capital	18	839,716	665,540	839,716	665,540
Reserves	19	284,949	417,537	19,216	234,983
		1,124,665	1,083,077	858,932	900,523
Minority Interests		153,356	43,943	–	–
Total Equity		1,278,021	1,127,020	858,932	900,523
Non-Current Liabilities					
Amounts due to Subsidiaries	6	–	–	268,456	344,264
Amount due to Minority Shareholder of Subsidiary	8	3,141	5,638	–	–
Interest Bearing Loans and Borrowings	20	786,526	567,073	557,640	287,750
Deferred Tax Liabilities	10	5,138	9,663	–	–
		794,805	582,374	826,096	632,014
Current Liabilities					
Trade and Other Payables	21	224,063	131,865	13,751	6,674
Interest Bearing Loans and Borrowings – Current Portion	20	371,007	242,772	162,750	36,497
Current Tax Payable		32,934	40,085	10,814	14,447
		628,004	414,722	187,315	57,618
Total Liabilities		1,422,809	997,096	1,013,411	689,632
Total Equity and Liabilities		2,700,830	2,124,116	1,872,343	1,590,155

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2006

		Group	
	Note	2006 \$'000	2005 \$'000 (Restated)
Revenue	23	361,327	419,541
Cost of sales		(318,750)	(346,166)
Gross profit		42,577	73,375
Other operating income	24	146,938	46,528
Administrative expenses		(14,595)	(8,945)
Other operating expenses	25	(935)	(3,984)
Finance costs	26	(22,837)	(13,450)
Share of profit of associates (net of tax)		13,609	15,677
Profit before taxation	27	164,757	109,201
Income tax expense	28	(9,102)	(24,574)
Profit for the year		155,655	84,627
Attributable to:			
Equity holders of the Company		155,630	82,743
Minority interests		25	1,884
Profit for the year		155,655	84,627
Earnings per ordinary share (cents)	29		
Basic		24.43	12.57
Diluted		24.20	12.57

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Share Capital				
At 1 July	665,540	675,524	665,540	675,524
Issue of shares to holders of non-redeemable convertible cumulative preference shares ("NCCPS") 2005 who exercised their conversion rights and upon mandatory conversion of their preference shares	107	16	107	16
Share buy-back	–	(10,000)	–	(10,000)
Transfer from share premium and capital redemption reserve upon implementation of the Companies (Amendment) Act 2005	174,069	–	174,069	–
At 30 June	<u>839,716</u>	<u>665,540</u>	<u>839,716</u>	<u>665,540</u>
Share Premium				
At 1 July	161,176	161,192	161,176	161,192
Issue of shares to holders of NCCPS 2005 who exercised their conversion rights and upon mandatory conversion of their preference shares	(107)	(16)	(107)	(16)
Transfer to share capital upon implementation of the Companies (Amendment) Act 2005	(161,069)	–	(161,069)	–
At 30 June	<u>–</u>	<u>161,176</u>	<u>–</u>	<u>161,176</u>
Reserve for Own Shares				
At 1 July	(19,850)	–	(19,850)	–
Purchase of shares by the Trust for Executives' Share Option Scheme (see Note 30)	(68,537)	(19,850)	(68,537)	(19,850)
At 30 June	<u>(88,387)</u>	<u>(19,850)</u>	<u>(88,387)</u>	<u>(19,850)</u>

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Share Option Reserve				
At 1 July, as previously reported	-	-	-	-
Effect of adopting FRS 102 (see Note 31)	500	-	500	-
At 1 July, as restated	500	-	500	-
Value of employee services received for issue of share options	685	500	685	500
At 30 June	1,185	500	1,185	500
Capital Reserve				
At 1 July	1,300	1,300	1,300	1,300
Transfer from capital redemption reserve of a subsidiary upon implementation of the Companies (Amendment) Act 2005	83	-	-	-
At 30 June	1,383	1,300	1,300	1,300
Exchange Translation Reserve				
At 1 July, as previously reported	(6,338)	1,180	(3,447)	1,074
Effect of adopting FRS 21 (<i>revised</i>) (see Note 31)	-	-	3,447	(1,074)
At 1 July, as restated	(6,338)	1,180	-	-
Translation differences relating to financial statements of foreign subsidiaries and associates	786	(2,996)	-	-
Exchange differences on monetary items forming part of net investments in foreign subsidiaries and associates	(28,822)	(4,522)	-	-
At 30 June	(34,374)	(6,338)	-	-
Revaluation Reserve				
At 1 July, as previously reported	7,969	680	-	-
Effect of adopting FRS 40 (see Note 31)	(7,969)	(680)	-	-
At 1 July, as restated	-	-	-	-
Increase in fair value of property, plant and equipment and development properties from previously held interests in associates	8,522	-	-	-
At 30 June	8,522	-	-	-

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Capital Redemption Reserve				
At 1 July	13,083	3,083	13,000	3,000
Share buy-back	–	10,000	–	10,000
Transfer to share capital and capital reserve upon implementation of the Companies (Amendment) Act 2005	(13,083)	–	(13,000)	–
At 30 June	–	13,083	–	13,000
Mark-to-market Reserve				
At 1 July	(118)	(37,768)	–	–
Change in fair value of:-				
- available-for-sale securities	54,947	35,908	–	–
- available-for-sale securities held by an associate	(561)	(2,165)	–	–
Transfer to profit and loss account upon disposal of available-for-sale securities	(34,744)	3,907	–	–
At 30 June	19,524	(118)	–	–
Unappropriated Profits				
At 1 July, as previously reported	260,315	237,972	82,304	97,308
Effect of adopting (see Note 31):-				
- FRS 21 (<i>revised</i>)	–	–	(3,447)	1,074
- FRS 102	(500)	–	–	–
- FRS 40	7,969	680	–	–
At 1 July, as restated	267,784	238,652	78,857	98,382
Share buy-back	–	(11,013)	–	(11,013)
Transfer to profit and loss account upon disposal of available-for-sale securities	(5,369)	–	–	–
Profit attributable to equity holders of the Company	155,630	82,743	67,210	34,086
Dividends (see Note 32)	(40,949)	(42,598)	(40,949)	(42,598)
At 30 June	377,096	267,784	105,118	78,857
Equity attributable to equity holders of the Company	1,124,665	1,083,077	858,932	900,523

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Minority Interests				
At 1 July	43,943	41,852	–	–
Profit attributable to minority interests	25	1,884	–	–
Exchange differences on translation	(308)	(282)	–	–
Acquisition of interests in subsidiaries (see Note 34)	114,658	489	–	–
Capital contribution	392	–	–	–
Dividends	(5,354)	–	–	–
At 30 June	153,356	43,943	–	–
Total Equity	1,278,021	1,127,020	858,932	900,523
Note:-				
a. Attributable to equity holders of the Company				
Net (losses)/gains recognised directly in equity	(5,241)	30,132	–	–
Profit attributable to equity holders of the Company	155,630	82,743	67,210	34,086
Total recognised income and expense for the year	150,389	112,875	67,210	34,086
b. Attributable to minority interests				
Net losses recognised directly in equity	(308)	(282)	–	–
Profit attributable to minority interests	25	1,884	–	–
Total recognised income and expense for the year	(283)	1,602	–	–

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Operating activities			
Profit before taxation		164,757	109,201
Adjustments for:-			
Depreciation of property, plant and equipment		838	790
Gain on disposal of property, plant and equipment		(43)	(94)
Share of profit of associates (net of tax)		(13,609)	(15,677)
Finance costs		22,837	13,450
Impairment loss on available-for-sale securities		500	-
Interest income		(8,912)	(6,005)
Dividend income		(3,500)	(7,262)
(Gain)/Loss on disposal of available-for-sale securities		(40,113)	3,907
Gain on revaluation of investment properties		(32,000)	-
(Writeback of allowance)/Allowance for foreseeable losses on development properties (net)		(26,563)	2,341
Mark-to-market gain in respect of equity swap		(15,000)	(34,125)
Mark-to-market gain on derivative financial instruments		(1,189)	(202)
Negative goodwill arising from acquisition of subsidiary		(31,969)	-
Property, plant and equipment written off		2	72
Share option expense		685	500
		(148,036)	(42,305)
Operating profit before working capital changes		16,721	66,896
Changes in working capital:-			
Inventories		(225,079)	19,937
Trading securities		-	9,167
Trade and other receivables		(13,922)	(24,922)
Trade and other payables		36,445	5,633
Balances with holding companies and related corporations		2,012	(299)
		(200,544)	9,516
Cash (used in)/generated from operations		(183,823)	76,412
Income taxes paid		(21,550)	(7,934)
Purchase of shares by the Trust for Executives' Share Option Scheme		(68,537)	(19,850)
Cash flows from operating activities		(273,910)	48,628
Investing activities			
Proceeds from disposal of property, plant and equipment		48	94
Purchase of property, plant and equipment		(1,224)	(889)
Dividends received		3,500	7,262
Interests in associates		35,532	8,825
Net proceeds from disposal of available-for-sale securities		168,984	11,025
Settlement of equity swap		21,750	32,250
Net cash outflow on acquisitions of subsidiaries	34	(63,238)	(50,208)
Net cash outflow on acquisition of an associate		-	(4,258)
Net proceeds from disposal of an associate		-	334,286
Proceeds from liquidation of an associate		-	10
Cash flows from investing activities		165,352	338,397

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Financing activities			
Balances with minority shareholders of subsidiaries		34,665	(6,971)
Capital contribution from minority shareholder of a subsidiary		392	–
Dividends paid		(40,949)	(42,598)
Dividends paid to minority shareholders of subsidiaries		(5,354)	–
Interest paid		(39,353)	(25,791)
Interest received		9,574	6,317
Share buy-back		–	(11,013)
Proceeds from bank loans		782,745	372,864
Repayment of bank loans		(573,209)	(543,740)
Proceeds from medium-term notes		85,000	80,050
Repayment of medium-term notes		(19,997)	(79,924)
Proceeds from short-term notes		30,000	–
Cash flows from financing activities		263,514	(250,806)
Net increase in cash and cash equivalents		154,956	136,219
Cash and cash equivalents at 1 July		382,418	246,372
Exchange differences on translation of balances held in foreign currency		(11,543)	(173)
Cash and cash equivalents at 30 June	17	<u>525,831</u>	<u>382,418</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 25 August 2006.

1. DOMICILE AND ACTIVITIES

GuocoLand Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 20 Collyer Quay, #20-01 Tung Centre, Singapore 049319.

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are those relating to:-

- investment holding;
- investment trading;
- property development and investment;
- hotel operations; and
- provision of management, property management, marketing and maintenance services.

The immediate holding company is Guoco Investment Pte Ltd, incorporated in the Republic of Singapore. The intermediate holding company is Guoco Group Limited, incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in associates and jointly-controlled entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

On 1 July 2005, the Group adopted the following new/revised FRS:-

FRS 1 (revised)	<i>Presentation of Financial Statements</i>
FRS 2 (revised)	<i>Inventories</i>
FRS 8 (revised)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
FRS 10 (revised)	<i>Events after the Balance Sheet Date</i>
FRS 16 (revised)	<i>Property, Plant and Equipment</i>
FRS 17 (revised)	<i>Leases</i>
FRS 21 (revised)	<i>The Effects of Changes in Foreign Exchange Rates</i>
FRS 24 (revised)	<i>Related Party Disclosures</i>
FRS 27 (revised)	<i>Consolidated and Separate Financial Statements</i>
FRS 28 (revised)	<i>Investment in Associates</i>
FRS 31 (revised)	<i>Interests in Joint Ventures</i>
FRS 32 (revised)	<i>Financial Instruments: Disclosure and Presentation</i>
FRS 33 (revised)	<i>Earnings Per Share</i>
FRS 39 (revised)	<i>Financial Instruments: Recognition and Measurement</i>
FRS 102	<i>Share-based Payment</i>
FRS 105	<i>Non-current Assets Held for Sale and Discontinued Operations</i>

On 1 July 2005, the Group early adopted FRS 40 *Investment Properties* which would have become effective for financial statements covering periods beginning on or after 1 January 2007.

The effects of adopting the new/revised FRSs in 2006 are set out in Note 31.

The financial statements are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except for the following assets and liabilities which are stated at fair value:-

- investment properties;
- investment securities;
- derivative financial instruments; and
- certain financial assets and financial liabilities.

Non-current asset held for sale is stated at the lower of carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation (cont'd)

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of FRSs that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in Note 38.

b. Consolidation

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intra-group transactions and balances are eliminated upon consolidation.

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies. Jointly-controlled entities are entities over whose activities the Group has joint control, established by contractual agreement.

Investments in associates and jointly-controlled entities are stated in the Company's balance sheet at cost less impairment losses. In the consolidated financial statements, they are accounted for using the equity method of accounting. The Group's investment in these entities includes goodwill on acquisition net of accumulated impairment losses. The Group's share of the post-acquisition results of these entities is included in the consolidated profit and loss account and is based on their latest available management or audited accounts.

Where necessary, accounting policies for associates and jointly-controlled entities have been changed to be consistent with the policies adopted by the Group.

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the profit and loss account in the period of the acquisition.

The Company has established a Trust for the GuocoLand Limited Executives' Share Option Scheme. The Company has de facto control of the assets and liabilities of the Trust and accordingly the Company has recognised these assets and liabilities in its own financial statements.

c. Foreign Currencies

i. Foreign currency transactions

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Singapore dollars at foreign exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the profit and loss account. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Singapore dollars at foreign exchange rates ruling at the dates the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Foreign Currencies (cont'd)

ii. Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation, are recognised in the Company's profit and loss account. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are released to the profit and loss account upon disposal of the investment.

iii. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars for consolidation at the rates of exchange ruling at the balance sheet date. Revenue and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. Exchange differences arising on translation are recognised directly in equity. On disposal, accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on disposal.

d. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Except for freehold land and freehold land under development, depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:-

	Number of Years
Freehold buildings	50
Leasehold land and buildings	19 – 83
Furniture and fittings	3 – 5
Office and other equipment	2 – 5
Motor vehicles	5

The useful lives and residual values, if not insignificant, are reassessed annually.

e. Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired and contingent liabilities assumed. Goodwill is stated at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Goodwill is tested for impairment on an annual basis as described in Note 2k.

f. Investment Properties

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after property marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g. Investment Securities

Investment securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the profit and loss account.

Other investment securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognised in the profit and loss account. When these investment securities are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit and loss account. Where these investment securities are interest-bearing, interest calculated using the effective interest method is recognised in the profit and loss account.

For securities actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For securities where there is no quoted market price and whose fair value cannot be reliably measured, they are measured at amortised cost, less impairment losses if they have a fixed maturity and at cost, less impairment losses if they do not have a fixed maturity.

Purchases and sales of investment securities are recognised on the date that the Group commits to purchase or sell the security.

h. Inventories

i. Development Properties

Development properties are properties which are held with the intention of sale in the ordinary course of business. These include properties held for sale and properties in the course of development and are classified as current assets.

Development properties in the course of development are stated at the lower of cost, plus where appropriate a portion of attributable profit and estimated net realisable value, net of progress billings. Land, related acquisition expenses, development expenditure, interest and other related expenditure are capitalised as part of the cost of development properties. Properties held for sale are stated at the lower of cost and their estimated net realisable value.

ii. Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively in the profit and loss account by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit and loss account. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

iii. Others

Other inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

i. Derivative Financial Instruments

The Group uses derivative financial instruments such as interest rate swaps and foreign exchange contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. Details of the Group's financial risk management objectives and policies are set out in Note 35.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates and by discounting the future cash flows. The fair value of interest rate swap contracts is determined as the difference in the present value of the future interest cash flows.

Interest expense in respect of the notional amount borrowed for equity swap transactions is recognised in the profit and loss account on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits with financial institutions. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude cash collaterals and are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

k. Impairment

The carrying amounts of the Group's and the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Goodwill is tested for impairment annually and as and when indicators of impairment are identified.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit and loss account even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the profit and loss account is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account.

i. Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

ii. Reversal of impairment loss

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only 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.

l. Liabilities and Interest-bearing Liabilities

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Interest-bearing loans and borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost, that is, the initial cost minus principal repayment and plus or minus the cumulative amortisation of any difference between the initial cost and the maturity amount. The difference between the initial cost and the maturity amount is amortised using the effective interest rate method over the repayment period.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m. Employee Benefits

i. Share-based payments

The GuocoLand Limited Executives' Share Option Scheme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

ii. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

n. Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

o. Income Tax

Tax expense in the profit and loss account comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly-controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

p. Share Capital

Ordinary shares are classified as equity.

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q. Revenue Recognition

- i. Revenue from the sale of properties under development is recognised in the financial statements using the percentage of completion method based on the stage of completion as certified by the architects or quantity surveyors. Allowance for foreseeable losses is made in the year in which such loss is determined.
- ii. Revenue from the disposal of properties held for sale is recognised when substantially all the conditions of sales have been met and the risks and rewards of ownership have been transferred to the buyers. Allowance for foreseeable losses is made in the year in which such loss is determined.
- iii. Rental income is recognised as and when they are due.
- iv. Dividend income from subsidiaries and associates is recognised in the profit and loss account when the shareholder's right to receive payment is established.
- v. Dividend income from investments in securities is recognised in the profit and loss account on receipt.
- vi. Interest income is recognised on an accrual basis using the effective interest method.

r. Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

s. Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition and construction of investment and development properties, commencing from the time these costs are incurred until the receipt of the Temporary Occupation Permit.

t. Non-Current Assets/Liabilities Held for Sale

Immediately before classification as held for sale, the measurement of the relevant assets (or all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then on initial classification as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Any differences are taken to the profit and loss account.

Impairment losses on initial classification as held for sale are included in the profit and loss account, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land & building \$'000	Leasehold land & buildings \$'000	Freehold land under development \$'000	Furniture & fittings \$'000	Office and other equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost							
At 1 July 2004	–	–	–	2,026	2,204	1,887	6,117
Additions	–	–	–	272	333	284	889
Disposals	–	–	–	(3)	(1)	(265)	(269)
Written off	–	–	–	(455)	(522)	–	(977)
Exchange differences on translation	–	–	–	(17)	(6)	(6)	(29)
At 30 June 2005	–	–	–	1,823	2,008	1,900	5,731
At 1 July 2005	–	–	–	1,823	2,008	1,900	5,731
Acquisition of subsidiaries (see Note 34)	27,379	46,226	39,873	1,666	2,836	557	118,537
Additions	–	–	–	872	352	–	1,224
Disposals	–	–	–	(520)	(146)	(144)	(810)
Increase in fair value from previously held interests in associates	3,725	1,437	1,503	–	–	–	6,665
Written off	–	–	–	(41)	(49)	–	(90)
Exchange differences on translation	–	–	–	(10)	(9)	(6)	(25)
At 30 June 2006	31,104	47,663	41,376	3,790	4,992	2,307	131,232
Accumulated Depreciation							
At 1 July 2004	–	–	–	1,390	1,957	924	4,271
Depreciation charge for the year	–	–	–	270	197	323	790
Disposals	–	–	–	(3)	(1)	(265)	(269)
Written off	–	–	–	(397)	(508)	–	(905)
Exchange differences on translation	–	–	–	(14)	(4)	(2)	(20)
At 30 June 2005	–	–	–	1,246	1,641	980	3,867
At 1 July 2005	–	–	–	1,246	1,641	980	3,867
Depreciation charge for the year	–	–	–	310	228	309	847
Disposals	–	–	–	(436)	(108)	–	(544)
Written off	–	–	–	(40)	(48)	–	(88)
Exchange differences on translation	–	–	–	(4)	(3)	(4)	(11)
At 30 June 2006	–	–	–	1,076	1,710	1,285	4,071

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land & building \$'000	Leasehold land & buildings \$'000	Freehold land under development \$'000	Furniture & fittings \$'000	Office and other equipment \$'000	Motor vehicles \$'000	Total \$'000
Carrying Amount							
At 1 July 2004	–	–	–	636	247	963	1,846
At 30 June 2005	–	–	–	577	367	920	1,864
At 1 July 2005	–	–	–	577	367	920	1,864
At 30 June 2006	31,104	47,663	41,376	2,714	3,282	1,022	127,161

The Group's property, plant and equipment with a book value of \$42.7 million (2005 : Nil) has been mortgaged to secure loan facilities granted to the Group (see Note 20).

The depreciation charge for the Group is recognised in the following items:-

	2006 \$'000	2005 \$'000
Capitalised as cost of development properties	9	–
Cost of sales	666	634
Administrative expenses	172	156
	<u>847</u>	<u>790</u>

4. GOODWILL ON CONSOLIDATION

	Note	2006 \$'000	Group 2005 \$'000
Cost			
At 1 July		–	–
Acquisition of subsidiary	34	1,064	–
At 30 June		<u>1,064</u>	<u>–</u>
Accumulated impairment			
At 1 July and 30 June		<u>–</u>	<u>–</u>
Carrying amount			
At 1 July		<u>–</u>	<u>–</u>
At 30 June		<u>1,064</u>	<u>–</u>

5. INVESTMENT PROPERTIES

Movements in the investment properties are as follows:-

	Note	2006 \$'000	Group 2005 \$'000
At 1 July		308,000	308,000
Acquisition of subsidiary	34	46,224	–
Increase in fair values		32,000	–
Transfer to asset held for sale		(140,000)	–
At 30 June		<u>246,224</u>	<u>308,000</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

5. INVESTMENT PROPERTIES (CONT'D)

Investment properties comprise commercial properties that are leased mainly to external customers. The leases are for a period of one to three years.

a. The details of the investment properties are as follows:-

Investment Property	Description	Tenure of Land	Open Market Value
Singapore			
Tung Centre 20 Collyer Quay Singapore 049319	24-storey office building	999-year lease with effect from 5.11.1862	\$200.0 million
Malaysia			
Bangunan Hong Leong No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur Malaysia	16-storey office building	Freehold	\$16.0 million
Menara Pandan Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur Malaysia	Two blocks of 10-storey office tower building	99-year lease with effect from 25.03.2002	\$30.2 million
			\$246.2 million

b. In accordance with the Group's accounting policy, the Group's investment property in Singapore was valued on 30 June 2006 on an open market basis by DTZ Debenham Tie Leung (SEA) Pte Ltd, an independent firm of professional valuers. The Group's investment properties in Malaysia were valued on 30 April 2006 on an open market basis by KS Dhillon, an independent firm of professional valuers.

c. The Group's investment properties with a book value of \$46.2 million (2005 : \$123.0 million) have been mortgaged to secure loan facilities granted to the Group (see Note 20).

6. INTERESTS IN SUBSIDIARIES

	Company	
	2006 \$'000	2005 \$'000
a. Unquoted shares, at cost	1,172,787	1,184,284
Less : Impairment loss	(327,672)	(365,976)
	845,115	818,308
Amounts due from subsidiaries	1,214,847	969,190
Less : Allowance for doubtful receivables	(199,883)	(209,003)
	1,014,964	760,187
	1,860,079	1,578,495
Non-current amounts due to subsidiaries	(268,456)	(344,264)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

6. INTERESTS IN SUBSIDIARIES (CONT'D)

The amounts due from subsidiaries consist of \$536.4 million (2005 : \$257.6 million) interest-free loans and \$678.4 million (2005 : \$711.6 million) interest bearing loans.

The amounts due to subsidiaries are interest-free. In the previous financial year, the amounts due to subsidiaries consisted of \$343.9 million interest-free loans and \$0.4 million interest bearing loans.

The amounts due from/(to) subsidiaries form part of the Company's net investments in these subsidiaries. The amounts are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

The amounts due from subsidiaries comprise foreign currency loans amounting to \$591.0 million (2005 : \$198.6 million) which form part of the Company's net investments in these subsidiaries. With the adoption of FRS 21 (*revised*), the exchange differences arising from these loans are recognised in the Company's profit and loss account and reclassified to equity in the Group's consolidated financial statements.

The weighted average effective interest rates per annum at the balance sheet date are as follows:-

	2006 %	2005 %
Amounts due from subsidiaries	3.80 to 5.80	3.20
Amounts due to subsidiaries	–	3.06

The above interest rates reprice monthly.

b. The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2006 %	2005 %
A-Z Holdings Pte Ltd	Singapore	100	100
Branmil Holdings Pte Ltd	Singapore	100	100
# Checkenden Limited	British Virgin Islands	100	100
Chelford Pte Ltd	Singapore	100	100
Cheltenham Investments Pte Ltd	Singapore	100	100
Chiltern Park Development Pte Ltd	Singapore	100	100
Da Zhong Investment Pte Ltd	Singapore	100	100
Everian Holdings Pte Ltd	Singapore	100	100
Fasidon Holdings Pte Ltd	Singapore	100	100
FCC Holdings Pte Ltd	Singapore	100	100
FCC Net Pte Ltd and its subsidiary:-	Singapore	100	100
MyHome Online Pte Ltd	Singapore	100	100
Fica Nominees Pte Ltd	Singapore	100	100
First Bukit Panjang Land Pte Ltd	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

6. INTERESTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2006 %	2005 %
First Capital Asia Pte Ltd and its subsidiary:-	Singapore	100	100
First Capital Asia Land Pte Ltd	Singapore	100	100
First Capital Assets Pte Ltd and its subsidiaries:-	Singapore	100	100
# First Capital Assets (BVI) Ltd	British Virgin Islands	100	100
FOC Equities Pte Ltd and its subsidiary:-	Singapore	100	100
* Imej Maju Sch. Bhd.	Malaysia	100	100
First Capital Corporation Realty Pte. Ltd.	Singapore	100	100
First Capital Development Pte Ltd and its subsidiary:-	Singapore	100	100
Elias Development Pte Ltd	Singapore	100	100
First Capital Holdings (HK) Pte Ltd	Singapore	100	100
First Capital Holdings Pte Ltd	Singapore	100	100
First Capital Hotels Pte Ltd	Singapore	100	100
First Capital Properties Pte Ltd	Singapore	–	100
First Capital Realty Pte Ltd	Singapore	100	100
First Cavendish Development Pte Ltd	Singapore	100	100
First Changi Development Pte Ltd	Singapore	90	90
First Coventry Development Pte Ltd	Singapore	100	100
First Garden Development Pte Ltd	Singapore	90	90
First Loyang Land Pte Ltd	Singapore	100	100
First Meyer Development Pte Ltd	Singapore	100	100
First Tanglin Land Pte Ltd	Singapore	100	100
GLL Holdings (UK) Pte. Ltd.	Singapore	100	100
GLL Investments Ltd.	Singapore	100	100
GLL Land Pte. Ltd.	Singapore	100	100
GLL Property Fund Pte. Ltd.	Singapore	100	100
GLL Ventures Pte. Ltd.	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

6. INTERESTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2006 %	2005 %
* GuocoLand (China) Limited and its subsidiaries:-	Bermuda	100	100
* Beijing Jiang Sheng Property Development Co., Ltd	The People's Republic of China	99.04	99.04
* Beijing Minghua Property Development Co., Ltd	The People's Republic of China	75	75
* Guo Xiang Property Co., Limited	Hong Kong	100	100
Guoco Property Management Pte Ltd	Singapore	100	100
* Nanjing Docker Club Real estate Co., Ltd	The People's Republic of China	94.93	-
* Nanjing Xinhaoning Property Development Co., Ltd	The People's Republic of China	99	-
* Nanjing Xinhaoxuan Property Development Co., Ltd	The People's Republic of China	99	-
* Shanghai Xinhaolong Property Development Co., Ltd	The People's Republic of China	100	-
* Shanghai Xinhaozhong Property Development Co., Ltd	The People's Republic of China	98	98
GLL (Malaysia) Pte. Ltd. and its subsidiaries:-	Singapore	100	100
® GuocoLand (Malaysia) Berhad and its subsidiaries (see Note 7):-	Malaysia	67.35	-
® Guoman Hotel & Resort Holdings Sdn. Bhd. and its subsidiaries:-	Malaysia	77.15	-
▲ PD Resort Sdn. Bhd.	Malaysia	77.15	-
® Kiapeng Development Sdn. Bhd.	Malaysia	77.15	-
# Guoman Hotels Limited and its subsidiaries:-	Bermuda	77.15	-
# Guoman Hanoi Limited and its subsidiary:-	Jersey, Channel Islands	77.15	-
◻ HLL-Guoco Vietnam Co. Limited	Vietnam	57.16	-
◻ Guoman Philippines, Inc.	Philippines	77.15	-
# Guoman International Limited and its subsidiary:-	Jersey, Channel Islands	77.15	-
® Guoman International Sdn. Bhd.	Malaysia	77.15	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

6. INTERESTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2006 %	2005 %
® JB Parade Sdn. Bhd. and its subsidiary:-	Malaysia	46.29	—
® JB Parade Condominium Sdn. Bhd.	Malaysia	46.29	—
® Bedford Development Sdn. Bhd. and its subsidiaries:-	Malaysia	67.35	—
® Hong Leong Housing Sdn. Bhd.	Malaysia	67.35	—
® Bedford Industrial Development Sdn. Bhd.	Malaysia	67.35	—
▲ Pembinaan Sri Jati Sdn. Berhad	Malaysia	67.35	—
^ Evergreen Direction Sdn. Bhd.	Malaysia	67.35	—
® Hong Leong Real Estate Holdings Sdn. Bhd. and its subsidiaries:-	Malaysia	67.35	—
▲ Bedford Land Sdn. Bhd. and its subsidiaries:-	Malaysia	67.35	—
® BLV Fashions Sdn. Bhd.	Malaysia	67.35	—
▲ Guobena Development Sdn. Bhd.	Malaysia	67.35	—
® HL Bandar Sdn. Bhd.	Malaysia	67.35	—
® Prophills Development Sdn. Bhd.	Malaysia	67.35	—
® Orithree Sdn. Bhd.	Malaysia	67.35	—
® Orifour Sdn. Bhd.	Malaysia	67.35	—
® Orifive Sdn. Bhd.	Malaysia	67.35	—
^ Resource Properties Sdn. Bhd.	Malaysia	67.35	—
^ Bedford Excel Venture Sdn. Bhd.	Malaysia	67.35	—
® HLP Equities Sdn. Bhd.	Malaysia	67.35	—
^ Bedford Leisure Ventures Sdn. Bhd. and its subsidiary:-	Malaysia	67.35	—
^ BLV Entertainment Sdn. Bhd.	Malaysia	67.35	—
# HLL Overseas Limited	Jersey, Channel Islands	67.35	—
▲ Hong Leong Real Estate Management Sdn. Bhd.	Malaysia	67.35	—
▲ Hong Leong Property Services Sdn. Bhd.	Malaysia	67.35	—

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

6. INTERESTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2006 %	2005 %
▲ Hong Leong Property Management Co Sdn. Bhd. and its subsidiary:-	Malaysia	67.35	–
^ Online Ventures Sdn. Bhd.	Malaysia	67.35	–
* GLM REIT Management Sdn. Bhd. (formerly known as Premiumview Development Sdn Bhd)	Malaysia	67.35	–
GuocoLand (Singapore) Pte. Ltd. and its subsidiaries:-	Singapore	100	100
First Bedok Land Pte Ltd	Singapore	100	100
Winterhall Pte Ltd	Singapore	100	100
Rivaldo Investments Pte Ltd	Singapore	100	100
GuocoLand China (S) Pte. Ltd.	Singapore	100	–
GuocoLand Management Pte. Ltd.	Singapore	100	100
GuocoLand Property Management Pte. Ltd.	Singapore	100	100
GuocoLand Vietnam (S) Pte. Ltd. (formerly known as Alphington Pte. Ltd.)	Singapore	100	100
Harbour View Development Pte Ltd	Singapore	100	100
Hedover Holdings Pte Ltd	Singapore	100	100
Leonie Land Pte Ltd	Singapore	100	100
Melville Park Development Pte Ltd	Singapore	80	80
Pemberton Limited and its subsidiary:-	Singapore	100	100
Century Square Development Ltd	Singapore	100	100
Sanctuary Land Pte Ltd	Singapore	90	90
Tanamera Development Pte Ltd	Singapore	100	100

Not required to be audited by law of country of incorporation.

* Audited by other member firms of KPMG International.

© Audited by Ernst & Young, Malaysia.

▲ Audited by Ling Kam Hoong & Co.

⊕ Audited by Grant Thornton.

∞ Audited by SyCip Gorres Velaya & Co.

^ The financial statements of these companies were not audited as these companies are in members' voluntary liquidation.

The rest of the subsidiaries are audited by KPMG Singapore.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

7. INTERESTS IN ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Investments in associates	8,630	193,711	3,684	3,684
Investments in jointly-controlled entities	169,451	–	–	–
	178,081	193,711	3,684	3,684
Amounts due from associates	12,386	29,935	12,299	13,180
Less : Amounts due within 1 year shown under trade and other receivables (see Note 15)	(5)	(105)	–	–
Allowance for doubtful receivables	–	–	(6,900)	(6,900)
	12,381	29,830	5,399	6,280
	190,462	223,541	9,083	9,964

The amounts due from associates are unsecured and interest-free, and form part of the Company's net investments in associates. The amounts due from associates comprise a foreign currency loan amounting to \$8.7 million (2005 : \$9.2 million) which forms part of the Company's net investment in an associate. With the adoption of FRS 21 (*revised*), the exchange differences arising from the loan are recognised in the Company's profit and loss account and reclassified to equity in the Group's consolidated financial statements.

The details of the associates and jointly-controlled entities are as follows:-

Name of Associates/ Jointly-Controlled Entities	Country of Incorporation	Effective Equity Interest held by the Group	
		2006 %	2005 %
Associates			
* Crawford Pte Ltd	Singapore	40	40
* First Capital Property Ventures Pte Ltd	Singapore	35	35
® Guoman Hotel & Resort Holdings Sdn. Bhd. ("GHRH") and its subsidiaries	Malaysia	^	30
® GuocoLand (Malaysia) Berhad ("GLM") and its subsidiaries	Malaysia	^	44.07
* Luck Hock Venture Holdings, Inc	Philippines	30.86	-
* Razgrad Pte Ltd	Singapore	40	40
* Stockton Investments Pte Ltd	Singapore	38.27	38.27
# Tiara Investment Holdings Limited	Mauritius	40	40

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

7. INTERESTS IN ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES (CONT'D)

Name of Associates/ Jointly-Controlled Entities	Country of Incorporation	Effective Equity Interest held by the Group	
		2006 %	2005 %
Jointly-Controlled Entities			
® Bedford Damansara Heights Development Sdn. Bhd. and its subsidiaries:-	Malaysia	33.68	–
® Promakmur Development Sdn. Bhd.	Malaysia	33.68	–
▲ Kota Selatan Indah Sdn. Bhd.	Malaysia	33.68	–
® Continental Estates Sdn. Bhd.	Malaysia	33.68	–
® Positive Properties Sdn. Bhd.	Malaysia	33.68	–
® Putrajaya Properties Sdn. Bhd. and its subsidiaries:-	Malaysia	33.68	–
® Sabna Development Sdn. Bhd.	Malaysia	33.68	–
® HLP Bina Sdn. Bhd.	Malaysia	33.68	–
® Vintage Heights Sdn. Bhd.	Malaysia	31.94	–

* Audited by KPMG Singapore.

® Audited by Ernst & Young, Malaysia.

∞ Audited by SyCip Gorres Velaya & Co.

Audited by Sui Chong Ng Fuk Chong.

▲ Audited by Ling Kam Hoong & Co.

^ During the financial year, the Group increased its investment in GLM from 44.07% to 67.35%, making both GLM and GHRH, which is a 70% owned subsidiary of GLM, subsidiaries of the Group (see Note 6).

The financial information of the associates and the Group's share of its interests in the jointly-controlled entities are as follows:-

	Associates		Jointly-Controlled Entities	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Assets and liabilities				
Non-current assets			2,959	–
Current assets			254,857	–
Total assets	139,091	983,726	257,816	–
Current liabilities			(40,834)	–
Non-current liabilities			(47,531)	–
Total liabilities	(100,063)	(506,557)	(88,365)	–
Minority interests	–	(21,101)	–	–
Results				
Revenue	133,914	196,895	–	–
Expenses			–	–
Profit after taxation and minority interests	31,685	16,952	–	–

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

8. AMOUNTS DUE FROM/(TO) MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts due from/(to) minority shareholders of subsidiaries form part of their net investments in these subsidiaries. The amounts are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future.

9. INVESTMENT SECURITIES

Available-for-sale Securities

	Group	
	2006 \$'000	2005 \$'000
Quoted equity securities, at market value	54,189	149,037
Unquoted equity securities, at cost	21	8,997
Less : Impairment loss	(6)	(3,850)
	15	5,147
	54,204	154,184

In the previous financial year, quoted equity securities with a market value of \$119.0 million were pledged with a bank to secure short-term loan facilities (see Note 20).

It is not practicable to estimate the fair value of the unquoted equity securities without incurring excessive costs. However, the management believes that the carrying amount recorded at the balance sheet date reflects the corresponding fair value.

10. DEFERRED TAX

a. Deferred Tax Assets and Liabilities

The movements in deferred tax assets and liabilities during the year are as follows:-

	Note	Property, plant and equipment \$'000	Investment properties \$'000	Development properties \$'000	Unutilised tax losses \$'000	Others \$'000	Total \$'000
Group							
Deferred tax liabilities							
At 1 July 2005		–	3,100	6,463	–	100	9,663
Credited to profit and loss account		–	–	(6,472)	–	(55)	(6,527)
Charged to equity		351	–	238	–	–	589
Acquisition of subsidiary	34	596	–	808	–	–	1,404
Exchange differences on translation		–	–	9	–	–	9
At 30 June 2006		947	3,100	1,046	–	45	5,138
Deferred tax assets							
At 1 July 2005		–	–	–	–	–	–
Acquisition of subsidiary	34	–	–	–	365	–	365
At 30 June 2006		–	–	–	365	–	365

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

10. DEFERRED TAX (CONT'D)

a. Deferred Tax Assets and Liabilities (cont'd)

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

	Group	
	2006 \$'000	2005 \$'000
Deferred tax liabilities	5,138	9,663
Deferred tax assets	(365)	-
	5,773	9,663

b. Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2006 \$'000	2005 \$'000
Deductible temporary differences	288,251	306,434
Unutilised tax losses/capital allowances	251,517	196,608
	539,768	503,042
Deferred tax assets	119,993	103,902

Deferred tax assets have not been recognised in respect of these items because it is not certain as to when the Group can utilise the benefits therefrom.

As at 30 June 2006, the Group has unutilised tax losses and capital allowances which are available for set-off against future profits subject to tax conditions prevailing in the respective countries of the subsidiaries and agreements by the respective tax authorities.

11. ASSET HELD FOR SALE

In June 2006, a wholly-owned subsidiary of the Group entered into a Sale and Purchase Agreement to sell Robinson Centre, a 20-storey office building at 61 Robinson Road for a consideration of \$145 million. The sale was completed in July 2006.

As at 30 June 2006, the investment property was valued at \$140 million based on the sale consideration net of the provision for a property income undertaking for a yield of 4.5% on the property in favour of the purchaser.

12. INVENTORIES

		Group	
	Note	2006 \$'000	2005 \$'000
Saleable merchandise		291	-
Operating supplies		284	-
		575	-
Development properties	13	1,286,571	958,800
Construction work-in-progress	14	1,188	-
		1,287,759	958,800
		1,288,334	958,800

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

13. DEVELOPMENT PROPERTIES

	Note	2006 \$'000	Group 2005 \$'000
Properties in the course of development		1,166,121	707,727
Properties held for sale		120,450	251,073
		1,286,571	958,800
a. Properties in the course of development			
Costs		1,674,150	1,177,927
Allowance for foreseeable losses		(52,502)	(129,492)
Attributable profit		5,724	31,735
Progress instalments received and receivable		(461,251)	(417,170)
		1,166,121	663,000
Comprising:-			
Properties in the course of development		1,166,121	707,727
Excess of progress billings over work-in-progress	21	-	(44,727)
		1,166,121	663,000
The following were capitalised as cost of development properties during the financial year:-			
Interest expense		19,639	11,502
Interest income		(552)	(247)
Depreciation of property, plant and equipment		9	-
		19,096	11,255
b. Properties held for sale			
Properties held for sale		140,902	272,836
Allowance for foreseeable losses		(20,452)	(21,763)
		120,450	251,073

Certain development properties with a book value of \$583.7 million (2005 : \$747.5 million) are under legal mortgages with banks (see Note 20).

Included in interest capitalised during the previous financial year is an amount of \$43,000 payable to minority shareholders of subsidiaries.

If the Group had adopted the completion of construction method, the effects on the financial statements for the financial year ended 30 June 2006 would have been as follows:-

	Increase/ (Decrease) \$'000
Unappropriated profits as at 1 July 2005	(46,758)
Revenue	(71,389)
Profit for the year	(10,780)
Properties in the course of development as at 1 July 2005	(463)
Properties in the course of development as at 30 June 2006	(81,784)
Excess of progress billings over work-in-progress as at 1 July 2005	69,780
Excess of progress billings over work-in-progress as at 30 June 2006	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

13. DEVELOPMENT PROPERTIES (CONT'D)

The details of the development properties are as follows:-

Properties in the course of development:-

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") Date	Site Area (sq m)	Gross Floor Area (sq m)	Group's Interest
Singapore						
Le Crescendo Situating at Paya Lebar Road	Residential	TOP obtained on 4/1/2006	N/A	12,323	26,176	100%
Leonie Studio Situating at Leonie Hill	Residential	Architectural & external works in progress	9/2006	2,850	8,690	100%
Nathan Place Situating at Nathan Road	Residential	TOP obtained on 20/6/2006 & 21/6/2006	N/A	4,421	6,189	100%
Paterson Residence Situating at Paterson Road	Residential	Superstructure works in progress	4/2008	7,774	16,327	100%
The View @ Meyer Situating at Meyer Road	Residential	Planning	*	3,352	7,039	100%
The Stellar Situating at West Coast Road	Residential	Piling works in progress	10/2008	13,245	18,543	100%
The Quartz Situating at Sengkang Central	Residential	Piling works in progress	3/2009	21,985	65,956	100%
Malaysia						
Notting Hill Situating at Mukim of Sg. Buloh, Selangor Darul Ehsan	Residential	Pending application of TOP	11/2006	14,050	10,122	67.35%
		Architectural & superstructure works in progress	9/2007	15,074	9,638	67.35%
Site situating at Lot 322 Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	Residential	Planning	*	44,532	41,822	67.35%

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

13. DEVELOPMENT PROPERTIES (CONT'D)

Properties in the course of development (cont'd):-

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") Date	Site Area (sq m)	Gross Floor Area (sq m)	Group's Interest
Site situated at Mukim of Rawang, Districts of Gombak and Ulu Selangor, Selangor Darul Ehsan	Residential	Planning	*	189,990	107,412	67.35%
Site situated at Old Klang Road, Mukim of Petaling Jaya, Kuala Lumpur	Commercial	Planning	*	4,634	33,873	67.35%
Site situated at Damansara Town Centre, Kuala Lumpur	Commercial	Planning	*	34,490	188,180	67.35%
The People's Republic of China						
Central Park Situated in Luwan District, Shanghai	Residential	Pending application of TOP	8/2006	14,841	63,935	98%
West End Point Situated in Xicheng District, Beijing	Residential/ Commercial	Construction in progress	6/2008	36,501	108,137	99.04%
Hillview Regency Situated in Xuanwu District, Nanjing	Residential/ Commercial	Design planning and land resettlement in progress	*	296,002	354,753	99%
Ascott Park Situated in Qixia District, Nanjing	Residential/ Commercial	Design planning	*	89,709	178,224	94.93%
Changfeng Situated in Putuo District, Shanghai	SOHO/ Commercial	Design planning and land resettlement in progress	*	143,845	359,615	100%

* Not applicable as construction for these developments have not commenced.
N/A : Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

13. DEVELOPMENT PROPERTIES (CONT'D)

Properties held for sale:-

Property	Intended Use	Site Area (sq m)	Gross Floor Area (sq m)	Group's Interest
Singapore				
Bishan Point Situating at Sin Ming Ave/Bright Hill Drive	Residential	6,800	19,038	100%
D'elias Situating at Tampines Expressway/Elias Road Junction	Residential	4,429	4,230	100%
Sanctuary Green Situating at Tanjong Rhu Road	Residential	23,551	66,040	90%
The Gardens at Bishan Situating at Sin Ming Ave/Sin Ming Walk	Residential	34,949	87,373	90%
Malaysia				
3 Kia Peng Situating at No. 3 Jalan Kia Peng 50450 Kuala Lumpur	Residential	13,442	77,299	77.15%
Sri Sentosa Situating at Jalan Taman Sri Sentosa 58000 Kuala Lumpur	Residential	14,717	40,000	67.35%
Mutiara Kompleks Situating at 3 1/2 Jalan Ipoh 51200 Kuala Lumpur	Office	732	732	67.35%

14. CONSTRUCTION WORK-IN-PROGRESS

	Note	Group	
		2006 \$'000	2005 \$'000
Cost and attributable profits		18,062	-
Progress billings		(17,909)	-
		153	-
Comprising:-			
Construction work-in-progress	12	1,188	-
Excess of progress billings over work-in-progress	21	(1,035)	-
		153	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

15. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Trade receivables		44,727	28,687	–	–
Accrued receivables [#]		2,720	16,289	–	–
		47,447	44,976	–	–
Allowance for doubtful receivables		(56)	(7)	–	–
		47,391	44,969	–	–
Other receivables, deposits and prepayments		41,178	9,831	2,825	822
Allowance for doubtful receivables		(2,205)	–	–	–
	16	38,973	9,831	2,825	822
Amounts due from:-					
Intermediate holding company		8	3	–	–
Associates	7	5	105	–	–
Jointly-controlled entities		4,893	–	–	–
Related corporations		136	107	–	–
Related parties		9	2	–	–
		91,415	55,017	2,825	822

The amounts due from intermediate holding company, associates, related corporations and related parties are unsecured and interest-free.

The amounts due from jointly-controlled entities are unsecured and consist of \$2.0 million (2005 : Nil) interest-free loans and \$2.9 million (2005 : Nil) interest-bearing loans. The weighted average effective interest rate per annum for interest-bearing loans at the balance sheet date is 4.93% per annum and the interest rate reprices every three months.

[#] In accordance with the Group's accounting policy, income is recognised on the progress of the construction works. Upon receipt of Certificate of Statutory Completion, the balance of the sales consideration to be billed is included as accrued receivables.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Deposits		3,512	712	–	250
Prepayments		5,101	2,431	1,636	572
Tax recoverables		7,289	5,699	–	–
Interest receivables		501	611	–	–
Mark-to-market gain on derivative financial instruments		1,189	202	1,189	–
Deposits for land acquisition		15,389	–	–	–
Advance to main contractor		3,275	–	–	–
Others		2,717	176	–	–
		38,973	9,831	2,825	822

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

17. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Short-term deposits with banks					
- S\$ balances		223,430	176,878	20	20
- US\$ balances		70,716	17	-	-
- RMB balances		116,790	102,171	-	-
- MYR balances		12,800	-	-	-
- VND balances		347	-	-	-
		424,083	279,066	20	20
Cash and bank balances		118,793	124,915	336	854
		542,876	403,981	356	874
Bank overdrafts	20	(732)	-	-	-
Cash collaterals		(16,313)	(21,563)	-	-
Cash and cash equivalents in the consolidated statement of cash flows		525,831	382,418	356	874

Included in the Group's cash and bank balances and short-term deposits with banks are:-

- Amounts held under the Housing Developers (Project Account) Rules ("Rules") totalling \$49.4 million (2005 : \$6.2 million), the use of which is subject to restrictions imposed by the above-mentioned Rules;
- Amounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 totalling \$86,000 (2005 : Nil), the use of which is restricted from other operations;
- Amount held by solicitor of \$14.5 million pending completion of the sale of an investment property held by the Group (see Note 11); and
- Cash collaterals of \$16.3 million (2005 : \$21.6 million) deposited with a bank for equity swap transactions.

The weighted average effective interest rates per annum at the balance sheet date are as follows:-

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Short-term deposits with banks				
- S\$ balances	0.60 to 3.36	0.31 to 2.13	0.60 to 0.63	0.50 to 0.63
- US\$ balances	1.20 to 5.02	2.66	-	-
- RMB balances	1.62 to 1.71	1.62 to 2.07	-	-
- MYR balances	2.40 to 2.60	-	-	-
- VND balances	5.94	-	-	-

The above interest rates reprice at intervals of one, three or six months.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

18. SHARE CAPITAL

	Company	
	2006 \$'000	2005 \$'000
a. Ordinary Shares		
Issued and fully paid:		
- 665,647,468 (2005 : 665,539,153) ordinary shares	839,716	665,539
b. Non-Redeemable Convertible Cumulative Preference Shares ("NCCPS")		
Issued and fully paid:		
- Nil (2005 : 108,315) NCCPS 2005	-	1
Total share capital issued at end of the year	839,716	665,540

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 29 November 2002, the Company issued 101,671,676 new ordinary shares ("rights share") and 101,671,676 new 4.5% non-redeemable convertible cumulative preference shares ("NCCPS 2005") at an issue price of \$1.00 for each rights share and \$1.00 for each NCCPS 2005 for cash. One rights share and one NCCPS 2005 were issued for every four ordinary shares held in the share capital of the Company.

The NCCPS 2005 carry the right to a cumulative preference dividend of 4.5% p.a. and the right to convert into ordinary shares of the Company within three years from the date of issue based on the conversion ratio of one ordinary share for every one NCCPS 2005 held. All the 78,127 outstanding NCCPS 2005 were automatically converted into ordinary shares of the Company on 29 November 2005, being the mandatory conversion date of the NCCPS 2005.

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:-

- a. The concept of authorised share capital is abolished;
- b. Shares of the Company have no par value; and
- c. Amounts standing to the credit of the Company's share premium account and capital redemption reserve became part of the Company's share capital (see Note 19).

At 30 June 2006, the Trust for GuocoLand Limited Executives' Share Option Scheme (the "ESOS") had acquired 49,482,000 (2005 : 15,759,000) of the Company's shares from the market for the purpose of satisfying outstanding share options granted to eligible employees under the ESOS (see Note 30).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

19. RESERVES

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Share premium	(a)	–	161,176	–	161,176
Reserve for own shares	(b)	(88,387)	(19,850)	(88,387)	(19,850)
Share option reserve	(c)	1,185	500	1,185	500
Capital reserve	(d)	1,383	1,300	1,300	1,300
Exchange translation reserve	(e)	(34,374)	(6,338)	–	–
Revaluation reserve	(f)	8,522	–	–	–
Capital redemption reserve	(a)	–	13,083	–	13,000
Mark-to-market reserve	(g)	19,524	(118)	–	–
Unappropriated profits		377,096	267,784	105,118	78,857
		284,949	417,537	19,216	234,983

a. Share Premium

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006, amounts standing to the credit of the Company's share premium account and capital redemption reserve became part of the Company's share capital (see Note 18).

b. Reserve for Own Shares

This comprises the purchase consideration for issued shares of the Company acquired by the Trust for GuocoLand Limited Executives' Share Option Scheme (the "ESOS") for the purpose of satisfying outstanding share options granted to eligible employees under the ESOS (see Note 30).

c. Share Option Reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

d. Capital Reserve

This comprises mainly allocated value of the warrants issued with debt securities.

e. Exchange Translation Reserve

This comprises:-

- i. foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates whose functional currencies are different from the functional currency of the Company.
- ii. the exchange differences on monetary items which form part of the Group's net investment in the foreign subsidiaries and associates.

f. Revaluation Reserve

This comprises increase in fair value of property, plant and equipment and development properties from previously held interests in associates.

g. Mark-to-market Reserve

This comprises unrealised gain or loss arising from changes in fair value of available-for-sale securities.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

20. INTEREST BEARING LOANS AND BORROWINGS

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Non-Current Liabilities					
Long-term bank loans					
- secured		224,566	279,323	-	-
- unsecured		356,960	35,000	352,640	35,000
Medium-term notes (unsecured)		205,000	252,750	205,000	252,750
		<u>786,526</u>	<u>567,073</u>	<u>557,640</u>	<u>287,750</u>
Current Liabilities					
Bank overdrafts	17				
- secured		707	-	-	-
- unsecured		25	-	-	-
Short-term bank loans					
- secured		-	19,000	-	-
- unsecured		10,800	66,500	-	16,500
Short-term notes (unsecured)		30,000	-	30,000	-
Current portion of long-term bank loans					
- secured		190,245	137,275	-	-
- unsecured		6,480	-	-	-
Current portion of long-term notes (unsecured)		132,750	19,997	132,750	19,997
		<u>371,007</u>	<u>242,772</u>	<u>162,750</u>	<u>36,497</u>
Total loans and borrowings		<u>1,157,533</u>	<u>809,845</u>	<u>720,390</u>	<u>324,247</u>
Maturity of loans and borrowings:-					
Within 1 year		371,007	242,772	162,750	36,497
After 1 year but within 5 years		783,286	567,073	557,640	287,750
After 5 years		3,240	-	-	-
Total borrowings		<u>1,157,533</u>	<u>809,845</u>	<u>720,390</u>	<u>324,247</u>

The secured loans and borrowings are secured on the following assets:-

	Note	Group	
		2006 \$'000	2005 \$'000
Property, plant and equipment	3	42,686	-
Investment properties	5	46,224	123,000
Investment securities	9	-	119,037
Asset held for sale	11	140,000	-
Development properties	13	583,746	747,509
		<u>812,656</u>	<u>989,546</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

20. INTEREST BEARING LOANS AND BORROWINGS (CONT'D)

The weighted average effective interest rates per annum at the balance sheet date and the repricing analysis are as follows:-

Group	Effective Interest Rate %	Floating Interest Rate \$'000	Fixed Interest Rate Within 1 Year \$'000	Fixed Interest Rate Maturing 1 to 5 Years \$'000	Total \$'000
2006					
Secured					
- S\$ floating rate loans	4.26 to 5.12	258,994	-	-	258,994
- MYR floating rate loans and overdraft	5.05 to 7.75	15,044	-	-	15,044
- S\$ fixed rate loans	3.23 to 3.41	-	135,000	-	135,000
- MYR fixed rate loans	4.00	-	6,480	-	6,480
Unsecured					
- S\$ floating rate notes	5.04 to 5.12	40,000	-	-	40,000
- US\$ floating rate loan	5.99	317,640	-	-	317,640
- MYR floating rate loans and overdrafts	4.60 to 8.00	21,625	-	-	21,625
- S\$ fixed rate loan	3.23	-	-	35,000	35,000
- S\$ fixed rate notes	3.37 to 5.20	-	122,750	205,000	327,750
		653,303	264,230	240,000	1,157,533
2005					
Secured					
- S\$ floating rate loans	2.92 to 3.57	300,598	-	-	300,598
- S\$ fixed rate loans	3.23 to 3.41	-	-	135,000	135,000
Unsecured					
- S\$ floating rate loans	3.05 to 3.33	66,500	-	-	66,500
- S\$ floating rate notes	3.43 to 3.55	40,000	-	-	40,000
- S\$ fixed rate loan	3.23	-	-	35,000	35,000
- S\$ fixed rate notes	2.38 to 5.20	-	19,997	212,750	232,747
		407,098	19,997	382,750	809,845
Company					
2006					
Unsecured					
- S\$ fixed rate loan	3.23	-	-	35,000	35,000
- S\$ floating rate notes	5.04 to 5.12	40,000	-	-	40,000
- US\$ floating rate loan	5.99	317,640	-	-	317,640
- S\$ fixed rate notes	3.37 to 5.20	-	122,750	205,000	327,750
		357,640	122,750	240,000	720,390
2005					
Unsecured					
- S\$ floating rate loans	3.07 to 3.33	16,500	-	-	16,500
- S\$ floating rate notes	3.43 to 3.55	40,000	-	-	40,000
- S\$ fixed rate loan	3.23	-	-	35,000	35,000
- S\$ fixed rate notes	2.38 to 5.20	-	19,997	212,750	232,747
		56,500	19,997	247,750	324,247

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Trade payables and accrued operating expenses		56,711	43,324	487	483
Excess of progress billings over work-in-progress					
- Development properties	13	–	44,727	–	–
- Construction work-in-progress	14	1,035	–	–	–
Amounts due to:-					
Ultimate holding company		428	–	–	–
Intermediate holding company		4,972	3,045	4,972	3,045
Associate		45	1	–	–
Related corporations		3,418	401	–	–
Minority shareholders of subsidiaries		35,936	–	–	–
Other payables	22	121,518	40,367	8,292	3,146
		<u>224,063</u>	<u>131,865</u>	<u>13,751</u>	<u>6,674</u>

The amounts due to holding companies, associate, related corporations and minority shareholders of subsidiaries are unsecured and interest-free.

22. OTHER PAYABLES

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Advance receipts	472	5,461	–	–
Rental deposits	5,993	3,045	–	–
Deposits received	25,233	796	–	–
Interest payable	13,392	9,771	7,783	3,146
Mark-to-market loss on derivative financial instruments	2,250	750	–	–
Real estate tax payable	16,174	15,177	–	–
Land cost payable	32,368	–	–	–
Others	25,636	5,367	509	–
	<u>121,518</u>	<u>40,367</u>	<u>8,292</u>	<u>3,146</u>

Included in deposits received is an amount of \$14.5 million (2005 : Nil) being deposit received from purchaser in connection with the sale of an investment property held by the Group (see Note 11).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

23. REVENUE

Revenue by significant categories are as follows:-

	2006 \$'000	Group 2005 \$'000
Revenue from sale of development properties	345,772	399,608
Gross rental from investment properties	11,321	9,234
Net profit on sale of trading securities	76	2,386
Dividend income from equity securities	3,500	7,262
Interest income from -		
Deposits		
- Related corporation	-	9
- Others	163	10
Related party	-	287
Others	-	10
Management fee income from -		
Immediate holding company	4	3
Associates	-	407
Related corporations	32	29
Related parties	22	14
Others	168	55
Others	269	227
	361,327	419,541

24. OTHER OPERATING INCOME

	Note	2006 \$'000	Group 2005 \$'000
Gain on disposal of available-for-sale securities		40,113	-
Gain on disposal of property, plant and equipment		43	94
Gain on revaluation of investment properties		32,000	-
Interest income from -			
Deposits			
- Related corporation		112	574
- Others		8,611	5,102
Others		26	13
Mark-to-market gain in respect of equity swap		15,000	34,125
Mark-to-market gain on derivative financial instruments		1,189	202
Net exchange gain		3,761	455
Negative goodwill arising from acquisition of subsidiary	34	31,969	-
Real estate tax rebate income		7,029	966
Others		7,085	4,997
		146,938	46,528

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

25. OTHER OPERATING EXPENSES

	Group	
	2006 \$'000	2005 \$'000
Impairment loss on available-for-sale securities	500	–
Loss on disposal of available-for-sale securities	–	3,907
Others	435	77
	935	3,984

26. FINANCE COSTS

	Group	
	2006 \$'000	2005 \$'000
Interest paid and payable to:-		
- minority shareholders	–	43
- financial institutions	38,953	23,285
- others	3,523	1,624
	42,476	24,952
Less : Interest capitalised as cost of development properties	(19,639)	(11,502)
	22,837	13,450

The finance costs have been capitalised at a rate of 2.99% to 5.38% p.a. (2005 : 1.99% to 3.57% p.a.) for development properties.

27. PROFIT BEFORE TAXATION

	Group	
	2006 \$'000	2005 \$'000
a. The following items have been included in arriving at profit before taxation:-		
(Writeback of allowance)/Allowance for foreseeable losses on development properties (net)	(26,563)	2,341
Depreciation of property, plant and equipment	838	790
Writeback of allowance for doubtful receivables	(3)	(82)
Management fees paid and payable to intermediate holding company	5,099	3,173
Non-audit fees paid to Auditors of the Company	17	17
Operating lease expenses	714	356
Property, plant and equipment written off	2	72
Staff costs -		
Wages and salaries	12,603	8,945
Contributions to defined contribution plans	707	621
Value of employee services received for issue of share options	685	500
Liability for short-term accumulating compensated absences	31	59
	14,026	10,125

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

27. PROFIT BEFORE TAXATION (CONT'D)

b. Key Management Personnel

The key management personnel compensation is as follows:-

	2006	Group	2005
	\$'000		\$'000
Short-term employee benefits	4,382		3,625
Equity compensation benefits	685		500
	5,067		4,125

c. The remuneration of directors of the Company and key executives who may also be directors of the Company's subsidiaries under each remuneration band is as follows:-

	2006	Group	2005
Remuneration of:-			
\$500,000 and above	2		2
\$250,000 to \$499,999	4		4
\$249,999 and below	5		5
	11		11

28. INCOME TAX EXPENSE

	2006	Group	2005
	\$'000		\$'000
Current tax			
Current year	13,186		27,503
Under/(Over)provision in respect of previous financial years	2,443		(1,208)
	15,629		26,295
Deferred tax			
Movements in temporary differences	(6,527)		(1,721)
	9,102		24,574

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

28. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the effective tax rate is as follows:-

	2006 \$'000	Group	2005 \$'000
Profit before taxation	164,757		109,201
Income tax using Singapore tax rate of 20% (2005 : 20%)	32,951		21,840
Deferred tax benefit not recognised	1,142		3,616
Effect of different tax rates in foreign jurisdiction	1,634		9,032
Non-chargeable income	(19,950)		(6,377)
Non deductible expenses	4,736		5,159
Utilisation of previously unrecognised deferred tax assets	(15,817)		(5,621)
Tax effect of losses not allowed to be set off against future taxable profits	2,438		1,355
Under/(Over)provision in respect of previous financial years	2,443		(1,208)
Others	(475)		(3,222)
	9,102		24,574

29. EARNINGS PER SHARE AND FULLY DILUTED EARNINGS PER SHARE

Earnings per share ("EPS") is calculated based on the Group's profit of \$155,629,000 (2005 : \$82,739,000) derived at after deducting preference dividends, and on the weighted average number of 637,164,116 (2005 : 658,264,653) ordinary shares of the Company, in issue after adjusting for the shares acquired by the Trust during the financial year.

Fully diluted EPS is calculated on the same basis as that of EPS except that the Group's profit and the weighted average number of ordinary shares have been adjusted for the dilution effects of all dilutive potential ordinary shares as shown below:-

	2006 \$'000	Group 2005 \$'000	2005 \$'000 (As previously reported)
Group's profit used in the computation of EPS	155,629	82,739	75,950
Add : NCCPS dividends	1	4	4
Adjusted Group's profit used in the computation of fully diluted EPS	155,630	82,743	75,954
Weighted average number of ordinary shares used in the computation of EPS	637,164	658,265	658,265
Assumed exercise of share options	5,777	99	474
Assumed conversion of NCCPS	42	114	114
Adjusted weighted average number of ordinary shares used in the computation of fully diluted EPS	642,983	658,478	658,853

In the previous financial year ended 30 June 2005, options to purchase 12.5 million ordinary shares at \$1.19 per share and 4 million ordinary shares at \$1.32 per share were outstanding during the year but were not included in the computation of diluted earnings per share because these options were antidilutive.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

30. EMPLOYEE BENEFITS

- a. The GuocoLand Limited ("GLL") Executives' Share Option Scheme (the "ESOS") was approved by shareholders of the Company at an Extraordinary General Meeting held on 31 December 1998. The ESOS was further approved by the shareholders of Guoco Group Limited ("GGL"), a company listed on The Stock Exchange of Hong Kong Limited ("HKSE") and the intermediate holding company of the Company, at an Extraordinary General Meeting held on 1 February 1999.
- b. In October 2004, shareholders of the Company and GGL approved the proposed amendments to the rules of the ESOS (the "Rules") to *inter alia* alter the structure of the ESOS to allow the grant of options to be satisfied over newly issued ordinary shares of the Company (the "Shares") or the transfer of existing Shares, or a combination of both new Shares and existing Shares, as well as to align the Rules with the requirements under Chapter 17 of the HKSE Listing Rules.
- c. The ESOS is administered by a Committee of Directors (the "ESOS Committee") comprising Mr Sat Pal Khattar and Mr Quek Leng Chan who were not participants in the ESOS during the financial year.
- d. The following options were granted to selected key executives of the Company ("Participants") in respect of an aggregate of 18,500,000 Shares:-

Date of Grant	Participants	No. of Shares comprised in Options	Exercise Price per Share	Note
1 November 2004	Selected key executives of GLL	12,500,000	S\$1.19	1
30 May 2005	Selected key executive of GLL	6,000,000	S\$1.32	2

- e. During the financial year, no options were vested, exercised or had lapsed and no new options were granted. Further, no Shares were issued pursuant to the ESOS.
- f. The status relating to Options under the ESOS as at the end of the financial year was as follows:-

Name of Participants	Options Granted during Financial Year under Review	Aggregate Options Granted since Commencement of ESOS to End of Financial Year under Review	Aggregate Options Exercised/ Lapsed since Commencement of ESOS to End of Financial Year under Review	Aggregate Options Outstanding as at End of Financial Year under Review
Executive Director, Quek Chee Hoon	–	2,000,000	(2,000,000) (lapsed)	–
	–	6,500,000 ¹	–	6,500,000
Director of Subsidiaries, Violet Lee	–	3,000,000 ¹	–	3,000,000
	–	6,000,000 ²	–	6,000,000
Other Executives	–	3,380,000	(3,380,000) (lapsed)	–
	–	3,000,000 ¹	–	3,000,000
Total	–	23,880,000	(5,380,000) (lapsed)	18,500,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

30. EMPLOYEE BENEFITS (CONT'D)

- g. Statutory information regarding the above Options is as follows:-
- i. The exercise price per Share is the average of the closing prices of the Company's shares on Singapore Exchange Securities Trading Limited for each of the last five market days immediately prior to the date of grant of the option.
 - ii. An option shall be exercisable on the date after (a) the second anniversary of the date of grant (for GLL Employees who have been employed for less than one year) and (b) the first anniversary of the date of grant (for all other GLL Employees), and to end on a date not later than 10 years after the date of grant.
 - iii. The persons to whom the Options have been granted do not have the right to participate, by virtue of the Options, in a share issue of any other company.

Note:-

1. The exercise price was determined based on the average closing price for the five days preceding 29 October 2004. The closing market price per Share on 29 October 2004 (the trading date immediately before the date of grant) was S\$1.20. Subject to certain financial and performance targets being met by the Participants during the performance period for the financial years 2004/2005 to 2006/2007, the Participants may, at any time after 1 July 2007 or, at such other time as may be prescribed by the ESOS Committee at its sole discretion, be notified ("Date of Notification") of the vesting of the options and the number of Shares comprised in the vested options. Thereafter, the Participants shall have an exercise period of up to two years from the Date of Notification or, such other period as may be prescribed by the ESOS Committee at its sole discretion, to exercise the vested options in accordance with the terms of the grant.

During the financial year, none of the granted options had lapsed. Further, as no Shares were vested in or exercised by the Participants during the said period, no Shares were issued or transferred.

2. The exercise price was determined based on the average closing price for the five days preceding 27 May 2005. The closing market price per Share on 27 May 2005 (the trading date immediately before the date of grant) was S\$1.34. Under the terms of the grant, a first tranche of 2,000,000 Shares may be exercised at any time within one year from 30 May 2006 being the first anniversary of the date of grant. Subject to certain financial and performance targets being met by the Participant during the performance period for the financial years 2005/2006 to 2006/2007, the Participant shall have an exercise period of up to two years from the date of vesting, or such other period as may be prescribed by the ESOS Committee at its sole discretion, to exercise the vested option of up to the remaining 4,000,000 Shares in accordance with the terms of the grant.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility is based on 1-year historical volatility.

Date of grant of options	1 November 2004	30 May 2005
<i>Fair value of share options and assumptions</i>		
Fair value at measurement date	\$0.10 to \$0.11	\$0.09 to \$0.10
Share price	\$1.22	\$1.34
Exercise price	\$1.19	\$1.32
Expected volatility	21.4%	18.8%
Expected option life	3.2 years to 4.2 years	1.5 years to 3.6 years
Expected dividend yield	6.6%	6.0%
Risk-free interest rate	1.8% to 2.2%	2.1% to 2.3%

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

In October 2004, the Company established a Trust for the ESOS. Pursuant to the trust deed, the Trust had acquired issued shares of the Company from the market for the purpose of satisfying options granted to eligible employees of the Group. Subject to certain financial and performance targets being met by these employees, shares held under the Trust will be transferred to them upon exercise of their share options. As at 30 June 2006, the Company had granted a loan amounting to \$86.4 million to the Trust and the Trust had acquired 49,482,000 shares.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

31. CHANGES IN ACCOUNTING POLICIES

- a. The Group adopted the following new/revised Financial Reporting Standards ("FRS") issued by the Council on Corporate Disclosure and Governance, which were applicable for financial statements covering periods beginning on or after 1 January 2005:-

i. FRS 21 (revised) The Effects of Changes in Foreign Exchange Rates

The revised FRS requires exchange differences on loans from the Company to its subsidiaries and associates which form part of the Company's net investments in the subsidiaries and associates to be included in the Company's profit and loss account. These exchange differences were previously recognised as equity in the financial statements of the Company. In the consolidated financial statements, these exchange differences are reclassified to equity.

ii. FRS 102 Share-based Payment

This FRS requires the Company and its subsidiaries to recognise share-based payment transactions with their employees, such as executives' share options, in their financial statements.

In accordance with the transitional provisions, FRS 102 has been applied to the executives' share options granted by the Company's subsidiaries to their employees after 29 October 2004 that were not yet vested as at 1 July 2005. The adoption of FRS 102 has resulted in the Group charging the cost of these share options to the profit and loss account.

- b. On 1 July 2005, the Group early adopted FRS 40 *Investment Properties* which would have become effective for financial statements covering periods beginning on or after 1 January 2007.

This FRS requires the Group to state its investment properties, which are held either to earn rental income or for capital appreciation or both, at fair value. Any gain or loss arising from a change in the fair value is recognised in the profit and loss account.

The effects of the adoption of FRS 21 (revised), FRS 102 and FRS 40 on the unappropriated profits, exchange translation reserve, share option reserve and revaluation reserve are set out in the statements of changes in equity. The impact on the profit attributable to equity holders of the Company is as follows:-

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Profit before changes in accounting policies	138,685	75,954	96,039	38,607
Effects of adopting:-				
- FRS 21 (revised)	-	-	(28,829)	(4,521)
- FRS 102	(685)	(500)	-	-
- FRS 40	17,630	7,289	-	-
Profit attributable to equity holders of the Company	155,630	82,743	67,210	34,086

The adoption of FRS 102 does not have a material impact on the Group's basic and diluted earnings per share. The adoption of FRS 40 resulted in an increase in the Group's basic and diluted earnings per share of 2.77 cents and 2.74 cents respectively.

Apart from FRS 21 (revised), FRS 102 and FRS 40, the Group adopted revisions in other FRSs, which were applicable for financial statements covering periods beginning on or after 1 January 2005. However, they do not have a significant impact on the financial statements of the Group and the Company.

FRS yet to be adopted

The Group has not applied other standards and interpretations that have been issued as of the balance sheet date but are not yet effective. However, the initial application of these standards and interpretations are not expected to have a significant impact on the financial statements of the Group and the Company.

The Group has not considered the impact of accounting standards issued after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

32. DIVIDENDS

	Group and Company	
	2006	2005
	\$'000	\$'000
Non-redeemable convertible cumulative preference dividend of 4.5 cents per preference share per annum, based on the issue price of \$1.00 per preference share less 20% (2005 : 20%) tax	1	4
Final ordinary dividend paid of 8 cents (2005 : 8 cents) per ordinary share less 20% (2005 : 20%) tax in respect of the previous financial year*	40,948	42,594
	40,949	42,598

After the balance sheet date, the Directors proposed a final one-tier dividend of 8 cents per ordinary share (2005 : 8 cents per ordinary share less tax at 20%) amounting to a net dividend of \$49,293,237 (2005 : \$40,947,967). The dividends have not been provided for.

* Dividend payments in respect of 25,759,000 (2005 : Nil) ordinary shares of the Company which are held by the Trust for Executives' Share Option Scheme were eliminated on consolidation.

33. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

In addition to the related party information disclosed elsewhere in the financial statements including Notes 23, 24 and 27, there were the following significant related party transactions between the Group and related parties during the financial year:-

- a. Rental income of \$972,000 (2005 : \$690,000) was received for the financial year ended 30 June 2006 and will continue to be receivable by an investment holding subsidiary of the Group pursuant to lease agreements entered into by this subsidiary with companies in which one of the directors has an interest.
- b. GuocoLand Management Pte. Ltd., a wholly-owned subsidiary of the Group, provided management services to related parties and the management fee income received for the financial year is as follows:-

	Group	
	2006	2005
	\$'000	\$'000
Immediate holding company	4	3
Related corporations	32	29
Related parties	22	14

- c. On 6 June 2003, the Company signed a Management Agreement with Guoco Group Limited ("GGL") in respect of the provision of services by GGL to the Company, its subsidiaries and associates ("GGL Group"). The consideration for the provision of the services is HK\$50,000 per month ("Monthly Fee") plus an annual fee equal to 3% of the annual consolidated profits before tax of the GLL Group for each financial year ("Annual Fee"). The aggregate of the Monthly Fee and Annual Fee payable by GLL in each financial year shall not exceed 2% of the audited consolidated net tangible assets of the GLL Group for the relevant financial year. No Annual Fee is payable in the event the GLL Group incurs an audited consolidated loss before tax in any financial year. Three directors of the Company are directors and shareholders of GGL.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

34. ACQUISITIONS OF SUBSIDIARIES

On 31 March 2006, the Group acquired a 94.93% interest in Nanjing Docker Club Realestate Co., Ltd ("NDCR") for \$29,817,000 in cash. For the three months to 30 June 2006, NDCR contributed a net loss of \$15,000 to the consolidated net profit for the year. The impact on the consolidated net profit had the acquisition occurred on 1 July 2005 is not material.

On 27 April 2006, the Group announced a mandatory general offer ("Offer") to acquire the shares of GuocoLand (Malaysia) Berhad ("GLM"), a company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") for a cash consideration of RM0.78 per Offer share. As at 7 June 2006, the closing date of the Offer, the Group had received valid acceptances in respect of 73,532,963 shares. Together with shares acquired through market transactions on Bursa Securities during the financial year, the Group has acquired a total of 142,888,263 shares of GLM for a total cash consideration of \$47,724,000. For the financial year ended 30 June 2006, GLM contributed a net profit of \$3,414,000 to the consolidated net profit. If the acquisition had occurred on 1 July 2005, the Group's revenue and net profit would have been \$419,056,000 and \$160,354,000 respectively.

The effect of acquisitions of subsidiaries is set out below:-

	Note	Carrying amounts 2006 \$'000	Fair value adjustments 2006 \$'000	Recognised values 2006 \$'000
Property, plant and equipment	3	103,382	15,155	118,537
Goodwill on consolidation	4	1,064	–	1,064
Investment properties	5	46,224	–	46,224
Investment securities		19,204	–	19,204
Interests in associate and jointly-controlled entities		160,149	3,383	163,532
Deferred tax assets	10	365	–	365
Inventories		105,357	12,544	117,901
Trade and other receivables		21,669	–	21,669
Cash and cash equivalents		15,035	–	15,035
Trade and other payables		(60,248)	(450)	(60,698)
Current tax payable		(197)	–	(197)
Bank overdrafts		(732)	–	(732)
Other interest bearing loans and borrowings		(42,417)	–	(42,417)
Deferred tax liabilities	10	(65)	(1,339)	(1,404)
Minority interests		(23,748)	–	(23,748)
Net identifiable assets and liabilities		345,042	29,293	374,335
Previously accounted for as interests in associates				(173,915)
Minority interests acquired				(90,910)
Net identifiable assets and liabilities acquired				109,510
Negative goodwill arising from acquisition of subsidiary	24			(31,969)
Purchase consideration paid, satisfied in cash*				77,541
Cash and cash equivalents of subsidiary, net of bank overdrafts (acquired)				(14,303)
Net cash outflow				63,238

* Includes legal and professional fees amounting to \$268,000.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)

	Carrying amounts 2005 \$'000	Fair value adjustments 2005 \$'000	Recognised values 2005 \$'000
Inventories	50,697	–	50,697
Cash and cash equivalents	219	–	219
Minority interests	(489)	–	(489)
Net identifiable assets and liabilities	50,427	–	50,427
Purchase consideration paid, satisfied in cash			50,427
Cash and cash equivalents of subsidiary (acquired)			(219)
Net cash outflow			50,208

35. FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

The Group operates and generates a substantial part of its business from Singapore, Malaysia and China. The Group's activities expose it to market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management program seeks to minimise the adverse effects caused by the unpredictability of financial markets on the financial performance of the Group.

Risk management is carried out by the Treasury Department of the Group under policies approved by the Executive Committee. The Executive Committee provides principles and guidelines for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investing excess liquidity.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates or interest rates. While these are subject to the risks of market rates changing subsequent to the execution of the derivative financial instruments, such changes are generally offset by opposite effects on the exposure being hedged.

The Group's accounting policies in relation to the derivative financial instruments are set out in Note 2i.

b. Foreign Currency Risk

The Group has overseas investments in Malaysia, China, India and Vietnam. Currency exposure to the Group's overseas investments is managed primarily at the Group level. Hedging strategies are included in the monthly reporting to the Executive Committee of the Company.

The Group's policy is to minimise adverse effects on the financial performance of the Group as a result of volatility in foreign exchange rates. The Group generally hedges its foreign exchange exposure using forward exchange contracts with external parties. The contracts used in its hedging program have terms of 12 months or less.

c. Interest Rate Risk

The Group's policy is to minimise adverse effects on the financial performance of the Group as a result of changes in market interest rates. The Treasury Department evaluates, recommends and carries out hedge strategies that have been approved by the Executive Committee. The management of interest rate risk is reported and reviewed by the Executive Committee on a monthly basis. To obtain the most favourable overall finance cost, the Group uses foreign exchange contracts and interest rate swaps to hedge its interest rate exposure. Apart from cash and cash equivalents, the Group has no other significant interest-bearing assets.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

35. FINANCIAL INSTRUMENTS (CONT'D)

d. Credit Risk

The Group's exposure to credit risk is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. It is the Group's policy to enter into financial instruments with a diversity of creditworthy local and international financial institutions. As such, the Group does not expect any counterparty to fail to meet their obligations.

e. Fair Values

The aggregate net fair values of financial liabilities, which are not carried at fair value in the balance sheet are represented in the following table:-

	Carrying Amount 2006 \$'000	Fair value 2006 \$'000	Carrying Amount 2005 \$'000	Fair value 2005 \$'000
Group				
Financial Liabilities (see Note 20)				
Secured				
- S\$ floating rate loans	258,994	261,398	300,598	302,705
- S\$ fixed rate loans	135,000	134,374	135,000	136,343
- MYR floating rate loans	14,337	14,398	-	-
- MYR fixed rate loans	6,480	6,476	-	-
- Bank overdraft	707	707	-	-
Unsecured				
- S\$ floating rate loans	-	-	66,500	66,526
- S\$ floating rate notes	40,000	40,816	40,000	40,579
- S\$ fixed rate loan	35,000	34,504	35,000	35,155
- S\$ fixed rate notes	327,750	323,870	232,747	236,794
- US\$ floating rate loan	317,640	320,755	-	-
- MYR floating rate loans	21,600	21,600	-	-
- Bank overdrafts	25	25	-	-
	1,157,533	1,158,923	809,845	818,102
Unrecognised loss		(1,390)		(8,257)
Company				
Financial Liabilities (see Note 20)				
Unsecured				
- S\$ floating rate loans	-	-	16,500	16,516
- S\$ floating rate notes	40,000	40,816	40,000	40,579
- S\$ fixed rate loan	35,000	34,504	35,000	35,155
- S\$ fixed rate notes	327,750	323,870	232,747	236,794
- US\$ floating rate loan	317,640	320,755	-	-
	720,390	719,945	324,247	329,044
Unrecognised gain/(loss)		445		(4,797)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

35. FINANCIAL INSTRUMENTS (CONT'D)

e. Fair Values (cont'd)

The fair value of the financial instruments is estimated using discounted cash flow analysis on the loan principal, including the interest due on the loans, based on current incremental lending rates for similar instruments at the balance sheet date.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the relatively short-term maturity of these financial assets and liabilities.

36. COMMITMENTS

- a. The future minimum lease rentals payable under non-cancellable operating leases are as follows:-

	Group	
	2006 \$'000	2005 \$'000
Within 1 year	1,362	335
After 1 year but within 5 years	1,109	270
	2,471	605

- b. The Group leases out its investment properties (see Note 5). The non-cancellable operating lease rentals are receivable as follows:-

	Group	
	2006 \$'000	2005 \$'000
Within 1 year	7,437	8,424
After 1 year but within 5 years	2,651	7,330
	10,088	15,754

- c. The commitment in respect of purchase of land by the Group was \$336,764,000 (2005 : Nil).

37. CONTINGENT LIABILITIES (UNSECURED)

The Company has given a guarantee to a financial institution in connection with banking facilities granted to a subsidiary of \$105,800,000 (2005 : \$105,800,000).

38. ACCOUNTING ESTIMATES AND JUDGEMENT

a. Key sources of estimation uncertainty

The Group recognises revenue from the sale of properties under development based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2q. Significant assumption is required in determining the stage of completion, the extent of the cost incurred and the estimated total cost. In making the assumption, the Group evaluates by relying on past experience and the work of specialists. Revenue from the sale of properties under development is disclosed in Note 23.

The Group has exposure to income taxes. Significant assumption is required in determining the tax liabilities. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax in the period in which such determination is made. The carrying amount of taxation and deferred taxation is disclosed in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

38. ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

b. Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations.

39. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise assets, liabilities, income and expenses relating to financing activities, tax provisions and interest bearing fixed deposits.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

a. Business Segments

The Group comprises the following main business segments:-

Property development	:	Development of residential and commercial properties.
Property investment	:	Holding properties for rental income.
Equity investment	:	Investment in shares of other corporate entities.
Other operations	:	Holding investments in subsidiaries, associates and jointly-controlled entities, provision of management services, management and operation of hotels and operation of oil palm estates.

b. Geographical Segments

The Group operates principally in Singapore, China and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

39. SEGMENT REPORTING (CONT'D)

Business Segments

	Property Development \$'000	Property Investment \$'000	Equity Investment \$'000	Other Operations \$'000	Eliminations \$'000	Total \$'000
Revenue and Expenses						
2006						
Total revenue from external customers	345,940	11,544	3,576	267	–	361,327
Inter-segment revenue	1,322	1,063	–	61,986	(64,371)	–
Total revenue	<u>347,262</u>	<u>12,607</u>	<u>3,576</u>	<u>62,253</u>	<u>(64,371)</u>	<u>361,327</u>
Segment results	<u>71,190</u>	<u>42,904</u>	<u>58,023</u>	<u>94,109</u>	<u>(101,888)</u>	164,338
Unallocated income						10,308
Unallocated expenses						(661)
Finance costs						(22,837)
Share of profit of associates (net of tax)	13,848	–	–	(239)	–	13,609
Income tax expense						(9,102)
Profit for the year						<u>155,655</u>
2005						
Total revenue from external customers	400,069	9,444	9,935	93	–	419,541
Inter-segment revenue	1,009	973	–	48,575	(50,557)	–
Total revenue	<u>401,078</u>	<u>10,417</u>	<u>9,935</u>	<u>48,668</u>	<u>(50,557)</u>	<u>419,541</u>
Segment results	<u>62,570</u>	<u>5,983</u>	<u>40,186</u>	<u>47,632</u>	<u>(53,229)</u>	103,142
Unallocated income						4,380
Unallocated expenses						(548)
Finance costs						(13,450)
Share of profit of associates (net of tax)	12,687	–	–	2,990	–	15,677
Income tax expense						(24,574)
Profit for the year						<u>84,627</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

39. SEGMENT REPORTING (CONT'D)

Business Segments

	Property Development \$'000	Property Investment \$'000	Equity Investment \$'000	Other Operations \$'000	Total \$'000
Assets and Liabilities					
2006					
Segment assets	1,698,568	449,055	70,565	92,743	2,310,931
Interests in associates and jointly-controlled entities	111,798	–	–	83,562	195,360
Unallocated assets					194,539
Total assets					<u>2,700,830</u>
Segment liabilities	719,116	27,795	2,260	11,913	761,084
Unallocated liabilities					608,842
- Bank borrowings					38,072
- Tax					14,811
- Others					–
Total liabilities					<u>1,422,809</u>
Other Segment Information					
Capital expenditure	369	–	–	855	1,224
Depreciation	343	–	–	495	838
Impairment loss	–	–	500	–	500
Other non-cash expenses	1	–	–	1	2
2005					
Segment assets	1,250,704	308,604	176,142	2,184	1,737,634
Interests in associates and jointly-controlled entities	195,767	–	–	27,879	223,646
Unallocated assets					162,836
Total assets					<u>2,124,116</u>
Segment liabilities	612,049	7,720	761	4,398	624,928
Unallocated liabilities					318,483
- Bank borrowings					49,748
- Tax					3,937
- Others					–
Total liabilities					<u>997,096</u>
Other Segment Information					
Capital expenditure	485	–	–	404	889
Depreciation	357	–	–	433	790
Other non-cash expenses	72	–	–	–	72

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2006

39. SEGMENT REPORTING (CONT'D)

Geographical Segments

	Total Revenue from External Customers			
	2006 \$'000	2005 \$'000		
Singapore	235,447	189,004		
The People's Republic of China	125,880	227,473		
Malaysia	–	3,064		
	<hr/>	<hr/>		
	361,327	419,541		
			Capital Expenditure	
	Segment Assets			
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Singapore	1,241,477	1,387,278	877	535
The People's Republic of China	815,674	378,333	326	354
Malaysia	419,784	183,276	–	–
Other Regions	29,356	12,393	21	–
	<hr/>	<hr/>	<hr/>	<hr/>
	2,506,291	1,961,280	1,224	889

40. COMPARATIVE INFORMATION

Comparatives in the financial statements have been changed from the previous year due to the changes in the accounting policies as described in Note 31.

SHAREHOLDING STATISTICS

AS AT 4 SEPTEMBER 2006

ISSUED AND FULLY PAID-UP CAPITAL	: S\$839,716,757
NO. OF ORDINARY SHARES ISSUED	: 665,647,468
VOTING RIGHTS	: 1 VOTE PER ORDINARY SHARE

Size Of Shareholdings	No. Of Shareholders	No. Of Ordinary Shares	% Of Ordinary Shares
1 - 999	137	47,526	0.01
1,000 - 10,000	3,274	11,171,989	1.68
10,001 - 1,000,000	442	18,313,895	2.75
1,000,001 & ABOVE	15	636,114,058	95.56
TOTAL	3,868	665,647,468	100.00

Twenty Largest Shareholders Name Of Shareholders	No. Of Ordinary Shares	% Of Ordinary Shares
GUOCO INVESTMENT PTE LTD	425,361,240	63.90
UOB KAY HIAN PTE LTD	102,722,989	15.43
CITIBANK NOMINEES S'PORE PTE LTD	20,935,675	3.15
KWEK LENG HAI	19,851,140	2.98
UNITED OVERSEAS BANK NOMINEES PTE LTD	16,387,248	2.46
ING NOMINEES (S'PORE) PTE LTD	15,439,167	2.32
DBS NOMINEES PTE LTD	12,270,915	1.84
HL BANK NOMINEES (S) PTE LTD	8,417,362	1.26
HSBC (SINGAPORE) NOMS PTE LTD	3,458,300	0.52
RAFFLES NOMINEES PTE LTD	2,686,000	0.40
DBSN SERVICES PTE LTD	2,444,632	0.37
OCBC NOMINEES SINGAPORE PTE LTD	1,913,140	0.29
KIM ENG SECURITIES PTE LTD	1,775,000	0.27
MORGAN STANLEY ASIA (S'PORE) SECURITIES PTE LTD	1,364,250	0.21
OCBC SECURITIES PRIVATE LTD	1,087,000	0.16
ANG JWEE HERNG	800,000	0.12
SHING KWAN INVESTMENT COMPANY LIMITED	440,000	0.07
LIM & TAN SECURITIES PTE LTD	392,000	0.06
CITIBANK CONSUMER NOMS PTE LTD	343,000	0.05
ANG KENG HOW	340,000	0.05
TOTAL	638,429,058	95.91

SHAREHOLDING IN THE HANDS OF THE PUBLIC AS AT 4 SEPTEMBER 2006

The percentage of shareholding in the hands of the public was approximately 13.25% of the total number of the issued and fully paid-up ordinary shares of the Company.

The Company has complied with Rule 723 of the SGX-ST Listing Manual which requires that an issuer must ensure that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

SHAREHOLDING STATISTICS

AS AT 4 SEPTEMBER 2006

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 4 SEPTEMBER 2006

Substantial Shareholders	Direct Interest Number of Shares	Deemed Interest Number of Shares
1. Guoco Investment Pte Ltd	425,361,240	
2. Hong Leong Consultancy Services Sdn Bhd	44,045,989	
3. Fairbury Pte. Ltd.#	53,817,000	
4. Guoco Group Limited		* 425,361,240
5. GuoLine Overseas Limited		* 425,361,240
6. GuoLine Capital Assets Limited		* 425,361,240
7. HLCM Capital Sdn Bhd		** 44,045,989
8. Hong Leong Company (Malaysia) Berhad		*** 469,407,229
9. HL Holdings Sdn Bhd		*** 469,407,229
10. Hong Leong Investment Holdings Pte. Ltd.		*** 469,407,229
11. Quek Leng Chan	15,047,224	*** 469,407,229

* deemed interest arising through Guoco Investment Pte Ltd by virtue of the operation of Section 7 of the Companies Act, Cap 50.

** deemed interest arising through Hong Leong Consultancy Services Sdn Bhd by virtue of the operation of Section 7 of the Companies Act, Cap 50.

*** deemed interest arising through Guoco Group Limited and Hong Leong Consultancy Services Sdn Bhd by virtue of the operation of Section 7 of the Companies Act, Cap 50.

Trust established in respect of GuocoLand Limited Executives' Share Option Scheme.

Interested Person Transactions

In addition to the transactions set out in Notes 23, 24, 27, and 33 to the Financial Statements, the aggregate value of Interested Person Transactions (excluding transactions less than S\$100,000) entered into during the financial year is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Hong Leong Group Malaysia	S\$7,216,035	N.A.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of GuocoLand Limited will be held at 80 Raffles Place #25-01 UOB Plaza 1, Singapore 048624 on Friday, 20 October 2006 at 3.00 pm for the following purposes:-

AS ORDINARY BUSINESS

1. To lay before the Meeting the Directors' Report and Audited Accounts of the Company for the financial year ended 30 June 2006.
2. To declare a First and Final Tax-Exempt (One-Tier) Dividend of 8 cents per ordinary share for the financial year ended 30 June 2006. **Resolution 1**
3. To approve Directors' fees of \$317,500 for the financial year ended 30 June 2006. **Resolution 2**
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-

Mr Quek Chee Hoon **Resolution 3**

Mr Kwek Leng Hai **Resolution 4**

Mr Lum Choong Wah **Resolution 5**
5. To re-appoint Messrs KPMG as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Ordinary Resolutions:-
 - 6.1 Authority to Issue Shares
 - a) "That approval be and is hereby given to the Directors to offer and grant options under the GuocoLand Limited Executives' Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the resolution when added to the number of shares issued and issuable in respect of all options granted under the Scheme shall not exceed five per cent (5%) of the issued share capital of the Company for the time being subject to a maximum of ten percent (10%) of the issued share capital of the Company as at 29 October 2004." **Resolution 7(a)**
 - b) "That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors 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 to be issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being." **Resolution 7(b)**

NOTICE OF ANNUAL GENERAL MEETING

7. To transact any other business of an Annual General Meeting of which due notice shall have been given.

Resolution 8

By Order of the Board

Dawn Pamela Lum
Company Secretary
Singapore

27 September 2006

Notes:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 20 Collyer Quay #20-01 Tung Centre, Singapore 049319 not less than 48 hours before the time set for holding the Meeting.

Notes to Special Business:

Resolution 7(a) is to empower the Directors to issue shares pursuant to the GuocoLand Limited Executives' Share Option Scheme (the "Scheme") which was first approved at the Extraordinary General Meeting of the Company held on 31 December 1998. On 29 October 2004, Shareholders of the Company approved various amendments to the Scheme which were set out in a Circular to Shareholders dated 6 October 2004.

Resolution 7(b) is to empower the Directors to issue shares in the Company up to an amount not exceeding ten per cent (10%) of the issued share capital of the Company for the time being. This approval will expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting of the Company is required to be held, whichever is earlier. The Directors would only issue shares under the resolution where they consider it appropriate and in the interests of the Company to do so.

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GuocoLand Limited

Company Registration Number: 197600660W
(Incorporated in the Republic of Singapore)

PROXY FORM - ANNUAL GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy shares of GuocoLand Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____
of _____

being a member/members of GuocoLand Limited, hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

*and/or (delete as appropriate)

--	--	--	--

or, failing him/her, the Chairman of the 30th Annual General Meeting ("AGM") of the Company as my/our proxy to vote for me/us on my/our behalf at the AGM to be held on Friday, 20 October 2006 at 3.00 pm and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific indication as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM. If no person is named in the space above, the Chairman of the Meeting shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM, as indicated below, for me/us and on my/our behalf at the AGM and at any adjournment thereof.

Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit.

AS ORDINARY BUSINESS			
No.	Resolutions	For	Against
1	To declare a First and Final Tax-Exempt (One-Tier) Dividend		
2	To approve Directors' fees		
3	To re-elect Mr Quek Chee Hoon as a Director		
4	To re-elect Mr Kwek Leng Hai as a Director		
5	To re-elect Mr Lum Choong Wah as a Director		
6	To re-appoint Messrs KPMG as auditors of the Company and to authorise the Directors to fix their remuneration		
AS SPECIAL BUSINESS			
No.	Resolutions	For	Against
7(a)	To authorise the Directors to grant options and issue shares under the GuocoLand Limited Executives' Share Option Scheme		
7(b)	To authorise the Directors to issue shares in the Company		

Signed this _____ day of _____ 2006

Total Number of Ordinary Shares Held	
a. CDP Register of Shareholders	
b. Register of Members	

Signature(s) of member(s)/common seal

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AFFIX
STAMP
HERE

Company Secretary
GuocoLand Limited
20 Collyer Quay #20-01
Tung Centre
Singapore 049319

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NOTES TO PROXY FORM

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares in the capital of the Company registered in your name(s).
2. A member entitled to attend and vote at a Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 20 Collyer Quay, #20-01 Tung Centre, Singapore 049319, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Where a member appoints two proxies, the percentage of the shareholding represented by each such appointee should be specified. If no percentage is specified, the first named appointee shall be deemed to represent 100% of the shareholding and any second named appointee shall be deemed to be an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50. A copy of the said resolution, certified as true by an authorised officer of the Corporation, shall be affixed to the instrument of proxy.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.



GuocoLand Limited

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