

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2001

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are those of investment holding, provision of management and administrative services and dealing in securities. The principal activities of the subsidiaries are described in Note 4. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange.

The registered office of the Company is located at 20th Floor, East Wing, Plaza Permata, No. 6, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur.

The number of employees in the Group and in the Company at the end of the year were 11 (2000 : 16) and 11 (2000 : 16) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 August 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The promulgated standards Malaysian Accounting Standards Board ("MASB") 19 : Events After the Balance Sheet Date and MASB 20 : Provisions, Contingent Liabilities and Contingent Assets have been adopted prior to their effective dates. Early adoption of these standards did not result in any adjustments to the prior year's financial statements.

(b) Revenue Recognition

(i) Interest Income

Interest income is recognised on an accrual basis.

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(ii) Development Properties and Construction Contracts

Revenue from sale of development properties and from construction contracts are accounted for under the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses are fully provided for.

(c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group holds, directly or indirectly, more than 50% of their respective issued voting share capital as long term investments and the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries except for non-consolidated subsidiary namely Kewangan Bersatu Berhad and its subsidiaries, KBB Nominees (Tempatan) Sdn. Bhd. and KBB Properties Sdn. Bhd. The reasons for the non-consolidation are disclosed in Note 20(a).

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

At the date of acquisition, the fair values of the subsidiaries' net assets are determined and reflected in the Group financial statements. The difference between the cost of investment and fair values are capitalised as land and development expenditure.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill which were not previously recognised in the consolidated income statement.

(d) Investments

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

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(e) Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation of property and equipment is provided on a straight-line basis to write off the cost of each asset over its estimated useful life at the following annual rates:

Office equipment, renovation, furniture and fittings	10% - 30%
Motor vehicles	20%

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(f) Development Properties and Expenditure

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties. Development properties are stated at cost plus profits less losses, and applicable progress billings. Cost includes cost of land, all direct building cost and other related development expenditure, including interest expenses incurred during the period of active development.

(g) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

(h) Hire Purchase

Property and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in (e) above. The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statements over the period of the respective agreements based on the interest rate in the agreements.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER, 2001****(i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and at banks and short term deposits which have an insignificant risk of changes in value.

(j) Borrowing Costs

Borrowing costs relating to development properties are capitalised during the period of active development until they are ready for their intended use.

(k) Trade and Other Receivables

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

(l) Provisions for Liabilities

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

3. PROPERTY AND EQUIPMENT

Group	Office equipment, renovation, furniture and fittings	Motor vehicles	Total
	RM'000	RM'000	RM'000
Cost			
At 1 January, 2001	2,269	2,696	4,965
Disposal	-	(1,465)	(1,465)
Write off	(2,269)	(1,231)	(3,500)
At 31 December, 2001	-	-	-
Accumulated Depreciation			
At 1 January, 2001	1,941	2,116	4,057
Charge	173	366	539
Disposal	-	(1,251)	(1,251)
Write off	(2,114)	(1,231)	(3,345)
At 31 December, 2001	-	-	-

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	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Net Book Value			
At 31 December, 2001	-	-	-
At 31 December, 2000	328	580	908
Depreciation charge for 2000	318	597	915
Company			
Cost			
At 1 January, 2001	2,193	2,544	4,737
Disposal	-	(1,312)	(1,312)
Write off	(2,193)	(1,232)	(3,425)
At 31 December, 2001	-	-	-
Accumulated Depreciation			
At 1 January, 2001	1,907	2,034	3,941
Charge	161	349	510
Disposal	-	(1,151)	(1,151)
Write off	(2,068)	(1,232)	(3,300)
At 31 December, 2001	-	-	-
Net Book Value			
At 31 December, 2001	-	-	-
At 31 December, 2000	286	510	796
Depreciation charge for 2000	306	567	873

- (a) Included in property and equipment of the Group and the Company in the previous year are motor vehicles held under hire purchase agreements with net book values of RM457,000 and RM386,000 respectively.
- (b) Included in property and equipment of the Group and Company in the previous year were fully depreciated assets which were still in use costing RM1,263,000.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER, 2001****4. INVESTMENT IN SUBSIDIARIES**

	Company	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	482,415	474,479
Provision for diminution in value	(474,479)	(474,479)
	7,936	-

(a) The subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Paid-up Capital RM	Interest		Principal Activities
		2001 %	2000 %	
Kewangan Bersatu Berhad and its subsidiaries				
Kewangan Bersatu Berhad ("KBB")*	147,500,000	100	100	Financing
KBB Nominees (Tempatan) Sdn. Bhd. *	10,000	100	100	Nominee services
KBB Properties Sdn. Bhd. *	410,000	100	100	Renting of properties
Giltedged Options and Futures Sdn. Bhd.	2,500,002	99.99	99.99	Licensed futures broker - dormant
Macbloom Sdn. Bhd.	100	98	98	Retailing of rare books, ceased operations
Arus Murni Capital Sdn. Bhd.	3	100	100	Moneylending - dormant
Megasanjung Sdn. Bhd.*	2	100	100	Property management - dormant
Bitarex Sdn. Bhd. *	4,000,000	100	-	Investment holding
Angkasa Lampiran Sdn. Bhd. *	300,000	100	-	Property developer

* Audited by firms of auditors other than Arthur Andersen & Co.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER, 2001**

(b) Acquisition of subsidiaries

On 1 November, 2001, the Group acquired 100% equity interest in Bitarex Sdn. Bhd. and Angkasa Lampiran Sdn. Bhd. as full and final settlement in relation to a Settlement and Compromise agreement signed on 5 November, 2001 of RM7,936,000 as disclosed in Note 20 (b).

The effects of the acquisition on the financial results of the Group from the date of acquisition to 31 December, 2001 is as follows:

	RM'000
Revenue	5
Operating cost	-
Profit from operations	<u>5</u>
Finance costs	-
Profit before taxation	<u>5</u>
Taxation	-
Profit after taxation	<u>5</u>

The summary effects of the acquisition on the financial position of the Group as at 31 December, 2001 is as follows:

	31.12.2001 RM'000
Land and development expenditure	11,849
Trade and other receivables	4,726
Cash and bank balances	162
Short term borrowings	(4,820)
Trade and other payables	<u>(3,599)</u>
Group's share of net assets	<u>8,318</u>

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiaries is as follows:

	1.11.2001 RM'000
Net assets acquired	
Land and development expenditure	5,787
Trade and other receivables	4,365
Cash and bank balances	353
Short term borrowings	(4,212)
Trade and other payables	<u>(2,160)</u>
Net assets	4,133
Goodwill on consolidation allocated to land cost	<u>3,803</u>
Total purchase consideration	7,936
Less: Cash and cash equivalents of subsidiaries acquired	<u>(353)</u>
Purchase consideration discharged via the recovery of advances previously given	<u>7,583</u>

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER, 2001****5. LAND AND DEVELOPMENT EXPENDITURE**

	Group	
	2001 RM'000	2000 RM'000
Cost:		
Freehold land	5,899	-
Development expenditure	8,774	-
Proportion of estimated profit accrued on uncompleted units	35	-
	14,708	-
Less: Progress billings received and receivable	(3,340)	-
	11,368	-

Included in development expenditure of the Group is interest capitalised during the financial year amounting to RM374,000 (2000 : Nil).

A third party first legal charge has been created on the land owned by a subsidiary of the Group, Bitarex Sdn. Bhd. for allowing a fellow subsidiary, Angkasa Lampiran Sdn. Bhd. to obtain a fixed loan of RM3.2 million and a bridging loan of RM1.0 million to develop the land. A debenture incorporating a fixed and floating charge was also created over all present and future assets of Angkasa Lampiran Sdn. Bhd.

6. OTHER RECEIVABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Due from subsidiaries	-	-	4,043	4,050
Deposits for proposed acquisition of investments	39,000	69,049	39,000	69,049
Sundry receivables	1,907	55	49	55
Tax refundable	2,715	2,715	2,715	2,715
	43,622	71,819	45,807	75,869
Less: Provision for doubtful debts	(41,715)	(63,828)	(45,758)	(67,878)
	1,907	7,991	49	7,991

The Group and the Company have commenced legal action to recover the deposits paid in the previous years for various acquisitions which were mutually aborted amounting to RM39,000,000 and the case is still in progress.

Pursuant to the Settlement and Compromise Agreement ("SCA") entered into on 5 November, 2001 with the vendors of Saujaran Holdings Sdn. Bhd. ("Saujaran"), Mother Earth Resources & Timber Sdn. Bhd. ("MERT"), Angkasa Lampiran Sdn. Bhd. and Bitarex Sdn. Bhd. to confirm that the entire deposits paid for the proposed acquisitions amounting to approximately RM17,064,000 and RM5,000,000 would be forfeited by the vendors of Saujaran and MERT respectively as agreed liquidated damages for termination of the Sale and Purchase Agreements, the amount of debts previously provided for in the accounts has been written off.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER, 2001****7. FIXED DEPOSITS**

	Group and Company	
	2001	2000
	RM'000	RM'000
Licensed bank	-	200
Other corporation	2,834	2,742
	<u>2,834</u>	<u>2,942</u>

The fixed deposits with other corporation of the Group and the Company are pledged with a financial institution for facilities granted to the above mentioned corporation.

8. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is RM159,000 (2000 : Nil) maintained under the Housing Development Account pursuant to the Housing Developers (Housing Development Account) Regulations 1991.

	Group	
	2001	2000
	RM'000	RM'000
Secured:		
Term loans	3,820	-
Bridging loan	1,000	-
	<u>4,820</u>	<u>-</u>

9. SHORT TERM BORROWINGS

The term loans bear interest at a rate of 9.5% (2000 : Nil) per annum. The term loans are secured by the following:

- (a) A third party legal charge has been created on the land owned by a subsidiary of the Group, Bitarex Sdn. Bhd.
- (b) A debenture incorporating a fixed and floating charge over all present and future assets of Bitarex Sdn. Bhd.
- (c) Joint and several guarantee by all the directors of a subsidiary, Angkasa Lampiran Sdn. Bhd.

The bridging loan bears interest at a rate of 9.5% (2000 : Nil) per annum. The bridging loan is secured by the following:

- (a) A first party legal charge has been created on the land owned by a subsidiary of the Group, Bitarex Sdn. Bhd.
- (b) A debenture incorporating a fixed and floating charge over all present and future assets of Bitarex Sdn. Bhd.
- (c) Joint and several guarantee by all the directors of a subsidiary, Angkasa Lampiran Sdn. Bhd.

Angkasa Lampiran Sdn. Bhd. is in the midst of restructuring the repayment terms of the term loans and the bridging loan.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER, 2001****10. OTHER PAYABLES**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Sundry payables	1,606	725	931	499
Amount due to a subsidiary	-	-	350	-
Provision for commitments and contingencies	1,974	1,974	1,974	1,974
Hire purchase payables (Note 12)	340	305	340	289
	<u>3,920</u>	<u>3,004</u>	<u>3,595</u>	<u>2,762</u>

The amounts due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

The Group and the Company received claims from a stockbroking company amounting to approximately RM1,974,000. The directors are disputing the claims. However, on a prudent basis, the directors have provided for the entire amount until a satisfactory resolution is reached between the parties concerned.

11. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2001 '000	2000 '000	2001 RM'000	2000 RM'000
Authorised:				
At 1 January/31 December	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At 1 January/31 December	<u>168,341</u>	<u>168,341</u>	<u>168,341</u>	<u>168,341</u>

12. HIRE PURCHASE PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Future minimum payments:				
Payable within one year	430	403	430	379
Payable between one and five years	-	205	-	171
	<u>430</u>	<u>608</u>	<u>430</u>	<u>550</u>
Less: Finance charges	(90)	(145)	(90)	(126)
	<u>340</u>	<u>463</u>	<u>340</u>	<u>424</u>

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	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Representing hire purchase liability:				
Due within 12 months (Note 10)	340	305	340	289
Due after 12 months	-	158	-	135
	<u>340</u>	<u>463</u>	<u>340</u>	<u>424</u>

13. REVENUE

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Sale of properties	140	-	-	-
Interest income	96	105	96	105
	<u>236</u>	<u>105</u>	<u>96</u>	<u>105</u>

14. OTHER OPERATING INCOME

Other operating income consist of the following:

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property and equipment	368	52	351	52
Write back of provision for diminution in value of investment	-	5,373	-	5,373
Loss on disposal of securities	-	(3,725)	-	(3,725)
Write back of provision for doubtful debts	-	7,936	-	7,936
Others	24	-	-	-
	<u>392</u>	<u>9,636</u>	<u>351</u>	<u>9,636</u>

15. STAFF COST

Included in staff cost of the Group and the Company are salaries and other emoluments paid to the directors of the Company amounting to RM353,000 (2000 : RM628,000).

The estimated monetary value of other benefits not included in the above received by the directors of the Company and subsidiaries were RM28,000 (2000: RM28,000).

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The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2001	2000
Executive directors:		
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	2	1
RM350,001 to RM400,000	-	1
Non-Executive directors:		
Below RM50,000	4	3
RM50,001 to RM100,000	-	1

16. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Auditors' remuneration	38	36	30	30
Bad debts written off	1	-	-	-
Provision for doubtful debts	4	2,764	4	2,764
Provision for commitments and contingencies	-	1,974	-	1,974
Provision for diminution in value of investment	-	1,500	-	-
Provision for diminution in value of investment in subsidiaries	-	-	-	1,541
Intangible assets written off	-	1,203	-	-
Rental of equipment	4	27	4	27
Rental of premises	15	466	15	466
Write off of property and equipment	155	-	125	-

17. FINANCE COST

Included in finance cost of the Group and the Company are interest on hire purchase amounting to RM135,000 (2000 : RM140,000) and RM120,000 (2000 : RM132,000) respectively.

18. TAXATION

	Group	
	2001 RM'000	2000 RM'000
Current year's provision	45	-

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The effective tax rate of the Group is higher than the statutory rate of taxation principally due to losses of certain subsidiaries which cannot be set off against profits made by other companies in the Group as no group relief is available.

As at 31 December, 2001, the Company has unabsorbed tax losses of approximately RM72 million (2000 : RM71 million) and unutilised capital allowances of approximately RM2.1 million (2000 : RM2.1 million), which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 31 December, 2001, the Company has a potential deferred tax benefit of approximately RM21 million (2000 : RM20 million), arising principally from unabsorbed tax losses carried forward and unutilised capital allowances, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

19. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share of the Group is calculated by dividing the net (loss)/profit attributable to shareholders of RM2,137,000 (2000 : RM345,656,000) by the weighted average number of ordinary shares in issue during the financial year of 168,341,000 (2000 : 168,341,000)

20. SIGNIFICANT EVENTS

- (a) On 4 January, 1999, Bank Negara Malaysia ("BNM") assumed control of the whole property, business and affairs of Kewangan Bersatu Berhad ("KBB"), a wholly owned subsidiary of the Company, pursuant to the Banking and Financial Institutions (Kewangan Bersatu Berhad) (Assumption of Control) Order 1998 issued by the Minister of Finance.

On 30 November, 2000, KBB entered into management services agreement with Mayban Finance Berhad ("MFB") to provide management services to KBB under the supervision of BNM. Subsequently on 30 August, 2000, an Assets Purchase Agreement has been entered into with MFB for the purpose of acquisition of certain assets of KBB.

Arising from the above, the financial statements of KBB and its subsidiaries ("KBB Group") have not been consolidated in the preparation of the Group financial statements in the previous financial year as the directors are of the opinion that the Company has lost effective control in KBB Group since the control and management of the affairs of KBB Group has been assumed by BNM since 4 January, 1999. Consequently, the audited financial statements of KBB Group will not be annexed to the Group financial statements as exempted by the Assistant Registrar of Companies on 31 July, 2002.

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- (b) Pursuant to the Sale and Purchase Agreements dated 11 November, 1998 between the Company and the vendors of Saujaran Holdings Sdn. Bhd. ("Saujaran") and Mother Earth Resources & Timber Sdn. Bhd. ("MERT"), the Company entered into a Settlement & Compromise Agreement ("SCA") on 5 November, 2001 with the vendors of Saujaran, MERT, Angkasa Lampiran Sdn. Bhd. ("ALSB") and Bitarex Sdn. Bhd. ("BSB") to:
- (i) confirm that the entire deposits paid for the proposed acquisitions amounting to approximately RM17,064,000 and RM5,000,000 would be forfeited by the vendors of Saujaran and MERT respectively as agreed liquidated damages for termination of the Sale and Purchase Agreements; and
- (ii) accept the shares in ALSB and BSB as full and final settlement of the advance due from the vendors amounting to RM7,936,000 in lieu of a cash refund.
- (c) The 58,919,318 detachable Warrants 1997/2001 were issued on a "bought deal" basis in conjunction with the issuance of RM120,000,000 nominal value of zero coupon redeemable Bank Guaranteed Bonds of RM1.00 each. The warrants 1997/2001 are convertible into fully paid Ordinary Shares of the Company at a rate of RM4.70 for one (1) new Arus Murni Corporation Berhad's share subject to adjustment in accordance with the terms of the Deed Poll dated 17 January, 1997 and the Supplemental Deed Poll dated 4 July, 1997. All warrants which were not exercised by 29 October, 2001 have lapsed.

21. SEGMENTAL REPORTING

The analysis of results and assets employed by activity is shown below:

	Operating Revenue RM'000	Loss Before Taxation RM'000	Total Assets RM'000
2001			
Property development	140	161	15,759
Investment holding	96	(1,856)	10,854
Others	-	(69)	17
	<u>236</u>	<u>(1,764)</u>	<u>26,630</u>
Consolidation adjustments	-	(328)	(9,749)
	<u>236</u>	<u>(2,092)</u>	<u>16,881</u>
	Operating Revenue RM'000	Loss Before Taxation RM'000	Total Assets RM'000
2000			
Investment holding	105	(262)	12,012
Others	-	(2,783)	129
	<u>105</u>	<u>(3,045)</u>	<u>12,141</u>
Consolidation adjustments	-	348,701	-
	<u>105</u>	<u>345,656</u>	<u>12,141</u>

No segmental information is provided on a geographical basis as the activities of the Group are carried out predominantly in Malaysia.

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31 DECEMBER, 2001**22. PROFIT GUARANTEE**

In the previous years, Arus Murni Sdn. Bhd. ("AMSB"), a shareholder of the Company, expressed its desire to commence negotiation with the Company to waive the profit guarantee pursuant to the Profit Guarantee Agreement entered into, wherein AMSB guaranteed that the profit before taxation of KBB shall not be less than RM30,192,000 per annum for each of the financial years ended 31 December, 1997 to 1999, which was approved by the board of directors on 17 July, 1998. As at 31 December, 1997, 1998 and 1999, there was a shortfall in the guaranteed profit amounting to RM134,321,000, RM359,286,000 and RM102,948,000 respectively. As at to date the Company has not proceeded to seek the approval of the relevant authorities and the shareholders to waive the shortfall in guaranteed profits, but instead the Company commenced legal action against AMSB to recover the shortfall in guaranteed profit and the said action is still in progress.

23. RESTRUCTURING EXERCISE

The Group on 28 February, 2001 announced that it is considered to be an affected listed issuer pursuant to the requirement of Practice Note 4/2001 ("PN4") issued by the Kuala Lumpur Stock Exchange. The Group is required to regularise its financial conditions within the time frame stipulated by the PN4 failing which it may be regarded as a listed issuer whose financial conditions does not warrant continued trading and/or listing.

In view of the above matter, the Group and the Company are in the progress of formulating a plan to regularise its financial condition. The plan upon its finalisation will be conditional upon the approvals of amongst others, the regulatory authorities and the shareholders.

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