

Company No: 19727-P

ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2003

	Note	2003 RM'000	2002 RM'000
Revenue	3	7,280	1,674
Cost of sales	4	<u>(5,206)</u>	<u>(2,657)</u>
Gross profit / (loss)		2,074	(983)
Other operating income		2	49
Administrative expenses		(1,237)	(789)
Other operating expenses		<u>(1,961)</u>	<u>(510)</u>
Loss from operations	5	(1,122)	(2,233)
Finance cost	8	<u>(189)</u>	-
Loss before taxation		(1,311)	(2,233)
Taxation	9	<u>(231)</u>	-
Net loss for the year		<u>(1,542)</u>	<u>(2,233)</u>
Loss per share (sen) - basic	10	<u>(1)</u>	<u>(1)</u>

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

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**ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2003

	Note	2003 RM'000	2002 RM'000
NON-CURRENT ASSETS			
Equipment	11	397	-
Investment property	12	80,495	-
Timber concession	13	41,739	-
Goodwill on consolidation	15	816	-
		<u>123,447</u>	<u>-</u>
CURRENT ASSETS			
Land and development expenditure	16	7,104	11,760
Inventories	17	148	-
Trade receivables	18	1,834	237
Other receivables	19	48	2,316
Marketable securities	20	-	722
Cash and bank balances	21	1,065	70
		<u>10,199</u>	<u>15,105</u>
CURRENT LIABILITIES			
Borrowings	22	844	5,059
Trade payables	23	22	1,954
Other payables	24	3,921	3,376
Taxation		339	107
		<u>5,126</u>	<u>10,496</u>
NET CURRENT ASSETS		<u>5,073</u>	<u>4,609</u>
		<u>128,520</u>	<u>4,609</u>
FINANCED BY:			
Share capital	25	178,341	168,341
Share premium		317,358	317,358
Accumulated losses		(482,632)	(481,090)
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	26	111,286	-
Shareholders' equity		<u>124,353</u>	<u>4,609</u>

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**ARUS MURNI CORPORATION BERHAD
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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2003 (CONT'D.)

	Note	2003 RM'000	2002 RM'000
Borrowings	22	2,286	-
ICULS	26	1,641	-
Hire purchase creditors	27	240	-
Non-current liabilities		<u>4,167</u>	<u>-</u>
		<u>128,520</u>	<u>4,609</u>

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

Company No: 19727-P

**ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2003**

	Share Capital RM'000	Non - distributable Share Premium RM'000	Accumulated Losses RM'000	ICULS RM'000	Total RM'000
At 1 January, 2002	168,341	317,358	(478,857)	-	6,842
Net loss for the year	-	-	(2,233)	-	(2,233)
At 31 December, 2002	168,341	317,358	(481,090)	-	4,609
Equity component of ICULS issued	-	-	-	121,286	121,286
Conversion of ICULS into share capital	10,000	-	-	(10,000)	-
Net loss for the year	-	-	(1,542)	-	(1,542)
At 31 December, 2003	178,341	317,358	(482,632)	111,286	124,353

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

Company No: 19727-P

ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,311)	(2,233)
Adjustment for:		
Amortisation of concession rights	504	-
Amortisation of goodwill on consolidation	90	-
(Attributable profits) / foreseeable losses	(553)	1,068
Bad debts written off	-	28
Depreciation	15	-
Dividend income	(37)	-
Fixed deposits written off	-	138
Gain on disposal of property, plant and equipment	-	(42)
Interest expense	189	-
Interest income	-	(85)
Loss on disposal of investments	143	-
Operating loss before working capital changes	<u>(960)</u>	<u>(1,126)</u>
Increase in receivables	(222)	(32)
Decrease / (increase) in land and development expenditure	3,419	(921)
Increase in inventories	(148)	-
(Decrease) / increase in payables	<u>(1,427)</u>	<u>2,192</u>
Cash flow generated from operations	662	113
Commitment and contingencies settled	-	(2,112)
Interest paid	<u>(1)</u>	<u>(539)</u>
Net cash flow generated from / (used in) operating activities	<u>661</u>	<u>(2,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	37	-
Purchase of property, plant and equipment	(140)	-
Fixed deposits converted into marketable securities	-	(722)
Proceeds from disposal of property, plant and equipment	-	42
Proceeds from disposal of marketable securities	579	-
Net cash flow generated from / (used in) investing activities	<u>476</u>	<u>(680)</u>

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**ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)**

CONSOLIDATED CASH FLOW STATEMENT (CONT'D.)

	2003	2002
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	-	239
Repayment of term loan	(140)	-
Repayment of hire purchase	(2)	-
Net cash flow (used in) / generated from financing activities	<u>(142)</u>	<u>239</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	995	(2,979)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	70	3,049
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>1,065</u>	<u>70</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>1,065</u>	<u>70</u>

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

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**ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)**

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2003**

	Note	2003 RM'000	2002 RM'000
Revenue	3	1,465	85
Other operating income		-	42
Administrative expenses		(876)	(789)
Other operating expenses		(698)	(477)
Loss from operations	5	(109)	(1,139)
Finance cost	8	(189)	-
Loss before taxation		(298)	(1,139)
Taxation	9	-	-
Net loss for the year		(298)	(1,139)

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

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**ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)**

BALANCE SHEET AS AT 31 DECEMBER, 2003

	Note	2003 RM'000	2002 RM'000
NON-CURRENT ASSETS			
Equipment	11	394	-
Investment in subsidiaries	14	78,568	7,936
		<u>78,962</u>	<u>7,936</u>
CURRENT ASSETS			
Other receivables	19	53,080	515
Marketable securities	20	-	722
Cash and bank balances		238	4
		<u>53,318</u>	<u>1,241</u>
CURRENT LIABILITY			
Other payables	24	3,291	3,057
NET CURRENT ASSETS/(LIABILITIES)			
		<u>50,027</u>	<u>(1,816)</u>
		<u>128,989</u>	<u>6,120</u>
FINANCED BY:			
Share capital	25	178,341	168,341
Share premium		317,358	317,358
Accumulated losses		(479,877)	(479,579)
ICULS	26	111,286	-
Shareholders' equity		<u>127,108</u>	<u>6,120</u>
ICULS	26	1,641	-
Hire purchase creditors	27	240	-
Non-current liabilities		<u>1,881</u>	<u>-</u>
		<u>128,989</u>	<u>6,120</u>

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

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ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2003

	Share Capital RM'000	Non - distributable Share Premium RM'000	Accumulated Losses RM'000	ICULS RM'000	Total RM'000
At 1 January, 2002	168,341	317,358	(478,440)	-	7,259
Net loss for the year	-	-	(1,139)	-	(1,139)
At 31 December, 2002	168,341	317,358	(479,579)	-	6,120
Equity component of ICULS issued	-	-	-	121,286	121,286
Conversion of ICULS into share capital	10,000	-	-	(10,000)	-
Net loss for the year	-	-	(298)	-	(298)
At 31 December, 2003	178,341	317,358	(479,877)	111,286	127,108

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

Company No: 19727-P

**ARUS MURNI CORPORATION BERHAD
(Incorporated in Malaysia)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2003**

	2003	2002
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(298)	(1,139)
Adjustment for:		
Bad debts written off	-	28
Depreciation	15	-
Dividend income	(37)	-
Fixed deposits written off	-	138
Gain on disposal equipment	-	(42)
Interest expense	189	-
Interest income	-	(85)
Loss on disposal of investments	143	-
Provision for doubtful debts	4	2
Operating profit/(loss) before working capital changes	<u>16</u>	<u>(1,098)</u>
Increase in receivables	(418)	(409)
(Decrease) / increase in payables	(118)	1,434
Net change in amounts due from subsidiaries	<u>278</u>	<u>-</u>
Cash flow used in operations	(242)	(73)
Commitments and contingencies settled	-	(2,112)
Interest paid	<u>(1)</u>	<u>-</u>
Net cash flow used in operating activities	<u>(243)</u>	<u>(2,185)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	37	-
Purchase of plant and equipment	(137)	-
Fixed deposits converted into marketable securities	-	(722)
Proceeds from disposal of plant and equipment	-	42
Proceeds from disposal of marketable securities	<u>579</u>	<u>-</u>
Net cash flow generated from/(used in) investing activities	<u>479</u>	<u>(680)</u>
CASH FLOW FROM FINANCING ACTIVITY		
Repayment of hire purchase creditors	<u>(2)</u>	<u>-</u>

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**ARUS MURNI CORPORATION BERHAD
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CASH FLOW STATEMENT (CONT'D.)

	2003	2002
	RM'000	RM'000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	234	(2,865)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4	2,869
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>238</u>	<u>4</u>
 Cash and cash equivalents comprise:		
Cash and bank balances	<u>238</u>	<u>4</u>

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