

Company No: 19727-P

6. STAFF COSTS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 7)	388	360	388	360
Wages and salaries	645	327	316	327
Social security costs	5	2	5	2
Pension costs - defined contribution plans	90	33	57	33
Other staff related expenses	94	67	94	67
	1,222	789	860	789

7. DIRECTORS' REMUNERATION

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	96	120	96	120
Fees	280	236	280	236
Pension costs - defined contribution plans	12	4	12	4
Benefits-in-kind	-	28	-	28
	388	388	388	388
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	388	360	388	360
Total directors' remuneration excluding benefits-in-kind	388	360	388	360

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2003	2002
Executive directors:		
RM50,000 and below	-	2
RM100,001 to RM150,000	2	2
RM150,001 to RM200,000	1	-

Company No: 19727-P**8. FINANCE COST**

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Interest expense on hire purchase	1	-	1	-
Interest expense on ICULS (Note 26)	188	-	188	-
Interest expense on other borrowings	580	539	-	-
	<u>769</u>	<u>539</u>	<u>189</u>	<u>-</u>
Less: Amount capitalised in development expenditure (Note 16)	(580)	(539)	-	-
	<u>189</u>	<u>-</u>	<u>189</u>	<u>-</u>

9. TAXATION

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Tax expense for the year	<u>231</u>	<u>-</u>	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year.

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

	2003	2002
	RM'000	RM'000
Group		
Loss before taxation	<u>(1,311)</u>	<u>(2,233)</u>
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	(367)	(625)
Effect of reduction in income tax from 28% to 20% for the first RM100,000 chargeable income	(16)	-
Expenses not deductible for tax purposes	211	149
Utilisation of current year tax losses	-	(24)
Deferred tax assets not recognised during the year	403	500
	<u>231</u>	<u>-</u>

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9. TAXATION

Company	2003 RM'000	2002 RM'000
Loss before taxation	(298)	(1,139)
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	(83)	(319)
Expenses not deductible for tax purposes	40	75
Utilisation of current year tax losses	-	(24)
Deferred tax assets not recognised during the year	43	268
	-	-

Tax losses are analysed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax savings recognised during the year arising from:				
Utilisation of current year tax losses	-	85	-	85
Unutilised tax losses carried forward	70,758	69,330	68,382	68,240

Unabsorbed capital allowances are analysed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax savings recognised during the year arising from:				
Utilisation of unabsorbed capital allowances brought forward from previous years	-	2	-	2
Unutilised capital allowances carried forward	287	274	286	274

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Group and the Company. Deferred tax assets have not been recognised in respect of this item as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

Company No: 19727-P**10. LOSS PER SHARE****(a) Basic**

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2003	2002
Net loss for the year (RM'000)	(1,542)	(2,233)
Weighted average number of ordinary shares in issue ('000)	169,591	168,341
Basic loss per share (sen)	<u>(1)</u>	<u>(1)</u>

(b) Diluted

For the purposes of calculating diluted earnings per share, the net loss for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of 0.5% ICULS. The amount of net profit for the year is adjusted by the after-tax effect of interest expense recognised during the financial year which would have been saved on conversion of outstanding ICULS into ordinary shares. The adjusted weighted average number of ordinary shares is the weighted average number of shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ICULS into ordinary shares. The ICULS are deemed to have been converted into ordinary shares at the date of issue of the ICULS (25 August, 2003).

	Group
	2003
Net loss for the year (RM'000)	(1,542)
Adjustment for effect of interest on ICULS (RM'000)	<u>189</u>
Adjusted net loss for the year (RM'000)	<u>(1,353)</u>
Weighted average number of ordinary shares in issue ('000)	168,341
Adjustment for assumed conversion of ICULS ('000)	<u>122,739</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>291,080</u>
Diluted loss per share (sen)	<u>(0.5)</u>

Comparative diluted loss per share has not been presented as there were no potential ordinary shares outstanding during the previous financial year.

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11. EQUIPMENT

Group	Furniture and Fittings RM'000	Renovation RM'000	Office Equipment RM'000	Computer Equipment RM'000	Electrical Fittings RM'000	Motor Vehicles RM'000	Total RM'000
Cost							
At 1 January, 2003	-	-	-	-	-	-	-
Additions	28	19	28	21	4	312	412
At 31 December, 2003	28	19	28	21	4	312	412
Accumulated Depreciation							
At 1 January, 2003	-	-	-	-	-	-	-
Charge for the year	1	1	1	1	1	10	15
At 31 December, 2003	1	1	1	1	1	10	15
Net Book Value							
At 31 December, 2003	27	18	27	20	3	302	397
Company							
Cost							
At 1 January, 2003	-	-	-	-	-	-	-
Additions	28	19	28	18	4	312	409
At 31 December, 2003	28	19	28	18	4	312	409
Accumulated Depreciation							
At 1 January, 2003	-	-	-	-	-	-	-
Charge for the year	1	1	1	1	1	10	15
At 31 December, 2003	1	1	1	1	1	10	15
Net Book Value							
At 31 December, 2003	27	18	27	17	3	302	394

Included in property, plant and equipment of the Group and of the Company are motor vehicles with net book value of RM302,000 held under hire purchase arrangements.

During the year, the Group and the Company acquired motor vehicles with an aggregate cost of RM312,000 (2002: Nil) of which RM272,000 (2002: Nil) was acquired by means of hire purchase arrangements.

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12. INVESTMENT PROPERTY

	Group	
	2003	2002
	RM'000	RM'000
Leasehold property, at cost	80,495	-

As at 31 December, 2003, the title deed to the investment property has yet to be issued to Consistent Harvest Sdn Bhd, a subsidiary of the Company as it is pending the completion of the adjudication process in relation to the determination of the stamp duty payable for the transfer of the title deed. An opinion has been given by the group solicitors that since an amount of RM1,038,000 has been deposited with the solicitors for the purposes of payment of the stamp duty, the transfer of the title deed itself is merely a formality and Consistent Harvest Sdn Bhd is the beneficial owner of the investment property.

13. TIMBER CONCESSION

	Group	
	2003	2002
	RM'000	RM'000
Timber concession, at cost	42,243	-
Less: Accumulated amortisation	(504)	-
	41,739	-

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost	553,047	482,415
Less: Accumulated impairment losses	(474,479)	(474,479)
	78,568	7,936

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14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

Name of Company	Paid-up Capital RM	Interest		Principal Activities
		2003 %	2002 %	
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
Arus Murni Capital Sdn. Bhd.	3	100	100	Money lending - dormant
Giltedged Options and Futures	2,500,002	100	99.99	Licensed futures broker - dormant
Macbloom Sdn. Bhd.	100	100	98	Retailing of rare books - ceased operations
Megasanjung Sdn. Bhd.	2	100	100	Property management - dormant
Angkasa Lampiran Sdn. Bhd.	300,000	100	100	Property developer
Bitarex Sdn. Bhd.	4,000,000	100	100	Investment holding
Consistent Harvest Sdn Bhd	1,000,000	100	-	Property management
Jernih Makmur Sdn Bhd	1,000,000	100	-	Logging and selling of round end timber logs

* Audited by firms of auditors other than Ernst & Young.

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14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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.

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 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 have been assumed by BNM since 4 January, 1999. Consequently, the audited financial statements of KBB Group for the financial year ended 31 December, 2003 will not be annexed to the Group financial statements as exempted by the Assistant Registrar of Companies on 6 December, 2003.

It is the intention of the management to dispose off the equity interest in KBB Group to BNM. The management is in the midst of discussions with BNM on the procedures in relation to the intended disposal.

(b) Acquisition of subsidiaries

On 25 August, 2003, the Group acquired 100% equity interest in:

Name of Company	Consideration RM	Issuance of Nominal Value of ICULS with Nominal Value of RM0.20 each	Paid Up Capital RM'000
Consistent Harvest Sdn Bhd	80,495,439	402,477,195	1,000
Jernih Makmur Sdn Bhd	42,243,172	211,215,860	1,000

The effects of the acquisitions on the financial results of the Group from the date of acquisition to 31 December, 2003 are as follows:

	RM'000
Revenue	3,740
Operating cost	(3,359)
Profit from operations	381
Taxation	(157)
Profit after taxation	224

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14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Acquisition of subsidiaries

The effects of the acquisitions on the financial position of the Group as at 31 December, 2003 are as follows:

	RM'000
Investment property	80,495
Timber concession	41,739
Property, plant and equipment	3
Trade receivables	1,264
Cash and bank balances	640
Trade and other payables	(1,245)
Group's share of net assets	<u>122,896</u>

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

	25.8.2003
	RM'000
Net assets acquired	
Investment property	80,495
Timber concession	42,243
Trade and other payables	(905)
Fair value of total net assets	<u>121,833</u>
Goodwill on acquisition (Note 15)	906
Total consideration	<u>122,739</u>
Satisfied by issuance of ICULS	<u>122,739</u>
Net cash outflow arising on acquisition:	
Cash and cash equivalents of subsidiaries acquired	<u>-</u>

15. GOODWILL ON CONSOLIDATION

	Group	
	2003	2002
	RM'000	RM'000
At 1 January	-	-
Arising from acquisition of subsidiaries (Note 14)	906	-
	<u>906</u>	<u>-</u>
Less:		
Amortisation of goodwill on consolidation	(90)	-
At 31 December	<u>816</u>	<u>-</u>

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16. LAND AND DEVELOPMENT EXPENDITURE

	Group	
	2003	2002
	RM'000	RM'000
Cost:		
Freehold land	4,961	5,631
Development expenditure	2,143	11,824
	<u>7,104</u>	<u>17,455</u>
Less: Foreseeable losses	-	(553)
Less: Progress billings	-	(5,142)
	<u>7,104</u>	<u>11,760</u>

The freehold land of the Group has been charged as security for its short term borrowings as disclosed in Note 22.

Included in the development expenditure of the Group is interest capitalised during the financial year amounting to RM580,000 (2002 : RM539,000) as disclosed in Note 8.

Cost of development properties of the Group recognised as an expense during the financial year amounted to RM4,640,000 (2002: RM2,657,000).

A third party first legal charge has been created on the land owned by Bitarex Sdn. Bhd., a subsidiary of the Group, for allowing a fellow subsidiary, Angkasa Lampiran Sdn. Bhd. to obtain a loan facility to develop the land. The loan facility was restructured during the financial year as disclosed in Note 22. A debenture incorporating a fixed and floating charge was also created over all present and future assets of Angkasa Lampiran Sdn. Bhd.

17. INVENTORIES

	Group	
	2003	2002
	RM'000	RM'000
Properties held for sale, at net realisable value	<u>148</u>	<u>-</u>

18. TRADE RECEIVABLES

The Group's normal trade credit term is 30 (2002: 30) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

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19. OTHER RECEIVABLES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Due from subsidiaries	-	-	57,090	4,045
Cost incurred for proposed acquisitions	-	397	-	397
Deposits for proposed acquisition of investments	39,000	39,000	39,000	39,000
Interest receivable	-	85	-	85
Sundry receivables	48	1,834	39	33
Tax refundable / recoverable	2,715	2,715	2,715	2,715
	<u>41,763</u>	<u>44,031</u>	<u>98,844</u>	<u>46,275</u>
Less: Provision for doubtful debts	<u>(41,715)</u>	<u>(41,715)</u>	<u>(45,764)</u>	<u>(45,760)</u>
	<u>48</u>	<u>2,316</u>	<u>53,080</u>	<u>515</u>

In prior year, the Group and the Company commenced legal action to recover the deposits paid in the previous years for the proposed acquisition of investments which were mutually aborted amounting to RM39,000,000. This amount has been fully provided for in the financial statements in the prior years. Subsequent to the appointment of the new solicitors, the Company has re-filed the legal suits for the recovery of the deposit amounts. There has been no further development on this matter subsequent to the re-filing of the legal action with the High Court.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related that may arise from exposure to a single debtor or groups of debtors.

20. MARKETABLE SECURITIES

	Group and Company	
	2003	2002
	RM'000	RM'000
Quoted shares at costs in Malaysia	-	722
Market value of quoted shares	-	737

21. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is RM9,000 (2002 : RM44,000) maintained pursuant to the Housing Developers (Housing Development Account) Regulations, 1991.