

Audited Financial Statements

Of The Group & Of The Company

For The Financial Year Ended 31 December 2003

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

Principal Activities

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

In RM'000	THE GROUP	THE COMPANY
Profit/(Loss) after taxation for the financial year	17,782	(7,263)

Dividends

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

Reserves And Provisions

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the notes to the financial statements.

Issues Of Shares And Debentures

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up capital of the Company; and
- (b) there were no issues of debentures by the Company.

Options Granted Over Unissued Shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Bad And Doubtful Debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or additional allowance for doubtful debts in the financial statements of the Group and of the Company.

Current Assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent And Other Liabilities

The contingent liabilities are disclosed in Note 37 to the financial statements. At the date of this report, there does not exist:-

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

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

Change Of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Items Of An Unusual Nature

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS' REPORT

Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") was approved by the Securities Commission on 26 April 2001 and the shareholders at an Extraordinary General Meeting held on 28 June 2001.

The principal features of the ESOS are as follows:-

1. Eligible persons are employees (including executive directors) of Malaysian citizenship who have been confirmed in the employment of the Group for a continuous period of at least one year as at the offer date and falling within any categories of employees as set out in Clause 5 and who are eligible to participate in the ESOS pursuant to Clause 4 of the Bye-Laws. The selection for participation in the ESOS shall be at the absolute discretion of the ESOS Committee appointed by the Board of Directors.
2. The maximum number of new ordinary shares of RM1.00 each to be offered shall not exceed 10% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS.
3. No option shall be granted for less than 1,000 ordinary shares or more than 500,000 ordinary shares to any individual eligible employee.
4. The option price may be subjected to a discount of not more than 10% of the average of the mean market quotation of the shares as shown in the daily official list issued by the Malaysia Securities Exchange Berhad for the five trading days immediately preceding the offer date, or at par value of the shares of the Company, whichever is the higher.
5. The ESOS shall be in force for a period of five years from the offer date, subject to any extension for a further period of 5 years commencing from the date of expiration of the existing 5-year period as may be approved by the relevant authorities.
6. The ESOS expires on 27 February 2007.

The options granted may be exercised in the following manner:-

Number Of New Shares Granted Under The Options	Maximum Percentage Of New Shares Comprised In The Options Exercisable Within Each Particular Year Of The ESOS				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100%	-	-	-	-
20,000 to less than 100,000	40%(1)	30%	30%(2)	-	-
100,000 and above	20%	20%	20%	20%	20%(3)

(1) 40% or 20,000 new shares, whichever is the higher.

(2) 30% or the remaining number of new shares unexercised.

(3) 20% or the remaining number of new shares unexercised.

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the ESOS.

The movement in the options to take up unissued new ordinary shares of RM1 each during the financial year is as follows:-

Date Of Offer	Option Price	Balance At 1.1.2003	Exercised During The Year	Lapsed Due To Resignation	Balance At 31.12.2003
1 March 2002	RM1.00	11,258,000	-	(644,000)	10,614,000

There were no new options granted to employees during the financial year ended 31 December 2003.

Directors

The directors who served since the date of the last report are as follows:-

MR. LOW GEE TAT @ GENE LOW
DATO' JEFFREY NG TIONG LIP
TAN SRI DATUK SERI (DR) CHONG HON NYAN
TAN SRI DATO' HANAFIAH BIN HUSSAIN
TAN SRI DATO' LEE KIM SAI @ LEE HOO
MR. LOW GEE TEONG
MDM. OH LEEN MAY
MDM. WOON SIEW CHOO

In accordance with the Articles of Association of the Company, Tan Sri Dato' Lee Kim Sai @ Lee Hoo and Mr. Low Gee Tat @ Gene Low retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Seri (Dr) Chong Hon Nyan and Tan Sri Dato' Hanafiah Bin Hussain retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

DIRECTORS' REPORT

Directors' Interests

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in the shares of the Company during the financial year are as follows:-

Number of ordinary shares of RM1 each					Options Granted To Subscribe For New Shares Under ESOS
	At 1.1.2003	Bought	Sold	At 31.12.2003	
<u>Direct Interests</u>					
MR. LOW GEE TAT @ GENE LOW	-	-	-	-	500,000
DATO' JEFFREY NG TIONG LIP	-	-	-	-	500,000
MR. LOW GEE TEONG	-	-	-	-	500,000
MDM. WOON SIEW CHOO	119,800	-	-	119,800	450,000
MDM. OH LEEN MAY	-	-	-	-	450,000
<u>Indirect Interests</u>					
MR. LOW GEE TAT @ GENE LOW	228,445,447	-	-	228,445,447	-
TAN SRI DATUK SERI (DR)					
CHONG HON NYAN	5,500	-	-	5,500	-
MR. LOW GEE TEONG	228,445,447	-	-	228,445,447	-

Mr. Low Gee Tat @ Gene Low and Mr. Low Gee Teong by virtue of their substantial interests in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent of the Company's interests in shares in these subsidiaries.

None of the other directors had any interest in the shares of the Company during the financial year.

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any benefits which may be deemed to arise from the related party transactions as disclosed in Notes 41 and 42 to the financial statements.

Neither during nor at the end of the financial year was the Company and its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options granted to directors pursuant to the ESOS.

Significant Events During The Financial Year

The significant events of the Group and of the Company during the financial year are disclosed in Note 43 to the financial statements.

Auditors

The auditors, Horwath have expressed their willingness to continue in office.

Signed In Accordance With A Resolution Of The Directors Dated 21 April 2004



LOW GEE TAT @ GENE LOW
Executive Chairman
Kuala Lumpur
Date: 21 April 2004



DATO' JEFFREY NG TIONG LIP
Managing Director


STATEMENT BY DIRECTORS

We, Low Gee Tat @ Gene Low and Dato' Jeffrey Ng Tiong Lip, being two of the directors of Asia Pacific Land Berhad, state that, in the opinion of the directors, the financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2003 and of their results and cash flows for the financial year ended on that date.

Signed In Accordance With A Resolution Of The Directors Dated 21 April 2004



LOW GEE TAT @ GENE LOW
Executive Chairman
Kuala Lumpur
Date: 21 April 2004



DATO' JEFFREY NG TIONG LIP
Managing Director

STATUTORY DECLARATION

I, Dato' Jeffrey Ng Tiong Lip, being the director primarily responsible for the financial management of Asia Pacific Land Berhad, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Dato' Jeffrey Ng Tiong Lip,
at Kuala Lumpur in the Federal Territory
on this 21 April 2004



DATO' JEFFREY NG TIONG LIP
Managing Director

Before Me



Kuala Lumpur
Date: 21 April 2004

BILEK 604, PENTHOUSE
TINGKAT 6, BANGUNAN NUDE,
NO: 114, JAL. TUANKU ABD. RAHMAN
50100 K. LUMPUR.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ASIA PACIFIC LAND BERHAD

We have audited the financial statements of Asia Pacific Land Berhad for the financial year ended 31 December 2003. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 31 December 2003 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries for which we have not acted as auditors, as indicated in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.



HORWATH
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
Date: 21 April 2004



MOK YUEN LOK
Approval No: 1408/11/05 (J/PH)
Partner

BALANCE SHEETS AS AT 31 DECEMBER 2003

In RM'000	NOTE	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
ASSETS					
Investment in subsidiaries	6	-	-	107,494	107,428
Property, plant and equipment	7	465,954	556,888	65	92
Investment properties	8	473,356	473,100	-	-
Other investment	9	50	50	50	50
Land held for development	10	139,194	138,708	-	-
Deferred tax assets	11	20,382	24,502	1,472	1,959
		1,098,936	1,193,248	109,081	109,529
CURRENT ASSETS					
Inventories	12	10,745	7,164	-	-
Properties under development	13	111,134	86,702	-	-
Trade receivables	14	74,085	48,544	-	-
Other receivables and deposits	15	24,368	53,096	3,706	9,446
Amount owing by subsidiaries	16	-	-	1,169,148	1,148,118
Cash and bank balances	17	19,904	7,762	4,396	364
		240,236	203,268	1,177,250	1,157,928
LESS: CURRENT LIABILITIES					
Trade payables	18	36,281	26,885	-	-
Other payables and accruals	19	58,097	95,154	4,090	33,374
Amount owing to subsidiaries	16	-	-	370,947	295,534
Provision for taxation		31,934	30,873	8	-
Bank overdrafts	20	13,317	4,999	-	-
Short term borrowings	21	64,479	57,359	30,000	20,000
		204,108	215,270	405,045	348,908
NET CURRENT ASSETS / (LIABILITIES)					
		36,128	(12,002)	772,205	809,020
		1,135,064	1,181,246	881,286	918,549
FINANCED BY:-					
Share capital	22	710,341	710,341	710,341	710,341
Reserves	23	68,089	37,211	50,945	58,208
SHAREHOLDERS' EQUITY					
		778,430	747,552	761,286	768,549
DEFERRED TAX LIABILITY	24	50,089	50,465	-	-
LONG TERM LIABILITIES	25	306,545	383,229	120,000	150,000
		1,135,064	1,181,246	881,286	918,549
NET TANGIBLE ASSETS PER SHARE					
		RM1.10	RM1.05		

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

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

In RM'000	NOTE	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
REVENUE	26	240,355	173,820	3,244	1,343
COST OF SALES	27	(128,464)	(80,332)	-	-
GROSS PROFIT		111,891	93,488	3,244	1,343
OTHER OPERATING INCOME		4,193	4,414	53	14
SELLING AND MARKETING EXPENSES		(9,186)	(7,673)	-	-
ADMINISTRATIVE EXPENSES		(27,377)	(31,302)	(2,470)	(944)
OTHER OPERATING EXPENSES		(48,355)	(49,193)	(56)	(46)
PROFIT FROM OPERATIONS		31,166	9,734	771	367
GAIN ON DISPOSAL OF A PIECE OF LAND, A HOTEL PROPERTY AND RELATED ASSETS	28	6,108	-	-	-
FINANCE COSTS		(12,334)	(13,261)	-	-
INVESTING RESULTS	29	-	(14,619)	(7,539)	(18,969)
DEFICIT ON REVALUATIONS	30	-	(97,444)	-	(219,783)
PROFIT/(LOSS) BEFORE TAXATION	31	24,940	(115,590)	(6,768)	(238,385)
TAXATION	32	(7,158)	(3,125)	(495)	48
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR		17,782	(118,715)	(7,263)	(238,337)
EARNINGS/(LOSS) PER SHARE - Basic	33	2.5 sen	(16.7 sen)		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

THE GROUP

In RM'000	Share Capital	Share Premium	Revaluation Reserve	Exchange Fluctuation Reserve	Retained Profits/ (Accumulated Losses)	Total
Balance at 1.1.2002						
As previously stated	710,341	62,372	97,129	(18,591)	10,692	861,943
Prior year adjustments (Note 47)	-	-	(6,429)	-	(4,848)	(11,277)
Restated balance	710,341	62,372	90,700	(18,591)	5,844	850,666
Currency exchange translation difference	-	-	-	11,741	-	11,741
Transfer of revaluation surplus of disposed subsidiaries to retained profits	-	-	(950)	-	950	-
Net revaluation surplus arising during the financial year	-	-	12,570	-	-	12,570
Deferred tax arising from revaluation of assets	-	-	(8,710)	-	-	(8,710)
Net gain not recognised in the income statement	-	-	2,910	11,741	950	15,601
Loss after taxation for the financial year	-	-	-	-	(118,715)	(118,715)
Restated balance at 31.12.2002/1.1.2003	710,341	62,372	93,610	(6,850)	(111,921)	747,552
Currency exchange translation difference	-	-	-	13,096	-	13,096
Profit after taxation for the financial year	-	-	-	-	17,782	17,782
Balance at 31.12.2003	710,341	62,372	93,610	6,246	(94,139)	778,430

THE COMPANY

In RM'000	Share Capital	Share Premium	Revaluation Reserve	Retained Profits/ (Accumulated Losses)	Total
Balance at 1.1.2002					
As previously stated	710,341	62,372	83,443	46,470	902,626
Prior year adjustments (Note 47)	-	-	-	2,120	2,120
Restated balance	710,341	62,372	83,443	48,590	904,746
Transfer of revaluation deficit of disposed subsidiaries to retained profits	-	-	353	(353)	-
Net revaluation surplus arising during the financial year	-	-	102,140	-	102,140
Net gain/(loss) not recognised in the income statement	-	-	102,493	(353)	102,140
Loss after taxation for the financial year	-	-	-	(238,337)	(238,337)
Restated balance at 31.12.2002/1.1.2003	710,341	62,372	185,936	(190,100)	768,549
Loss after taxation for the financial year	-	-	-	(7,263)	(7,263)
Balance at 31.12.2003	710,341	62,372	185,936	(197,363)	761,286

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

In RM'000	NOTE	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		24,940	(115,590)	(6,768)	(238,385)
Adjustments for:-					
Bad debts written off		3	-	-	-
Gain on disposal of properties		(6,108)	-	-	-
Goodwill amortised		-	407	-	-
Goodwill written off		-	4,589	-	-
Deficits on revaluations		-	97,444	-	219,783
Depreciation of property, plant and equipment		5,595	5,171	56	46
Loss on disposal of subsidiaries		-	14,619	-	1,588
Net allowance for doubtful debts		777	781	-	-
Net interest expense		11,842	11,851	-	-
Plant and equipment written off		1,798	2	-	-
Writeback of provision for foreseeable project loss		-	(390)	-	-
Gain on disposal of plant and equipment		(16)	(52)	-	-
Write-off of amount owing by subsidiaries		-	-	7,604	17,381
Retirement gratuity in kind		789	-	789	-
Write-back of revaluation deficit of subsidiary wound up by way of members' voluntary liquidation		-	-	(65)	-
Operating profit before working capital changes		39,620	18,832	1,616	413
(Increase)/Decrease in inventories		(928)	7,355	-	-
(Increase)/Decrease in properties under development		(3,768)	13,810	-	-
Decrease/(Increase) in trade and other receivables		3,298	(4,723)	5,740	(8,738)
(Decrease)/Increase in trade and other payables		(25,944)	(12,539)	(29,284)	8,784
CASH FROM/(FOR) OPERATIONS		12,278	22,735	(21,928)	459
Income tax paid		(2,717)	(2,403)	-	-
Interest paid		(29,116)	(22,997)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(19,555)	(2,665)	(21,928)	459
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Purchase of property, plant and equipment	34	(4,065)	(4,156)	(29)	(17)
Proceeds from disposal of subsidiaries	35	-	9,655	-	9,655
Proceeds from disposal of property, plant and equipment		111,963	157	-	-
Payment for investment properties		(256)	(384)	-	-
Payment for land held for development		(829)	(9,068)	-	-
Interest received		492	1,410	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		107,305	(2,386)	(29)	9,638

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

In RM'000	NOTE	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from/(to) subsidiaries		-	-	45,989	(4,810)
Drawdown of term loans and bridging loans		56,062	22,123	-	-
Conversion of bank overdraft to term loan		-	70,546	-	-
Net repayment to hire purchase payables		(1,074)	(1,396)	-	-
Repayment of term loans		(132,223)	(19,315)	(20,000)	(5,000)
Conversion of term loan to bank overdraft		(8,319)	-	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(85,554)	71,958	25,989	(9,810)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,196	66,907	4,032	287
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		1,628	(95)	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		2,763	(64,049)	364	77
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	36	6,587	2,763	4,396	364

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

1. General Information

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is in Malaysia. The registered office and principal places of business are as follows:-

Registered office : 2nd Floor, Marina Terrace Sports Complex, Jalan Low Yat, 11100 Batu Ferringhi, Penang.

Principal places

of business : (i) 49th Floor, Empire Tower, City Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur.
(ii) 2nd Floor, Marina Terrace Sports Complex, Jalan Low Yat, 11100 Batu Ferringhi, Penang.

2. Principal Activities

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that appropriate financial resources are available to the Group to meet its specific requirement at the most favourable terms and conditions. It also endeavour to minimise currency, interest rate, credit, liquidity and cash flow risks at lowest cost possible. The Group operates within defined guidelines that are approved by the Board and its policies in respect of the major areas of treasury activity are as follows:-

(a) Foreign Currency Risk

Exposure of overseas operating subsidiaries to transaction risk is minimised by matching local currency income against local currency costs.

(b) Interest Rate Risk

The Group obtains financing through bank borrowings, leasing and hire purchase. Its policy is to obtain the most favourable interest rates available without significantly increasing its foreign currency exposure or restricting its business directions.

Surplus and unutilised funds are placed with licensed financial institutions at the most favourable terms.

(c) Market Risk

The Group does not have any quoted investments and hence is not exposed to market risks.

(d) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from cash deposits and receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group minimises its exposure to credit risk by investing cash assets in licensed financial institutions, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group ensures that there are no major concentration of credit risk related to any individual or counterparty.

(e) Liquidity and Cash Flow Risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities and endeavour to match type of funding and tenure to asset and project life and cashflow profile.

4. Basis Of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies.

The financial statements comply with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. Significant Accounting Policies

(a) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group and the Company have become parties to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instruments classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(b) Basis of Consolidation

Subsidiaries are those companies in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2003 using the acquisition method. The results of subsidiaries acquired or disposed off during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Goodwill on consolidation represents the difference between the consideration paid for the investment in subsidiaries and the fair value attributable to the net assets of the subsidiaries acquired. Goodwill on consolidation is amortised on a straight line basis over a period of twenty five years, subject to yearly review by the directors and will be written down to the extent of their intrinsic value.

Intragroup transactions, and balances, and resulting unrealised profits are eliminated. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Investments

Investments in subsidiaries are stated at cost or valuation in the balance sheet of the Company, and reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

Investments in unquoted investments, held for long-term purposes are stated at cost less allowance for permanent diminution in value, if any.

(d) Property, Plant and Equipment

Property, plant and equipment are stated at revaluation or cost less accumulated depreciation and impairment losses. No depreciation is provided on freehold land, long leasehold land where the tenure has not commenced, hotel properties and hotel operating equipment.

It is the Group's practice to maintain all its hotel properties to a high standard and condition such that their residual values are at least equal to their respective carrying values. Therefore, depreciation charges would be insignificant. The related maintenance expenditure is charged to the income statement.

5. Significant Accounting Policies (cont'd)

(d) Property, Plant and Equipment (cont'd)

Hotel operating equipment such as linen, crockery and related items included in other assets are capitalised at the minimum level of requirement for normal operations. Their replacements are written off to the income statement.

Depreciation on other property, plant and equipment is calculated under the straight line method to write off the cost or revalued amount of these assets over their estimated useful lives.

The principal annual rates used for this purpose are:-

Long leasehold land	Over the lease period
Short leasehold land	Over the lease period
Buildings	2%
Furniture, fittings, equipment, motor vehicles and other assets	5% - 33%
Golf course	Over the lease period

Other assets comprise tools, equipment, linen, crockery and related items.

Long lease is defined as a lease with unexpired period exceeding 50 years as at the balance sheet date.

(e) Impairment Of Assets

The carrying amounts of assets, other than those to which MASB 23 Impairment of Assets does not apply, are reviewed at each balance sheet date 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 unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a 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, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(f) Assets under Finance Leases and Hire Purchase

Leases of plant and equipment where substantially all the benefits and risks of ownership are transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective lease and hire purchase agreements.

Plant and equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

5. Significant Accounting Policies (cont'd)

(g) Investment Properties

Investment properties are properties held for investment potential and rental income, and are stated at valuation or cost. These assets are not depreciated because it is the Group's practice to maintain all its investment properties to a high standard and condition such that their residual values are at least equal to their respective carrying values. Therefore, depreciation charges would be insignificant. The related maintenance expenditure is charged to the income statement.

(h) Land Held For Development

Land held for development is stated at cost or valuation. Cost or valuation includes attributable development expenditure and interest charges relating to the financing of the land and development.

Land held for development comprises land banks which are being prepared for development and will be reclassified as property under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

For completed unsold properties, cost includes cost of land, development expenditure and interest charges relating to the financing of the land and development.

Where necessary, allowance is made for obsolete, slow-moving and defective inventories.

(j) Properties Under Development

Properties under development are stated at cost plus attributable profits less foreseeable losses and progress payments received and receivable. Cost includes the cost of land and development expenditure and interest charges relating to the financing of the land and development.

(k) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(l) Cash And Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Revaluation Reserve

Land, buildings and hotel properties which are classified under property, plant and equipment, and investment properties are appraised periodically, at least once in every three years. The increase or decrease arising from the revaluation of the properties, if adjusted, is credited or debited to a revaluation reserve account as revaluation surplus or deficit. To the extent that a decrease is not supported by any previous revaluation surplus, the decrease is charged to the income statement.

(n) Foreign Currencies

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange gains or losses are dealt with in the income statement.

The Group's foreign subsidiaries are those operations that are not an integral part of the operations of the Company. Income statements of the foreign subsidiaries are translated into Ringgit Malaysia at the average rates for the financial year, and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investments in the foreign subsidiaries are taken to the exchange fluctuation reserve account. On the disposal of the subsidiaries, such translation differences are recognised in the income statement as part of the gain or loss on the disposal.

5. Significant Accounting Policies (cont'd)

(o) Interest Capitalisation

Interest incurred on borrowings to finance the preparation of assets for their intended use is capitalised as part of the carrying value of the assets until they are completed and/or for sale, after which such expense is charged to the income statement.

(p) Dividends

Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(q) Revenue Recognition

(i) Property Under Development

Profit from the sale of property under development is recognised using the percentage of completion basis. The stage of completion is determined based on:-

- (a) the survey of work performed; or
- (b) the contract costs incurred for work performed to date in relation to the estimated total contract costs;

whichever is applicable.

Foreseeable losses, if any, are recognised immediately in the income statement.

(ii) Property Management Income

Revenue is recognised upon the completion of management and maintenance services rendered.

(iii) Leisure and Hospitality

Revenue from the provision of hotel rooms, food and beverage, golf operations and other related services is recognised when services are rendered.

(iv) Rental Income

Revenue is recognised on an accrual basis.

(v) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(vi) Management Fees

Revenue from management and project management is recognised when services are rendered.

(vii) Sale of Goods

Sales are recognised upon delivery of products and customer acceptance, net of sales tax and discounts.

(viii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(r) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), investment properties, land held for development, goodwill on consolidation, inventories, property under development, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include provision for taxation and borrowings from financial institutions.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

5. Significant Accounting Policies (cont'd)

(s) Taxation

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for, using the liability method, on all material temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised capital allowances can be utilised.

Deferred tax measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Prior to the adoption of MASB 25 Income Taxes, deferred tax was provided for using the liability method in respect of significant timing differences except where no liability was expected to arise in the foreseeable future and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 47.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(t) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's contributions to defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plan. A foreign subsidiary of the Group makes contributions to its respective country's pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

6. Investment In Subsidiaries

In RM'000	THE COMPANY	
	2003	2002
<u>Investment</u>		
Unquoted shares - at valuation	107,494	107,428

Investment in subsidiaries stated at valuation was revalued by the directors in December 2002 based on the net tangible assets of the subsidiaries. The revaluation surplus and deficit arising thereon were incorporated into the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

6. Investment In Subsidiaries (cont'd)

Details of the subsidiaries are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2003	2002	
INCORPORATED IN MALAYSIA			
* Affinity Villas Sdn. Bhd.	100%	100%	Property development.
* Aman City Hotel Sdn. Bhd.	100%	100%	Property investment.
* Ambangan Valley Sdn. Bhd.	100%	100%	Property investment.
* Amity Synergy Sdn. Bhd.	100%	100%	Investment holding.
# APL Construction Sdn. Bhd.	100%	100%	Property development.
* APL Hotel Sdn. Bhd.	100%	100%	Property investment and development, and hotel business.
* Bakti Dinamik Sdn. Bhd.	100%	100%	Property development.
* Buoyant Point Sdn. Bhd.	100%	100%	Property maintenance services.
* City Square Centre Sdn. Bhd.	100%	100%	Investment holding.
* City Square Holdings Sdn. Bhd.	100%	100%	Investment holding.
* City Square Properties Sdn. Bhd.	100%	100%	Property investment and management.
* City Square Nursery And Landscaping Sdn. Bhd.	100%	100%	Dormant.
#* City Square Parking Sdn. Bhd.	100%	100%	Car park management.
* City Square Retail Management Sdn. Bhd.	100%	100%	Dormant.
* Elite Empire Sdn. Bhd.	100%	100%	Property investment.
* Eminent Portfolio Sdn. Bhd.	100%	100%	Property investment.
* Empire Reach Sdn. Bhd.	100%	100%	Dormant.
* Empire Tower (Malaysia) Sdn. Bhd.	100%	100%	Property investment and management.
* Esprit Projects Sdn. Bhd.	100%	100%	Property development.
* Fidelity Park Sdn. Bhd.	100%	100%	Property development.
#* Hotel Fair Lane Holdings Sdn. Bhd.	100%	100%	Property development.
#* Khas Cergas Sdn. Bhd.	100%	100%	Dormant.
* Kinasurya Sdn. Bhd.	100%	100%	Property investment.
* Marina Mirage Hotel Sdn. Bhd.	100%	100%	Property investment.
* Mount Pleasure Corporation Sdn. Bhd.	100%	100%	Investment holding, property investment and development, and hotel business.
* Mount Pleasure Property Management Services Sdn. Bhd.	100%	100%	Property management services.
* Tasik Puteri Golf & Country Club Berhad	100%	100%	Golf course operation.
# Platinum Landmark Sdn. Bhd.	100%	100%	Dormant.
* Pristine Review Sdn. Bhd.	100%	100%	Property investment.
* Radiant Design Sdn. Bhd.	100%	100%	Dormant.
* Rawang Lakes Sdn. Bhd.	100%	100%	Property development.
* Riviera Hectares Sdn. Bhd.	100%	100%	Property investment.
* Riviera Steppe Sdn. Bhd.	100%	100%	Property investment.
* Sapphire Acres Sdn. Bhd.	100%	100%	Property investment.
* Willow Land Sdn. Bhd.	100%	100%	Property investment.
INCORPORATED IN THE REPUBLIC OF SINGAPORE			
* Mount Pleasure Investments Pte. Ltd.	100%	100%	Dormant.
INCORPORATED IN THE BRITISH VIRGIN ISLANDS			
^ Top Loyal Investment Ltd.	-	100%	Dormant.
#+ United Well Investment Ltd.	100%	100%	Property investment and development, and hotel business (ceased hotel operation with effective from 16 October 2003)

* Not audited by Horwath

+ Audited by affiliates of Horwath

Subsidiary which relies on continued financial support from the Company to continue operations on a going concern basis.

^ Wound up by way of members' voluntary liquidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

7. Property, Plant And Equipment

THE GROUP	Net Book Value At 1.1.2003	Currency Exchange Translation Difference	Additions	Write-Offs/ Disposals	Depreciation Charge	Net Book Value At 31.12.2003
In RM'000						
Freehold land	43,599	-	120	(2,081)	-	41,638
Long leasehold land	31,569	-	451	(232)	(51)	31,737
Short leasehold land	1,000	-	18	-	(30)	988
Building under constuction and buildings	11,612	-	570	-	(394)	11,788
Hotel properties	383,095	16,533	1,113	(98,628)	-	302,113
Furniture, fittings, equipment, motor vehicles and other assets	27,513	898	2,168	(6,928)	(4,101)	19,550
Golf course	58,500	-	659	-	(1,019)	58,140
Total	556,888	17,431	5,099	(107,869)	(5,595)	465,954

In RM'000	At Cost	At Valuation	Accumulated Depreciation	Net Book Value
At 31.12.2003				
Freehold land	120	41,518	-	41,638
Long leasehold land	31,859	-	(122)	31,737
Short leasehold land	18	1,000	(30)	988
Building under constuction and buildings	2,330	10,400	(942)	11,788
Hotel properties	1,113	301,000	-	302,113
Furniture, fittings, equipment, motor vehicles and other assets	61,624	-	(42,074)	19,550
Golf course	659	58,500	(1,019)	58,140
Total	97,723	412,418	(44,187)	465,954

At 31.12.2002

Freehold land	2,081	41,518	-	43,599
Long leasehold land	31,655	-	(86)	31,569
Short leasehold land	-	1,000	-	1,000
Building	1,760	10,400	(548)	11,612
Hotel properties	-	383,095	-	383,095
Furniture, fittings, equipment, motor vehicles and other assets	69,381	-	(41,868)	27,513
Golf course	-	58,500	-	58,500
Total	104,877	494,513	(42,502)	556,888

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

7. Property, Plant And Equipment (cont'd)

		Net book value of revalued property, plant and equipment, had the assets been carried at cost less depreciation, would have been:	
In RM'000		At 31.12.2003	At 31.12.2002
Freehold land		53,303	53,183
Short leasehold land		812	858
Building under construction and buildings		3,548	3,242
Hotel properties		259,184	387,774
Golf course		24,863	25,223
Total		341,710	470,280

THE COMPANY

In RM'000	Net Book Value At 1.1.2003	Additions	Depreciation Charge	Net Book Value At 31.12.2003
Furniture, fittings and equipment	92	29	(56)	65

THE COMPANY

In RM'000	At Cost	Accumulated Depreciation	Total
At 31.12.2003			
Furniture, fittings and equipment	797	(732)	65
Motor vehicles	353	(353)	-
	1,150	(1,085)	65
At 31.12.2002			
Furniture, fittings and equipment	778	(686)	92
Motor vehicles	353	(353)	-
	1,131	(1,039)	92

The freehold land, the short leasehold land, buildings, hotel properties and golf course stated at valuation at the balance sheet date were revalued in December 2002 and January 2003 by an independent professional valuer, Encik Mohamad Sarip Saleh who is a registered valuer at Dass Mohamad Chartwell Brooke Hillier Parker (PJ) Sdn Bhd, at open market value based on the existing use basis/comparison methods.

The long leasehold land, which is undeveloped and stated at cost at the balance sheet date has an open market value of RM213,550,000 (2002 - RM217,050,000) as valued by the above-mentioned valuer. This gives rise to a revaluation surplus of RM168,339,379 (2002 - RM169,758,483). As a matter of prudence, the directors do not recommend the incorporation of the revaluation surplus into the financial statements.

The carrying values of property, plant and equipment pledged as security for bank borrowings granted to the Group (Note 20 and Note 21) are as follows:-

		THE GROUP	
In RM'000		2003	2002
Freehold land		17,751	17,680
Hotel properties		241,100	326,451
		258,851	344,131

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

7. Property, Plant And Equipment (cont'd)

A hotel property and a freehold land with a total carrying value of RM251,649,000 (2002 - RM250,500,000) at the balance sheet date of the Group are held in trust by related parties who are the original registered proprietors of the respective properties pending the issuance of strata titles and development of strata units respectively.

A freehold land with a carrying value of RM3,184,000 (2002 - RM3,180,000) at the balance sheet date of the Group is charged in favour of a third party for rights to enter and construct a road on the third party's land (Note 37).

Included in the carrying values at the balance sheet date are the following plant and equipment acquired under hire purchase terms:-

In RM'000	THE GROUP	
	2003	2002
Furniture, fittings and equipment	858	792
Motor vehicle	402	630
	<u>1,260</u>	<u>1,422</u>

The details of interest capitalised in the property, plant and equipment during the year are as follows:-

In RM'000	THE GROUP	
	2003	2002
Long leasehold land	427	317
Plantation expenditure	-	1,220
	<u>427</u>	<u>1,537</u>

8. Investment Properties

In RM'000	THE GROUP	
	2003	2002
Freehold land and buildings		
- at valuation	473,100	473,100
- at cost	256	-
	<u>473,356</u>	<u>473,100</u>

Investment properties stated at valuation at the balance sheet date were revalued in December 2002 by the same independent professional valuer, as mentioned in Note 7 to the financial statements, at open market value based on the existing use basis/comparison methods.

Certain investment properties with a total carrying value of RM468,256,000 (2002 - RM468,000,000) at the balance sheet are held in trust by a related party who is originally the registered proprietor of the respective properties pending the issuance of strata titles.

The carrying value of investment properties at the balance sheet date pledged as security for bank borrowings (Note 20 and Note 21) is RM468,256,000 (2002 - RM468,000,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

9. Other Investment

In RM'000	THE GROUP / THE COMPANY	
	2003	2002
Unquoted shares, at cost	<u>50</u>	<u>50</u>

10. Land Held For Development

In RM'000	THE GROUP	
	2003	2002
Land		
- at valuation	<u>4,141</u>	<u>4,141</u>
- at cost	<u>23,221</u>	<u>24,955</u>
	<u>27,362</u>	<u>29,096</u>
Development expenditure	<u>111,832</u>	<u>109,612</u>
	<u>139,194</u>	<u>138,708</u>

During the financial year, interest capitalised on land held for development amounts to RM3,394,000 (2002 - RM3,565,000).

11. Deferred Tax Assets

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
As previously stated	-	-	-	-
Prior year adjustments	24,502	24,033	1,959	2,120
Charged to income statements	(4,120)	(786)	(487)	(161)
Credited to revaluation reserve	-	1,255	-	-
Restated balance	<u>20,382</u>	<u>24,502</u>	<u>1,472</u>	<u>1,959</u>

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

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Capital allowances in excess of depreciation	(696)	(520)	(7)	(15)
Unutilised tax losses	22,326	26,732	1,479	1,965
Unabsorbed capital allowances	907	536	-	9
Revaluation surplus of revalued properties	(1,723)	(1,723)	-	-
Others	(432)	(523)	-	-
	<u>20,382</u>	<u>24,502</u>	<u>1,472</u>	<u>1,959</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

11. Deferred Tax Assets (cont'd)

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will allow the deferred tax assets to be recovered. As of 31 December 2003, the amount of estimated deferred tax asset calculated at applicable tax rates which are not recognised in the financial statements, are as follows:-

In RM'000	THE GROUP	
	2003	2002
Unutilised tax losses	28,770	8,992
Unutilised capital allowances	21,277	20,088
Unutilised industrial building allowance	7,440	6,820
Unutilised investment tax allowance	3,263	3,263
	60,750	39,163

12. Inventories

In RM'000	THE GROUP	
	2003	2002
<u>At Cost</u>		
Stores and consumables	468	624
Raw materials	81	142
Finished goods	152	129
Nursery inventory	395	444
Completed unsold properties	7,941	2,709
	9,037	4,048
<u>At Net Realisable Value</u>		
Completed unsold properties	1,708	3,116
	10,745	7,164

13. Properties Under Development

In RM'000	THE GROUP	
	2003	2002
Land, at cost	29,463	34,662
Development expenditure	285,174	165,131
	314,637	199,793
Attributable profits	67,816	33,074
Provision for foreseeable loss	(818)	(1,152)
	381,635	231,715
Progress billings	(270,501)	(145,013)
	111,134	86,702

The cost of land and development expenditure at the balance sheet date pledged as security for bank borrowings (Note 20 and Note 21) is RM184,894,000 (2002 - RM162,476,000).

During the year, interest capitalised on development expenditure amounts to RM19,192,000 (2002 - RM18,621,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

14. Trade Receivables

In RM'000	THE GROUP	
	2003	2002
Trade receivables	80,820	54,980
Allowance for doubtful debts:		
At 1 January	(6,436)	(6,172)
Allowance for the financial year	(1,237)	(1,130)
Reversal of allowance no longer required	464	487
Written off	474	379
At 31 December	(6,735)	(6,436)
	74,085	48,544

Included in trade receivables of the Group is an amount of RM385,000 (2002 - RM569,000) owing by related parties. The nature of related party relationships and the details of the transactions involved are disclosed in Notes 41 and 42 to the financial statements.

The Group's range of normal trade receivable credit terms are as follows:-

- (i) Hotel business : cash terms to 60 days, and 90 days for government agencies.
- (ii) Property investment business : cash terms to 7 days.
- (iii) Property development business : in accordance with Housing Development Act schedule of payment.
- (iv) Other businesses : cash terms to 60 days.

15. Other Receivables And Deposits

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Other receivables and deposits	24,525	53,249	3,706	9,446
Allowance for doubtful debts:				
At 1 January	(153)	(15)	-	-
Allowance during the financial year	(4)	(138)	-	-
At 31 December	(157)	(153)	-	-
	24,368	53,096	3,706	9,446

Included in other receivables and deposits of the Group is an amount of RM10,000,000 (2002 - RM30,006,000) owing by related parties. The nature of related party relationships and the details of the transactions involved are disclosed in Notes 41 and 42 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

16. Amount Owing By/To Subsidiaries

In RM'000	THE COMPANY	
	2003	2002
Amount owing by subsidiaries		
- interest bearing	268,606	246,937
- non-interest bearing	900,542	901,181
	<u>1,169,148</u>	<u>1,148,118</u>
Amount owing to subsidiaries		
- interest bearing	118,606	76,937
- non-interest bearing	252,341	218,597
	<u>370,947</u>	<u>295,534</u>

All the amounts owing by and owing to subsidiaries are unsecured and not subject to fixed terms of repayment.

The term loans of the Company amounting to RM150,000,000 (2002 - RM170,000,000) and of a subsidiary amounting to RM118,606,000 (2002 - RM76,937,000) are fully utilised by the other subsidiaries within the Group. The interest charged by the financial institutions amounting to RM19,511,735 (2002 - RM20,953,079) are entirely borne by the subsidiaries utilising the abovementioned term loans. As such, the Company and the aforesaid subsidiary do not record the interest expense.

Interest incurred by the Company and the above-mentioned subsidiary is reimbursed to them by the other subsidiaries that utilised the funds at rates ranging from 7% to 8.4% (2002 - 8.15% to 8.55%) per annum, based on the rates as charged by the relevant financial institutions.

17. Cash And Bank Balances

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Fixed deposits with financial institutions	4,622	323	4,200	-
Cash held at hand and banks	12,733	6,680	196	364
Cash held under housing development accounts	2,549	759	-	-
	<u>19,904</u>	<u>7,762</u>	<u>4,396</u>	<u>364</u>

Fixed deposits of the Group amounting to RM6,210 (2002 - RM6,000) are pledged to financial institutions to secure banking facilities granted to the Group.

Included in cash and bank balances of the Group is an amount of RM869,564 (2002 - Nil) held as a pledge in favour of Corporation Strata Plan in Australia.

The average effective interest rate of the fixed deposits at the balance sheet date was 2.7% - 4.05% (2002 - 2.65% - 4.25%)

The maturity of the fixed deposits ranges from 7 days to 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

18. Trade Payables

Included in trade payables of the Group is an amount of RM2,075,000 (2002 - RM790,000) owing to related parties. The nature of the related party relationship and the details of the transactions involved are disclosed in Notes 41 and 42 to the financial statements.

The normal credit terms of trade payables of the Group range from cash terms to 90 days. Retention sums for property development contracts are payable upon the expiry of the defect liability period of the respective property development contracts. The defect liability periods of property development contracts are 18 months.

19. Other Payables And Accruals

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Other payables	57,647	94,025	4,090	33,374
Hire purchase and lease payables				
- portion repayable within one year	450	1,129	-	-
	<u>58,097</u>	<u>95,154</u>	<u>4,090</u>	<u>33,374</u>
Hire purchase and lease payables are made up of:-				
Gross hire purchase and lease payables:-				
- repayable within one year	493	1,198	-	-
- repayable within two to five years	379	185	-	-
	<u>872</u>	<u>1,383</u>	<u>-</u>	<u>-</u>
Interest-in-suspense	<u>(66)</u>	<u>(81)</u>	<u>-</u>	<u>-</u>
Net hire purchase and lease payables	<u>806</u>	<u>1,302</u>	<u>-</u>	<u>-</u>
The net hire purchase and lease payables are repayable as follow:-				
Within one year	450	1,129	-	-
Within two to five years (Note 25)	356	173	-	-
	<u>806</u>	<u>1,302</u>	<u>-</u>	<u>-</u>

Included in other payables and accruals of the Group and the Company are amounts of RM2,161,000 (2002 - RM40,777,000) and RM1,696,000 (2002 - RM30,429,000), respectively owing to related parties. The nature of related party relationships and the details of transactions involved are disclosed in Notes 41 and 42 to the financial statements.

20. Bank Overdrafts

The bank overdrafts bear interest at rates ranging from 8% to 8.5% per annum (2002 - 8.4% to 8.5%) and are secured in the same manner as the short term borrowings as disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

21. Short Term Borrowings

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
<u>Secured</u>				
Revolving credit	1,000	-	-	-
Bridging loans	13,477	24,002	-	-
Portion repayable within one year (Note 25)				
- bridging loans	14,545	11,500	-	-
- term loans	35,457	21,857	30,000	20,000
	<u>64,479</u>	<u>57,359</u>	<u>30,000</u>	<u>20,000</u>

The short term borrowings bear interest at rates ranging from 7% to 8.9% per annum (2002 - 6.00% to 8.45%) and are secured by way of legal charges over certain landed properties of the Group as disclosed in Notes 7, 8 and 13 to the financial statements.

The short term borrowings of the subsidiaries are further secured by corporate guarantees from the Company.

22. Share Capital

In RM'000	THE COMPANY	
	2003	2002
ORDINARY SHARES OF RM1 EACH:-		
AUTHORISED		
1,000,000,000 ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>
ISSUED AND FULLY PAID-UP		
710,341,402 ordinary shares	<u>710,341</u>	<u>710,341</u>

23. Reserves

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Non-distributable reserves:-				
Share premium	62,372	62,372	62,372	62,372
Revaluation reserve	93,610	93,610	185,936	185,936
Exchange fluctuation reserve	6,246	(6,850)	-	-
	<u>162,228</u>	<u>149,132</u>	<u>248,308</u>	<u>248,308</u>
Accumulated losses	(94,139)	(111,921)	(197,363)	(190,100)
	<u>68,089</u>	<u>37,211</u>	<u>50,945</u>	<u>58,208</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

24. Deferred Taxation Liability

In RM'000	THE GROUP	
	2003	2002
As previously stated	6,296	6,296
Prior year adjustments	44,169	35,310
Credited to income statements	(376)	(1,106)
Charged to revaluation reserve	-	9,965
Restated balance	<u>50,089</u>	<u>50,465</u>

The deferred tax liability is in respect of the following temporary differences:-

In RM'000	THE GROUP	
	2003	2002
Capital allowances in excess of depreciation	26,364	26,035
Unabsorbed capital allowances	(337)	(453)
Unutilised tax losses	(651)	(806)
Revaluation surplus of revalued properties	24,839	25,497
Others	(126)	192
	<u>50,089</u>	<u>50,465</u>

25. Long Term Liabilities

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
<u>Secured</u>				
Bridging loans	14,545	26,045	-	-
Term loans	341,646	390,368	150,000	170,000
	<u>356,191</u>	<u>416,413</u>	<u>150,000</u>	<u>170,000</u>
Portion repayable within one year (Note 21)				
- bridging loans	(14,545)	(11,500)	-	-
- term loans	(35,457)	(21,857)	(30,000)	(20,000)
	<u>(50,002)</u>	<u>(33,357)</u>	<u>(30,000)</u>	<u>(20,000)</u>
Portion repayable after one year	306,189	383,056	120,000	150,000
Hire purchase and lease payables (Note 19)	356	173	-	-
	<u>306,545</u>	<u>383,229</u>	<u>120,000</u>	<u>150,000</u>
The net long term liabilities are repayable as follows:-				
Within two to five years	184,134	248,393	120,000	150,000
After five years	122,411	134,836	-	-
	<u>306,545</u>	<u>383,229</u>	<u>120,000</u>	<u>150,000</u>

The term loans bear interest at rates ranging from 7% to 8.4% per annum (2002 - 8.15% to 8.5%) and are secured in the same manner as the short term borrowings as disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

26. Revenue

Revenue of the Group represents progress billings from the sale of development properties, invoiced value less discounts from restaurant business, hotel and golf operations, and rental income from commercial and shopping space, whilst revenue of the Company represents management fee and dividend income.

The details are as follows:-

In RM'000	THE GROUP	
	2003	2002
Property management and development	163,695	93,864
Leisure and hospitality	52,495	56,695
Rental of retail and office space	23,370	21,494
Sale of goods	795	1,767
	<u>240,355</u>	<u>173,820</u>

In RM'000	THE COMPANY	
	2003	2002
Management fees	<u>3,244</u>	<u>1,343</u>

27. Cost Of Sales

In RM'000	THE GROUP	
	2003	2002
Property development	120,614	69,978
Leisure and hospitality	7,335	8,675
Sale of goods	515	1,679
	<u>128,464</u>	<u>80,332</u>

28. Gain On Disposal Of A Piece Of Land, A Hotel Property And Related Assets

In RM'000	THE GROUP	
	2003	2002
Gain on disposal of a hotel property and related assets (Note 43 (iii))		-
- Net proceeds	108,286	-
- Carrying value of hotel property	(103,592)	-
	<u>4,694</u>	<u>-</u>
Gain on disposal of a piece of land (Note 43 (iv))		-
- Net proceeds	3,495	-
- Carrying value of land	(2,081)	-
	<u>1,414</u>	<u>-</u>
Total gain on disposal	<u>6,108</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

29. Investing Results

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Loss on disposal of subsidiaries	-	14,619	-	1,588
Write-off of amount owing by subsidiaries	-	-	7,604	17,381
Write-back of revaluation deficit of subsidiary wound up by way of members' voluntary liquidation	-	-	(65)	-
	<u>-</u>	<u>14,619</u>	<u>7,539</u>	<u>18,969</u>

30. Deficits On Revaluations

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Deficits arising from revaluations of the following assets in the previous financial year:-				
Certain land and buildings	-	97,444	-	-
Investment in subsidiaries	-	-	-	219,783
	<u>-</u>	<u>97,444</u>	<u>-</u>	<u>219,783</u>

31. Profit/(Loss) Before Taxation

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Auditors' remuneration:-				
- statutory audit				
- for the financial year	210	185	35	36
- under/(over) provision in prior financial year	15	(4)	-	-
- other services	5	3	5	3
Bad debts written off	3	-	-	-
Depreciation of property, plant and equipment	5,595	5,171	56	46
Directors' remuneration				
- fee	90	90	-	-
- emoluments	1,619	1,121	-	-
- allowances	14	15	14	-
- benefits-in-kind	35	20	4	-
Goodwill amortised	-	407	-	-
Goodwill written off	-	4,589	-	-
Interest expense	12,334	13,261	-	-
Net allowance for doubtful debts	777	781	-	-
Plant and equipment written off	1,798	2	-	-
Rental of equipment	99	80	7	3
Rental of land and building	152	185	3	18

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

31. Profit/(Loss) Before Taxation (cont'd)

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Retirement gratuity in kind	789	-	789	-
Gain on disposal of plant and equipment	(16)	(52)	-	-
Interest income	(492)	(1,410)	(53)	(13)
Management fees from subsidiaries	-	-	(257)	(293)
Project management fee from subsidiaries	-	-	(2,987)	(1,050)
Provision for foreseeable loss written back	-	(390)	-	-
Rental income	(24,611)	(22,240)	-	-
Realised gain on foreign exchange	(50)	(82)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

32. Taxation

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Malaysian income taxation:-				
- For the year	(3,410)	(2,821)	(8)	(2)
- (Under)/Overprovision in prior years	(4)	(624)	-	211
Deferred taxation (Notes 11 and 24)	(3,744)	320	(487)	(161)
	<u>(7,158)</u>	<u>(3,125)</u>	<u>(495)</u>	<u>48</u>

The current financial year's provision for taxation of the Company is in respect of interest income.

Numerical reconciliation of the statutory tax rate to the effective tax rate applicable to the profit/(loss) before taxation is as follows:-

In %	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Statutory tax rate	28.00	(28.00)	(28.00)	(28.00)
Tax effect of:-				
Non-deductible expenses	17.47	31.12	35.59	28.07
Non taxable income	(2.59)	(0.40)	(0.27)	-
Under/(Over)provision in previous years	0.02	0.55	(0.01)	(0.09)
Previously unrecognised tax benefit	(14.90)	(0.04)	-	-
Revaluation surplus	(1.63)	(0.86)	-	-
Deferred tax not recognised	1.00	0.43	-	-
Different tax rate in other country	0.98	(0.03)	-	-
Others	0.35	(0.07)	-	-
	<u>28.70</u>	<u>2.70</u>	<u>7.31</u>	<u>(0.02)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

33. Earnings/(Loss) Per Share

The basic earnings/(loss) per share is calculated based on the Group's profit/(loss) after taxation for the year divided by the number of ordinary shares of the Company in issue during the year of 710,341,402 (2002 - 710,341,402).

The diluted earnings per share is not applicable as the effect of potential ordinary shares arising from the ESOS is anti-dilutive.

34. Purchase Of Property, Plant, And Equipment

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Additions of property, plant and equipment	5,099	6,010	29	17
Capitalisation of:				
- interest	(427)	(1,537)	-	-
- depreciation charges	-	(145)	-	-
Cost of property, plant and equipment purchased	4,672	4,328	29	17
Amount financed through hire purchase and lease	(607)	(172)	-	-
Cash disbursed for purchase of property, plant and equipment	4,065	4,156	29	17

35. Effects Of Disposal Of Subsidiaries

The details of net assets disposed and cash flow arising from the disposal of subsidiaries in the previous financial year are as follows:-

In RM'000	THE GROUP	
	2003	2002
Property, plant and equipment	-	45,985
Current assets	-	419
Current liabilities	-	(142)
Long term liabilities	-	(21,942)
Fair value of net assets disposed	-	24,320
Negative goodwill	-	(46)
Loss on disposal of subsidiaries	-	(14,619)
Net cash inflow from disposal of subsidiaries	-	9,655

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

35. Effects Of Disposal Of Subsidiaries (cont'd)

The effects of the disposal of subsidiaries on the results of the Group in the previous financial year end are as follows:-

In RM'000	THE GROUP	
	2003	2002
Revenue	-	372
Cost of sales	-	(360)
Gross profit	-	12
Other income	-	5
Administrative expenses	-	(259)
Other operating expenses	-	(476)
Loss from operations	-	(718)
Finance costs	-	(402)
Loss for the financial year/period	-	(1,120)

There was no disposal of subsidiaries in the financial year ended 31 December 2003.

36. Cash And Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Fixed deposits with financial institutions	4,622	323	4,200	-
Cash and bank balances	15,282	7,439	196	364
Bank overdrafts	(13,317)	(4,999)	-	-
	<u>6,587</u>	<u>2,763</u>	<u>4,396</u>	<u>364</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

37. Contingent Liabilities

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Unsecured:-				
Guarantees given to financial institutions for facilities granted to subsidiaries	-	-	234,310	274,641
Guarantee given to a third party in relation to an aborted corporate exercise	1,000	1,000	1,000	1,000
Guarantee given to a third party in relation to warranties given on the disposal of a hotel property	7,700	7,700	-	-
	8,700	8,700	235,310	275,641
Secured:-				
Guarantee given to a third party for rights to enter and construct a road on the third party's land	4,200	4,200	-	-
	12,900	12,900	235,310	275,641

38. Capital Commitments

In RM'000	THE GROUP	
	2003	2002
Approved and contracted for:-		
(i) purchase price less deposit paid for a piece of land [Notes: 42# & 43(ii)]	14,000	14,000
(ii) balance of purchase price for the acquisition of a company	2,407	5,737
	16,407	19,737

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

39. Segmental Information - Group

(i) By business segment:-

In RM'000	Hotel 2003	Hotel 2002	Property Development 2003	Property Development 2002	Property Investment 2003	Property Investment 2002	Others 2003	Others 2002	Eliminations 2003	Eliminations 2002	Consolidated 2003	Consolidated 2002
SEGMENT REVENUE												
Revenue from external customers	47,635	52,501	164,572	95,307	23,059	21,295	5,089	4,717	-	-	240,355	173,820
Inter-segment revenue	423	423	1,217	814	1,462	1,614	3,244	1,343	(6,346)	(4,194)	-	-
Total revenue	48,058	52,924	165,789	96,121	24,521	22,909	8,333	6,060	(6,346)	(4,194)	240,355	173,820
SEGMENT RESULTS												
Segment profit/(loss)	4,999	3,901	18,804	4,167	9,300	7,953	(1,937)	(1,291)	-	-	31,166	14,730
Goodwill amortised and written off											-	(4,996)
Operating profit											31,166	9,734
Interest expense											(12,334)	(13,261)
Loss on disposal of subsidiaries								(14,619)			-	(14,619)
Gain on disposal of properties	4,694		1,414								6,108	-
Deficits from revaluations		(54,073)		(17,217)		(26,154)					-	(97,444)
Profit/(Loss) before taxation (Balance carried forward)											24,940	(115,590)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

39. Segmental Information - Group (cont'd)

(i) By business segment:-

In RM'000	Hotel 2003	Hotel 2002	Property Development 2003	Property Development 2002	Property Investment 2003	Property Investment 2002	Others 2003	Others 2002	Eliminations 2003	Eliminations 2002	Consolidated 2003	Consolidated 2002
Profit/(Loss) before taxation (Balance brought forward)											24,940	(115,590)
Taxation											(7,158)	(3,125)
Profit/(Loss) after taxation											17,782	(118,715)
OTHER INFORMATION												
Segment assets	336,610	425,704	470,283	432,273	499,754	498,900	10,429	12,313	-	-	1,317,076	1,369,190
Unallocated assets	-	-	-	-	-	-	-	-	-	-	22,096	27,326
Consolidated total assets	336,610	425,704	470,283	432,273	499,754	498,900	10,429	12,313			1,339,172	1,396,516
Segment liabilities	14,175	18,940	54,624	46,076	19,277	19,603	5,852	36,290	-	-	93,928	120,909
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	466,814	528,055
Consolidated total liabilities	14,175	18,940	54,624	46,076	19,277	19,603	5,852	36,290			560,742	648,964
Capital expenditure	2,080	962	1,767	1,772	951	901	130	1,077	-	-	4,928	4,712
Amortisation and depreciation	(1,730)	(1,837)	(2,553)	(1,603)	(678)	(750)	(634)	(1,388)	-	-	(5,595)	(5,578)
Goodwill written off	-	-	-	-	-	-	-	(4,589)	-	-	-	(4,589)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

39. Segmental Information - Group (cont'd)

(ii) By geographical market:-

In RM'000	Segment Revenue		Segment Assets		Capital Expenditure	
	2003	2002	2003	2002	2003	2002
Malaysia	217,349	146,523	1,332,008	1,300,841	4,827	4,516
Australia	23,006	27,297	7,165	95,676	101	196
	240,355	173,820	1,339,173	1,396,517	4,928	4,712

40. Significant Related Company Transactions

Transactions between the Company and its subsidiaries:-

In RM'000	THE COMPANY	
	2003	2002
Management fees from subsidiaries	257	293
Project management fee from subsidiaries	2,987	1,050
Rental of premises paid to subsidiaries	3	3

41. Significant Related Party Transactions

(a) (i) Transactions between the Group and related parties:-

			Transaction Value - (Revenue)/Expense The Group	
Name of Related Parties	Relationships	Nature of Transactions	2003 RM'000	2002 RM'000
<u>RECURRENT</u>				
Linkbond (Asia) Ltd.	(b), (c), (h), (o)	Renting of premises	103	106
Bena Sakti Sdn. Bhd.	(e), (k)	Letting of premises	(3)	(2)
		Share registration services	42	43
The Cellarium Sdn. Bhd.	(l)	Purchase of wines	73	75
Puthucheary Firoz Asmet & Mai	(m)	Legal services	63	39
Merdeka Management Services Sdn. Bhd.	(b), (d), (k)	Letting of premises	(58)	(48)
		Technical and management services	993	1,111
		Advertising and promotional services	(53)	(60)
Low Yat And Sons Realty Sdn. Bhd.	(b), (c), (f) (g), (k)	Renting of equipment	139	131
		Letting of premises	(19)	(19)
		Advertising and promotional services	(11)	(62)
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	Letting of premises	(489)	(742)
Malayan Coffee Sdn. Bhd.	(d), (e), (k)	Letting of premises	(90)	(73)
Indah Jaya Development Sdn. Bhd.	(c), (d), (e), (k)	Letting of premises	(451)	(169)
		Nursery, landscaping and concrete	(195)	(236)
Han-Er Cultural Times	(n)	Letting of premises	-	(12)
Bookhive Sdn. Bhd.	(a)	Letting of premises	-	(3)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

41. Significant Related Party Transactions (cont'd)

(a) (i) Transactions between the Group and related parties:-

(a) (i) Transactions between the Group and related parties:

Name of Related Parties	Relationships	Nature of Transactions	Transaction Value - (Revenue)/Expense The Group	
			2003 RM'000	2002 RM'000
<u>RECURRENT</u>				
Bintang Maintenance And Projects Services Sdn. Bhd.	(d), (e), (k)	Reimbursement of property maintenance expenditure	-	(1,393)
Oriental Development Sdn. Bhd.	(e), (g), (h)	Renting of premises	49	49
Sem Siong Industries Sdn. Bhd.	(b), (c), (d) (e), (f), (g) (k)	Renting of premises	-	16
Federal Hotels International Sdn. Bhd.	(b), (k)	Letting of premises	-	(12)
<u>NON-RECURRENT</u>				
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	Net advances	36,485	(7,253)
Indah Jaya Development Sdn. Bhd.	(c), (d), (e) (k)	Net advances	992	3,313
Tan Sri Dato' Low Yow Chuan	(q)	Retirement gratuity in kind	789	-

(a) (ii) Directors' Remuneration

Details of directors' remuneration of the Company are as follows:-

	No. of Directors	Salaries RM'000	Fees RM'000	Allowances RM'000	Benefits In Kind RM'000	Total RM'000
Year 2003						
EXECUTIVE						
- Between RM150,001 and RM200,000	1	166	-	-	2	168
- Between RM200,001 and RM250,000	1	214	-	-	2	216
- Between RM250,001 and RM300,000	1	269	-	-	-	269
- Between RM300,001 and RM350,000	1	342	-	-	12	354
- Between RM600,001 and RM650,000	1	628	-	-	19	647
	5	1,619	-	-	35	1,654
NON-EXECUTIVE						
- Less or equal to RM50,000	3	-	90	14	-	104
	8	1,619	90	14	35	1,758

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

41. Significant Related Party Transactions (cont'd)

(a) (ii) Directors' Remuneration

Details of directors' remuneration of the Company are as follows:-

	No. of Directors	Salaries RM'000	Fees RM'000	Allowances RM'000	Benefits In Kind RM'000	Total RM'000
Year 2002						
EXECUTIVE						
- Between RM250,001 and RM300,000	1	255	-	-	-	255
- Between RM300,001 and RM350,000	1	309	-	-	8	317
- Between RM550,001 and RM600,000	1	557	-	-	12	569
	3	1,121	-	-	20	1,141
NON-EXECUTIVE						
- Less or equal to RM50,000	3	-	90	15	-	105
	<u>6</u>	<u>1,121</u>	<u>90</u>	<u>15</u>	<u>20</u>	<u>1,246</u>

(b) Transactions between the Company and the directors:-

Name of Related Parties	Relationships	Nature of Transactions	Transaction Value - (Revenue)/Expense The Company	
			2003 RM'000	2002 RM'000
<u>RECURRENT</u>				
Bena Sakti Sdn. Bhd.	(e), (k)	Share registration services	42	43
<u>NON-RECURRENT</u>				
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	Net advances	28,710	(9,149)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

41. Significant Related Party Transactions (cont'd)

- (a) A company in which Low Gee Teong's wife, Ng Yune-Ei, was a director in year 2002.
- (b) A company in which Low Gee Tat @ Gene Low is a director.
- (c) A company in which Low Gee Teong is a director.
- (d) A company in which Low Su Ming is a director.
- (e) A company in which Low Gee Soon is a director.
- (f) A company in which Dato' Jeffrey Ng Tiong Lip is a director.
- (g) A company in which Tan Sri Dato' Low Yow Chuan is a director.
- (h) A company in which Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming and Low Gee Soon have substantial interests.
- (i) A company in which Low Gee Tat @ Gene Low, Low Gee Teong and Low Gee Soon have substantial interests.
- (j) A company in which Low Su Ming has a substantial interest.
- (k) A company in which Low Gee Tat @ Gene Low, Low Gee Teong, Low Gee Soon and Tan Sri Dato' Low Yow Chuan have substantial interests.
- (l) A company in which Dato' Jeffrey Ng Tiong Lip's wife, Martha Yang, his sister, Ng Chiew Ping and his brother, Ng Tiong Yee are substantial shareholders. Martha Yang and Ng Chiew Ping are also the directors of the company.
- (m) A firm in which Low Gee Soon's wife, Cheng Mai, is a partner.
- (n) A firm in which Low Gee Teong's wife, Ng Yune-Ei, was a partner in year 2002.
- (o) A company in which Tan Hong Lean is a director. Tan Hong Lean is the mother of Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming and Low Gee Soon.
- (p) A company in which Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming, Low Gee Soon and Tan Sri Dato' Low Yow Chuan have substantial interests.
- (q) Tan Sri Dato' Low Yow Chuan is a deemed substantial shareholder of AP Land and was also the former executive chairman of the Company. He is the father of Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming and Low Gee Soon and also the uncle of Dato' Jeffrey Ng Tiong Lip.

Low Gee Tat @ Gene Low and Low Gee Teong are deemed substantial shareholders of the Company and directors of the Company and certain subsidiaries of the Group. Low Gee Soon is a deemed substantial shareholder of the Company and a director of certain subsidiaries of the Group. Dato' Jeffrey Ng Tiong Lip is a director of the Company and certain subsidiaries of the Group.

(c) Transactions between the Group and the directors:-

Name of Director	Name of Related Company	Nature of Transactions	Transaction Value - Revenue The Group	
			2003 RM'000	2002 RM'000
Dato' Jeffrey Ng Tiong Lip	United Well Investment Ltd.	Sale of apartment	1,877	-

In the opinion of the directors, the transactions entered into with the related parties are in the ordinary course of business and are based on normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

42. Significant Related Party Balances

Name of Related Parties	Relationships (Refer to Note 41)	Trade Receivables The Group		Other Receivables And Deposits The Group	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Federal Hotels International Sdn. Bhd.	(b), (k)	67	69	-	6
Capitol Hotel Sdn. Bhd.	(b), (d), (e), (k)	34	32	-	-
Federal Hotels Sendirian Berhad	(b), (d), (f) (g), (k)	47	60	-	-
Federal Hotels Singapore Pte. Ltd.	(c), (j), (k)	8	24	-	-
Indah Jaya Development Sdn. Bhd.	(c), (d), (e), (k)	65	78	-	-
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	8	4	-	-
Low Yat And Sons Realty Sdn. Bhd.	(b), (c), (f) (g), (k)	9	42	-	-
Mandarin Palace (Malaysia) Sdn. Bhd.	(e), (k)	3	22	-	-
Malayan Coffee Sdn. Bhd.	(d), (e), (k)	-	69	-	-
Merdeka Management Services Sdn. Bhd.	(b), (d), (k)	144	153	-	-
Sem Siong Industries Sdn. Bhd.	(b), (c), (d) (e), (f), (g), (k)	-	15	-	20,000*
Oriental Development Sdn. Bhd.	(e), (g), (h)	-	1	10,000#	10,000#
		385	569	10,000	30,006

Name of Related Parties	Relationships (Refer to Note 41)	Trade Payables The Group		Other Payables And Accruals The Group	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Bintang Parking Sdn. Bhd.	(d), (e), (l)	-	32	-	-
Bena Sakti Sdn. Bhd.	(e), (k)	-	-	-	24
Capitol Hotel Sdn. Bhd.	(b), (d), (e), (k)	-	-	19	21
Federal Hotels Sendirian Berhad	(b), (d), (f) (g), (k)	3	-	24	189
Indah Jaya Development Sdn. Bhd.	(c), (d), (e) (k)	-	-	22	1,013
Low Yat And Sons Realty Sdn. Bhd.	(b), (c), (f) (g), (k)	-	112	10	262
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	-	-	1,730	38,213
Linkbond (Asia) Ltd.	(b), (c), (h), (o)	-	197	1	24
LYC Private Limited	(b), (p)	-	-	339	339
Merdeka Management Services Sdn. Bhd.	(b), (d), (k)	2,072	449	-	614
Mandarin Palace (Malaysia) Sdn. Bhd.	(e), (k)	-	-	12	-
Oriental Development Sdn. Bhd.	(e), (g), (h)	-	-	4	78
		2,075	790	2,161	40,777

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

42. Significant Related Party Balances (cont'd)

Name of Related Parties	Relationships (Refer to Note 41)	Other Payables And Accruals The Company	
		2003 RM'000	2002 RM'000
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	1,696	30,405
Bena Sakti Sdn. Bhd.	(e), (k)	-	24
		<u>1,696</u>	<u>30,429</u>

* This related to a performance deposit paid to Sem Siong Industries Sdn. Bhd. for proposed development of apartments pursuant to a joint-venture agreement with Sem Siong Industries Sdn. Bhd. The joint-venture agreement was mutually terminated and the performance deposit was refunded to the Group. [Note 43 (i)]

This related to a deposit paid to Oriental Development Sdn. Bhd. for proposed acquisition of land. The deposit is not subject to any credit risk as the recoverability of the amount is certain in the event that the parties mutually agree not to proceed with the sale and purchase agreement dated 13 August 1997. [Note 38 (i)]

In the opinion of the directors, the trade balances with the related parties are based on normal commercial terms. The non-trade balances with the related parties are unsecured, interest-free and not subject to fixed terms of repayment.

43. Significant Events During The Financial Year

- (i) On 11 April 1997, a Joint Venture Agreement (the "JV Agreement") had been entered into between the Company, APL Construction Sdn Bhd ("APLC"), a wholly owned subsidiary, and Sem Siong Industries Sdn Bhd ("SSI") to develop 3 blocks of apartments on 3 contiguous plots of freehold land belonging to SSI located at Jalan Ipoh, Kuala Lumpur (the "proposed project").

On 10 April 2003, the parties to the JV Agreement have mutually agreed not to proceed with the proposed project as it would not be able to generate a satisfactory return under the current economic conditions. Upon the termination of the JV Agreement, a related company of SSI, Low Yat Construction Company Sdn Berhad ("LYC") has refunded the performance deposit of RM20 million to AP Land on behalf of SSI within 30 days from the date of the termination of the JV Agreement. The refund has been effected by setting off partly the amount owing to LYC by the AP Land Group for advances that LYC has from time to time made to the AP Land Group.

- (ii) On 13 August 1997, a Sale and Purchase Agreement ("the SPA") has been entered into between Elite Empire Sdn Bhd ("EESB"), a wholly owned subsidiary, and Oriental Development Sdn Bhd ("ODSB") in relation to the acquisition of land held under No. G.M. 732 Lot 6848, No. G.M 460 Lot 2948 and No G.M. 459 Lot 2837, Mukim of Setapak Wilayah Persekutuan from ODSB for a cash consideration of RM24 million.

The parties to the SPA have approved a further extension of time to a date not later than 31 August 2004 for obtaining the proposed development order incorporating components having better marketability and to consider any variation to the building plans that may be imposed by the relevant authorities. [Note 38 (i)]

- (iii) On 3 October 2003, United Well Investment Ltd ("UWT"), a wholly owned subsidiary, executed a Contract for Sale with RHS Hotel Investments Pty Ltd ("RHI"), as Trustee of the Rushcutters Unit Trust for the disposal of a hotel property for a total cash consideration of Australian Dollar 42.75 million. The disposal was completed on 16 October 2003.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

43. Significant Events During The Financial Year (cont'd)

- (iv) On 20 November 2003, Kinasurya Sdn Bhd, a wholly owned subsidiary and a related party, Hotel Fair Lane Sdn Bhd ("HFL") entered into a Sale and Purchase Agreement in relation to the disposal of Lot 817, Jalan Walter Grenier, Kuala Lumpur to HFL for a total purchase consideration of RM3,500,000. The disposal of Lot 817 was completed on 19 December 2003.

44. Number Of Employees

In RM'000	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Staff costs	39,896	39,978	1,195	503

The number of employees of the Group and of the Company (including executive directors) at the end of the year was 1,154 (2002 - 1,173) and 22 (2002 - 23) respectively.

45. Foreign Exchange Rates

The applicable foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency transactions during the financial year are as follows:-

In RM	At	Average	At	Average
	31.12.2003	2003	31.12.2002	2002
Australia Dollar	2.845	2.494	2.153	2.075
Singapore Dollar	2.232	2.181	2.192	2.126

46. Fair Values Of Financial Assets And Liabilities

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

47. Prior Year Adjustments

During the financial year, the Group changed its accounting policy on the recognition of deferred taxation to comply with MASB 25 Income Taxes. Deferred taxation is now provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements.

This accounting change has been accounted for retrospectively and the effects on prior years have been taken up as prior year adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting change:

In RM'000	THE GROUP		
	As Previously Reported	Adjustments	As Restated
As of 31.12.2002			
Deferred tax assets	-	24,502	24,502
Revaluation reserve	108,749	(15,139)	93,610
Accumulated losses	(107,393)	(4,528)	(111,921)
Deferred tax liabilities	6,296	44,169	50,465
As of 31.12.2001			
Deferred tax assets	-	24,033	24,033
Revaluation reserve	97,129	(6,429)	90,700
Retained profits	10,692	(4,848)	5,844
Deferred tax liabilities	6,296	35,310	41,606
THE COMPANY			
In RM'000	As Previously Reported	Adjustments	As Restated
As of 31.12.2002			
Deferred tax assets	-	1,959	1,959
Accumulated losses	(192,059)	1,959	(190,100)
As of 31.12.2001			
Deferred tax assets	-	2,120	2,120
Retained profits	46,470	2,120	48,590

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

48. Comparative Figures

The comparative figures are in respect of the financial year ended 31 December 2002.

The following comparative figures have been reclassified to conform with the presentation for the current financial year:-

In RM'000	THE GROUP	
	As Restated	As Previously Reported
INCOME STATEMENT		
Other operating income	4,414	4,825
Administrative expense	31,302	34,315
Other operating income	<u>49,193</u>	<u>46,591</u>

PROXY FORM

ASIA PACIFIC LAND BERHAD

(Co. No. 4069-K) (Incorporated in Malaysia)

No. of shares held

To be completed by shareholder executing this form.

I/We _____ NRIC No./Company No. _____

of _____

being a member/members of Asia Pacific Land Berhad do hereby appoint Mr/Mrs/Ms _____

_____ NRIC No. _____

of _____

or failing him the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 43rd Annual General Meeting of the Company to be held at the Miami Hall, Ferringhi Beach Hotel, Jalan Low Yat, 11100 Batu Ferringhi, Penang on Tuesday, 29 June 2004 at 11.00 a.m. and at any adjournment thereof.

Please indicate with an 'X' in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of Annual General Meeting.

Ordinary Resolution		For	Against
No. 1	To receive the Audited Accounts & Reports thereon for the year ended 31 December 2003		
No. 2	To approve the payment of Directors' fees to Independent Non-Executive Directors		
No. 3	Re-election of Mr Low Gee Tat @ Gene Low as Director		
No. 4	Re-election of Tan Sri Dato' Lee Kim Sai @ Lee Hoo as Director		
No. 5	Re-appointment of Horwath as Auditors		
No. 6	Re-appointment of Tan Sri Datuk Seri (Dr) Chong Hon Nyan as Director pursuant to Section 129 of the Companies Act, 1965		
No. 7	Re-appointment of Tan Sri Dato' Hanafiah Hussain as Director pursuant to Section 129 of the Companies Act, 1965		
No. 8	Authority to allot shares pursuant to the Employees' Share Option Scheme		

Subject to any voting instruction so given, the proxy/proxies will vote, or abstain from voting, on the resolutions as he may think fit.

Signed this _____ day of _____ 2004

Signature/Common Seal

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.
2. To be valid, this form, duly completed, must be deposited at the Registered Office of the Company at 2nd Floor, Marina Terrace Sports Complex, Jalan Low Yat, 11100 Batu Ferringhi, Penang not later than 11.00 a.m. on 27 June 2004.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointor is a corporation the proxy form must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

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The Company Secretaries
ASIA PACIFIC LAND BERHAD
2nd Floor, Marina Terrace Sports Complex,
Jalan Low Yat,
11100 Batu Ferringhi,
Pulau Pinang.

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