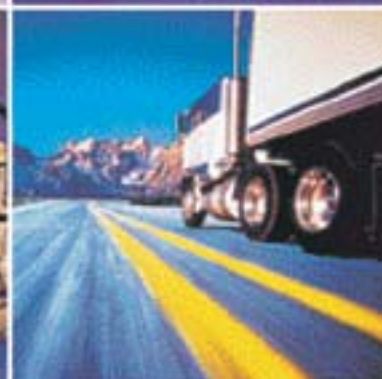
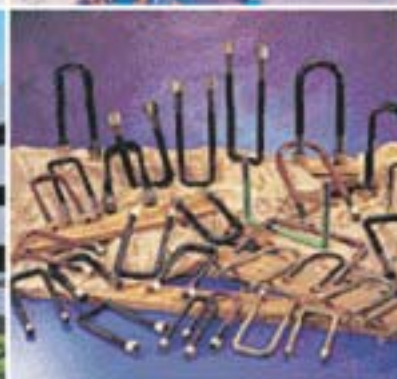
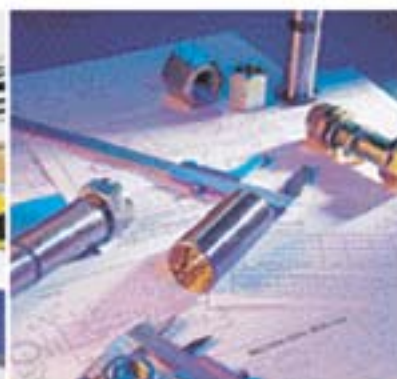


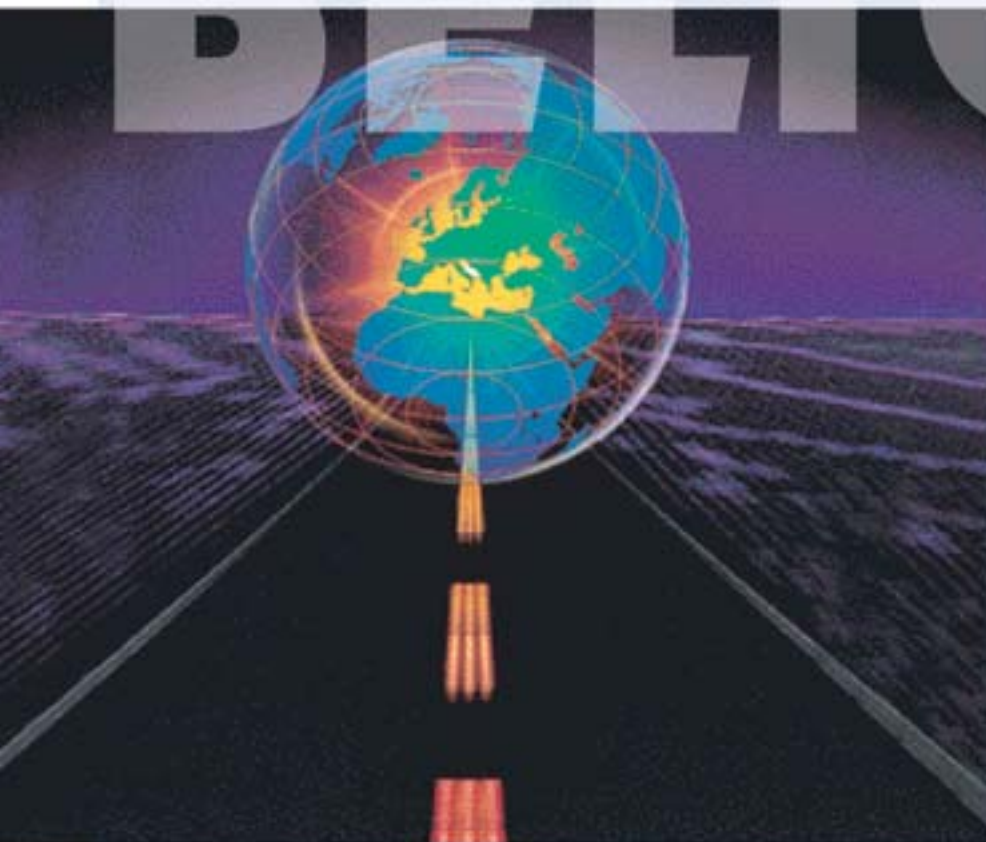


KUMPULAN BELTON BERHAD
(127090-H)

ANNUAL REPORT 2003



OUR CORPORATE MISSION



- To be a World Class Manufacturer of automotive components, consistently and promptly delivering competitively priced products of the highest quality.
- To be a model corporate citizen, providing acceptable returns on shareholders' investment whilst
 - Pursuing sound business principles
 - Practising effective resource management
 - Practising responsible environmental management
 - Contributing towards nation building

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of the Company will be held at Lot 10, Sungai Siput Light Industrial Estate, 31100 Sungai Siput (U), Perak Darul Ridzuan on Saturday, 26 June 2004 at 11.00 a.m. for the following purposes :-

1. To receive and adopt the Financial Statements for the financial year ended 31 December 2003 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees. **Resolution 2**

3. To re-elect the following Directors retiring under Article 94 of the Company's Articles of Association:

(a) Leong Kim Foo

Resolution 3

(b) Leow Bock Lim

Resolution 4

4. To re-appoint Messrs T. C. Liew & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

5. Special Business

To consider and if thought fit, pass the following resolution as ordinary resolution :

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions **Resolution 6**

"THAT approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions from time to time, which is necessary for its day-to-day operations as set out in section 2.4 of the Circular to Shareholders dated 4 June 2004 which is of a revenue or trading nature and in the ordinary course of business and is on terms not more favourable to the related parties than those generally available to the public and not to the detriment of minority shareholders, subject to compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until :

- (a) the conclusion of the next Annual General Meeting ("AGM"), at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in a General Meeting;

whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING cont'd

6. THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

FOONG KAI MING (MACS 00121)
Company Secretary

Kuala Lumpur
4 June 2004

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.*
2. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 10, Sungai Siput Light Industrial Estate, 31100 Sungai Siput (U), Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman / Managing Director
Leong Kim Hoe @ Leong Kim Woh

Executive Directors
Leong Kim Foo
Mohd. Nizam Bin Haji Mohd. Hassan

Independent Non-Executive Directors
Leow Bock Lim
Sow Yeng Chong

REGISTERED OFFICE

Lot 10, Sungai Siput Light Industrial Estate
31100 Sungai Siput (U)
Perak Darul Ridzuan

Tel : 05-598 2611
Fax : 05-598 2613

Email : info@beltongroup.com

COMPANY SECRETARY

Foong Kai Ming (MACS 00121)

REGISTRAR

Signet Share Registration Services Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel : 03-2721 2222
Fax : 03-2721 2530

AUDITORS

T.C. Liew & Co.
1st Floor, City House
166-1A, Jalan Loke Yew
55200 Kuala Lumpur

AUDIT COMMITTEE

Chairman
Sow Yeng Chong

Members
Leong Kim Hoe @ Leong Kim Woh
Leow Bock Lim

REMUNERATION COMMITTEE

Chairman
Leow Bock Lim

Members
Leong Kim Hoe @ Leong Kim Woh
Sow Yeng Chong

EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

Chairman
Poon Foo Cheong

Members
Tan Chin Meng
Tan Cheng Way
Tan Poh Lang

PRINCIPAL BANKERS

AmBank Berhad
Aseambankers Malaysia Berhad
Bank Islam Malaysia Berhad
Bumiputra-Commerce Bank Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

WEBSITE

www.beltongroup.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Second Board)

PROFILE OF DIRECTORS

MR. LEONG KIM HOE

MR. LEONG KIM HOE @ LEONG KIM WOH, aged 57, a Malaysian, was appointed as an executive director of Kumpulan Belton Berhad on 4 October 1984. He is currently the executive chairman and managing director of Kumpulan Belton Berhad and is also the Honorary Chairman of the Selangor and Federal Territory Engineering and Motor Parts Traders Association and Pan-Malaysia Cycle and Motor Parts Traders Association. He began his career in 1964 as a salesman and partner to a business venture. He has more than 30 years of experience in the automotive parts business. He is also a member of the Audit Committee and Remuneration Committee of Kumpulan Belton Berhad.

He is a brother of Mr. Leong Kim Foo, an executive director of Kumpulan Belton Berhad and has no conflict of interest with the Company.

He has had no conviction for offences within the past 10 years. Mr. Leong Kim Hoe @ Leong Kim Woh attended all Board meetings of the Company held during the financial year ended 31 December 2003.

MR. LEONG KIM FOO

MR. LEONG KIM FOO, aged 46, a Malaysian, was appointed as an executive director of Kumpulan Belton Berhad on 1 March 1991. He is a qualified electronics engineer holding a Bachelor of Science (Honours) degree from the United Kingdom. Prior to his appointment as director, he served with a multinational electronics company. His role in the Company is to oversee the day to day operations which includes office and plant administration. He also sits on the Board of several private companies and is an executive committee member of the Malaysian Automotive Component Parts Manufacturers Association.

He is a brother of Mr. Leong Kim Hoe @ Leong Kim Woh, the executive chairman & managing director of Kumpulan Belton Berhad and has no conflict of interest with the Company.

He has had no conviction for offences within the past 10 years. Mr. Leong Kim Foo attended all Board meetings of the Company held during the financial year ended 31 December 2003.

MR. LEOW BOCK LIM

MR. LEOW BOCK LIM, aged 61, a Malaysian, was appointed as an independent non-executive director of Kumpulan Belton Berhad on 29 May 2001. He is also an independent non-executive director of Chuan Huat Resources Berhad (member of its Audit, Nomination and Remuneration Committees), Disccomp Berhad (member of its Audit Committee) and an independent non-executive chairman of Autoair Holdings Berhad. He is an associate of The Institute of Chartered Secretaries and Administrators and an associate of the Institute of Canadian Bankers. He is a retired banker who has had over 35 years of working experience in various local and foreign banks. He began his banking career with the OCBC Bank (Malaysia) Berhad in 1960. In 1962 he left to join United Malaysian Banking Corporation Berhad as an operations officer. Between 1966 and 1970, he held various operational and treasury positions in The Chase Manhattan Bank. In 1971 and 1972, he served as the chief operating officer of the Oriental Bank Berhad. Between 1973 and 1977, he headed the treasury of The Bank of Nova Scotia. He joined Security Pacific Asian Bank in 1978 and was its country head for 12 years. In 1994 he joined Alliance Bank Berhad as its Senior Vice President and served as its head of treasury and international banking prior to his retirement in 2000. He is also the chairman of the Remuneration Committee and member of the Audit Committee of Kumpulan Belton Berhad.

He does not have any family relationship with any other director and/or major shareholder of Kumpulan Belton Berhad and has no conflict of interest with the Company.

He has had no conviction for offences within the past 10 years. Mr. Leow Bock Lim attended 4 Board meetings of the Company held during the financial year ended 31 December 2003.

ENCIK MOHD NIZAM BIN HAJI MOHD HASSAN

ENCIK MOHD NIZAM BIN HAJI MOHD HASSAN, aged 44, a Malaysian, was appointed as an executive director of Kumpulan Belton Berhad on 4 February 2002. He has over 23 years of progressive supervisory and senior administrative experience in land matters and human resources management in government service prior to joining the company. He received his civil servant excellence award in 1993 and 1994 for his outstanding involvement in various state government projects over the years.

He does not have any family relationship with any other director and/or major shareholder of Kumpulan Belton Berhad and has no conflict of interest with the Company.

He has had no conviction for offences within the past 10 years. Encik Mohd Nizam Bin Haji Mohd Hassan attended all the Board meetings of the Company held during the financial year ended 31 December 2003.

MR. SOW YENG CHONG

MR. SOW YENG CHONG, aged 47, a Malaysian, was appointed as an independent non-executive director of Kumpulan Belton Berhad on 29 March 2002. He has been a member of the Malaysian Institute of Accountants since April 1987. He has been a remiser with Botly Securities Sdn Bhd since October 1997. He was previously with Yee Lee Corporation Bhd as the group financial controller and company secretary. Prior to joining Yee Lee Corporation Bhd in January 1985, he had worked as the accountant of Far East Marble & Handicraft Sdn Bhd and as an audit assistant with Payne Davies & Co. He has wide working experience in the field of accounting and corporate finance. He serves as the chairman of the Audit Committee and is a member of the Remuneration Committee of Kumpulan Belton Berhad. He is also an independent non-executive director of Spritzer Berhad.

He does not have any family relationship with any other director and/or major shareholder of Kumpulan Belton Berhad and has no conflict of interest with the Company.

He has had no conviction for offences within the past 10 years. Mr. Sow Yeng Chong attended all the Board meetings of the Company held during the financial year ended 31 December 2003.

AUDIT COMMITTEE REPORT

SOW YENG CHONG

Chairman (Independent Non-Executive Director)

LEONG KIM HOE @ LEONG KIM WOH

Member (Executive Director)

LEOW BOCK LIM

Member (Independent Non-Executive Director)

FOONG KAI MING

Secretary of the Committee (Company Secretary)

TERMS OF REFERENCE :

MEMBERSHIPS

1. The Audit Committee ("the Committee") shall be appointed by the Board and shall consist of not less than three members of whom the majority shall be independent non-executive directors. At least one member of the Committee shall be a member of the Malaysian Institute of Accountants.
2. The members of the Committee shall select a Chairman among them who shall be an independent non-executive director.
3. If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.
4. Committee members shall be eligible for re-appointment every year.

AUTHORITY

1. The Committee shall have the authority to request any information it seeks as relevant to its activities from any employee of the Company or the Group and all employees are directed to cooperate with any request made by the Committee.
2. The Committee is also authorized to obtain external legal or other independent professional advice as it considers necessary.

DUTIES AND RESPONSIBILITIES

1. The duties and responsibilities of the Committee shall be :
 - a) to review the Company's and Group's quarterly results and year end unaudited financial statements for submission to the Board and ensure prompt publication of accounts. The review shall focus on:
 - i) the changes in accounting policies and practices;
 - ii) the adequacy of provisions against contingencies and doubtful debts;
 - iii) compliance with Malaysia Securities Exchange Berhad and legal requirements;
 - b) to review internal controls, including the scope of the internal audit programmes, the internal audit findings and recommend actions to be taken by management. The Committee shall also evaluate and decide on the appointment, remuneration, performance appraisal, transfer and dismissal of the Internal Audit Manager;

- c) to review with external auditors, the scope of their audit plan, the system of internal accounting controls, the audit reports, the assistance given by the management and its staff to the auditors and any findings and actions to be taken. The Committee shall also consider the nomination and remuneration of external auditors for appointment by the Company each year;
- d) to review any related party transactions that may arise within the Company or Group.
- e) to consider and undertake any other matters as the Committee may consider appropriate.

MEETINGS

- 1. Meetings shall be held not less than four times a year. Additionally the Chairman shall convene a meeting of the Committee if requested to do so by any Committee members, the management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.
- 2. The Finance Manager, the Corporate Finance Manager, the Internal Audit Manager and a representative of the external auditors or any other person invited by the Committee shall normally attend the meetings.
- 3. The quorum for any meeting shall consist of at least two committee members who are independent non-executive directors.

SECRETARY

- 1. The Company Secretary shall be the Secretary of the Committee, and shall be responsible for drawing up the agenda in consultation with the Chairman.
- 2. The Secretary shall be responsible for the minutes of meetings of the Committee, circulate them to all members of Committee and also members of the Board, and ensuring compliance with the MSEB requirements.

SUMMARY OF ACTIVITIES

The Committee met five times during the financial year ended 31 December 2003. The main activities undertaken by the Committee during the financial year included the following :

- 1. Reviewed the quarterly reports of the Group prior to the submission to the Board for approval.
- 2. Reviewed the unaudited financial statements of the Company and the Group prior to the submission to the Board for approval.
- 3. Reviewed with the external auditors the result of the statutory audit.
- 4. Evaluated and recommended the re-appointment of the external auditors.
- 5. Reviewed the internal auditor's audit findings and recommended.
- 6. Reviewed the related party transactions entered into by the Group.

INTERNAL AUDIT

During the financial year ended 31 December 2003, the internal audit department carried out its duties covering system and financial audits.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Company's and its subsidiaries' ("the Group") assets. The Revamp Listing Requirements of the Malaysia Securities Exchange Berhad ("MSEB") further requires directors of public listed companies to include a statement on the state of internal controls in their annual reports.

Set up below is the Board's Statement On Internal Control has been prepared in accordance with the MSEB's Guidance for Directors of Public Listed Companies that provide guidance for compliance with Listing Requirements.

BOARD RESPONSIBILITY

The Board acknowledges the importance for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and for reviewing its effectiveness. The Board affirms its overall responsibility for reviewing the adequacy and integrity of the Group's system of internal control and is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. The Board continually evaluates and manages risks faced by the Group and regularly reviews on the planned action, to ascertain if risks are mitigated and well managed.

However, it should be noted that, the limitations inherent in any system of internal control against material misstatement or fraud. Such system is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Board maintains full control over strategic, financial, organisational and compliance issue and has put in place an organisation with formal lines of responsibility and delegation of authority. The Board and Audit Committee have delegated to the executive directors, the implementation of the systems of internal control within an established framework throughout the Group.

CONTROL ACTIVITIES

The key elements of the Group's internal control systems are described below :

- The Board reviews the operational and financial performance of the Group on a quaterly basis and management meetings are conducted regularly at operations level.
- The executive directors and senior management adopt the hands-on approach in managing the Group. Such a management approach allows for any matters arising to be promptly and efficiently dealt with.
- Establishment of an Internal Audit Department which carries out regular reviews of business and control procedures and reports its findings and recommendations to the Audit Committee.

STATEMENT ON INTERNAL CONTROL cont'd

- The effectiveness of the Group's system of internal control is reviewed quarterly by the Audit Committee which include the review of reports presented by the Group Internal Auditors.
- Physical stocktakes are conducted semi-annually and operational reports are prepared and presented to the Management or Board on a timely basis.
- Human resource function has been centralised to outline procedures for recruitment, training, appraisal and the reward system.
- Procurement and payment functions have been centralised to ensure approval procedures are adhered.
- On-going internal and/or external trainings are provided to improve employees' technical and non-technical competence and skills.

CONCLUSION

The Board is well aware of the importance of Risk Management practices. As part of the Group's continuous efforts to improve Risk Management practices, risk areas are identified and defined. During the financial year, a special audit has been carried out on one of the identified key risk area on the Licensing of Computer Software in compliance with the Malaysia's Copyright Act 1987 (amended 1990) in which licences of operating and application softwares of all computers in the Group were identified and checked. Through the special audit, the Internal Audit Department had found no deviation of material nature which could result in any material loss or uncertainty that would require disclosure in the Group's Annual Report and the Board concluded that the existing system provides reasonable assurance on the adequacy of the Group's internal control.

Consequently, there were neither material internal control failings nor significant problems that had arisen during the financial year. Therefore, the Board is confident that the system of internal control is well in place and is committed to undertake ongoing steps to maintain and strengthen the system of internal control.

STATEMENT ON CORPORATE GOVERNANCE

The Board recognizes the importance of good corporate governance to support the Group's continued growth.

The Board is therefore committed to ensuring that the highest standards of corporate governance are practised throughout the Group. Accordingly, the Board fully supports the principles laid out in the Malaysian Code on Corporate Governance.

1. THE BOARD

Board Composition

The Board has five (5) members comprising :

- The executive chairman
- One (1) independent executive director
- One (1) non-independent executive director
- One (1) independent non-executive director

The Board members have diverse professional and entrepreneurial background, varied skills and experiences for effective management of the Group.

A brief profile of each director is set out on page 5.

Board Responsibility

The Board is fully responsible for effective control of the Group. This includes responsibility for determining the Group's strategic direction, financial performance, allocation of resources and standards of conduct. The Board meets at least four times a year, with additional matters resolved by way of Circular Resolutions as and when necessary.

Meetings

During the financial year ended 31 December 2003, five Board meetings were held. Details of the directors' attendance at these meetings are summarized below :

Name of Director	Designation	Number of Board Meeting	
		Held	Attended
Mr. Leong Kim Hoe @ Leong Kim Woh	Executive	5	5
Mr. Leong Kim Foo	Executive	5	5
En. Kamaruzaman Bin Zainal (Office of director vacated w.e.f. 2/1/2004)	Executive	5	1
En. Alias Bin Zainal (Office of director vacated w.e.f. 2/1/2004)	Non-Executive	5	1
Mr. Leow Bock Lim	Non-Executive	5	4
En. Mohd Nizam Bin Haji Mohd Hassan	Executive	5	5
Mr. Sow Yeng Chong	Non-Executive	5	5

STATEMENT ON CORPORATE GOVERNANCE cont'd

Appointments and re-elections to the Board

The Company does not have a Nomination Committee as all new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience. The nomination process takes into account all the considerations covered by the Malaysian Code on Corporate Governance.

In addition, the directors have attended the Mandatory Accreditation Programme organised by the Research Institute of Investment Analyst Malaysia as required under the Listing Requirement of the Malaysia Securities Exchange Berhad ("MSEB"). The directors are also kept informed of any changes in relevant laws and regulations.

In accordance with the Company's Articles of Association, any director so appointed shall hold office until the next Annual General Meeting at which time he will be subject to re-election by the shareholders. An election of directors takes place every year, with each director retiring from office at least once every three years. Directors retiring by rotation are eligible for re-election by the shareholders at the Annual General Meeting.

Board Procedures on Supply of Information

Board meetings are structured with a pre-determined agenda. Board papers covering the Company's operational and financial performance, together with the minutes of the previous Board meeting are circulated to the directors in a timely manner prior to each meeting.

In exercising their duties, the directors have access to information from senior management and the advice and services of the Company Secretary. If necessary, the directors may seek professional opinion and advice from external consultants including merchant bankers, valuers, financial advisers, external auditors and lawyers.

Board Committees

The Company has formed several committees, each of which has defined terms of reference, for reporting and recommendation to the Board. These committees are :

- Remuneration Committee;
- Audit Committee; and
- Employee Share Option Scheme ("ESOS") Committee

2. DIRECTORS' REMUNERATION

The Company recognizes the need to ensure that remuneration of directors is appreciative and reflective of the responsibility and commitment that goes with Board membership. In line with this, the Company has adopted a remuneration structure that attempts to retain and attract the right directors needed to run the Company successfully, as follows :-

- The Remuneration Committee recommends to the Board on the remuneration of executive directors; and
- The Board as a whole determines the remuneration of the non-executive directors.

STATEMENT ON CORPORATE GOVERNANCE cont'd

Contrary to the disclosure requirement as indicated in the best practices of the Malaysian Code of Corporate Governance, the Board would not be providing details of remuneration awarded to each director as the Board considers the information to be sensitive and proprietary. However, in compliance with the MSEL listing requirements, the remuneration paid to directors, in aggregation and analysed into bands of RM50,000 are as follows :

	Fees (RM)	Other Remuneration (RM)	Total (RM)
Executive directors	28,800	701,950	730,750
Non-executive directors	21,600	24,000	45,600

Remuneration (RM)	Number of Executive Directors	Number of Non-Executive Directors
Less than 50,000		4
50,001 - 100,000	1	
100,001 - 150,000	1	
150,001 - 200,000		
200,001 - 250,000	1	
250,001 - 300,000	1	

3. SHAREHOLDER RELATIONS

Dialogue between Company and Investors

The Company maintains a regular policy of disseminating information that is material for the attention of shareholders. In line with the regulatory requirements, various announcements, including quarterly financial reports were made during the financial year via the MSEL website.

Developments in the Company's website at www.beltongroup.com have also allowed the Company to make available information and presentation accessible to shareholders, customers and suppliers at all times.

The Board has identified Mr. Sow Yeng Chong, an independent non-executive director to answer any queries or clarify any matter concerning the Group.

In addition, shareholders and the public can also e-mail the Company at the address : info@beltongroup.com

Annual General Meeting ("AGM")

The AGM provides an opportunity for shareholders to seek and clarify any issues and to have a better understanding of the Company's performance. At the AGM, the Chairman of the Board presents the progress and performance of the Company to the shareholders. A question and answer session is also conducted to allow shareholders the opportunity to question the Board on the Company's business and on proposed resolutions. The Chairman, the Board members and the external auditors are available at the AGM to respond to the questions.

1. Accountability and Audit

In announcing the quarterly and annual financial statements to the shareholders and the public, the Board has endeavoured to present a balance and understandable assessment of the Company's financial position and prospects. The financial reports undergo a review process by the Audit Committee to ensure the accuracy and adequacy of the information announced.

The directors are responsible for the Company's system of internal controls over all financial and operating activities to safeguard shareholders' investments and Company's assets. The Board also maintains an appropriate relationship with the Company's external auditors through formal and transparent arrangement with the Audit Committee. The report on the Audit Committee is outlined on page 6.

2. Statement of Directors' Responsibility for Preparing the Financial Statements

The directors are required by the Companies Act, 1965 to confirm that the financial statements for each financial year have been made out in accordance with the applicable approved accounting standards and that they give a true and fair view of the results of the state of affairs of the Company for the financial year.

The directors have carried out their responsibilities by :

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- ensuring that all applicable accounting standards have been adhered to ; and
- basing the financial statements on a going-concern basis, as the directors have a reasonable expectation after having made due enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Kumpulan Belton Berhad, I am pleased to present the Annual Report and Financial Statements of the Group for the financial year ended 31 December 2003.

Financial Performance

For the financial year under review, the Group recorded a turnover of RM63.44 million compared to RM62.11 million last year, representing a marginal increase of 1.02%. The Group incurred a loss after taxation and minority interest of RM12.53 million, a decrease in loss of 38.37% over the previous year of RM32.65 million.

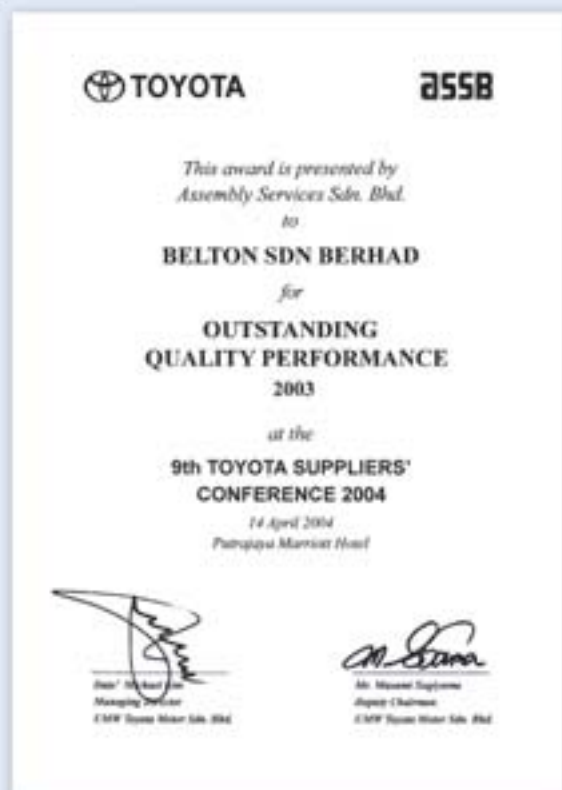
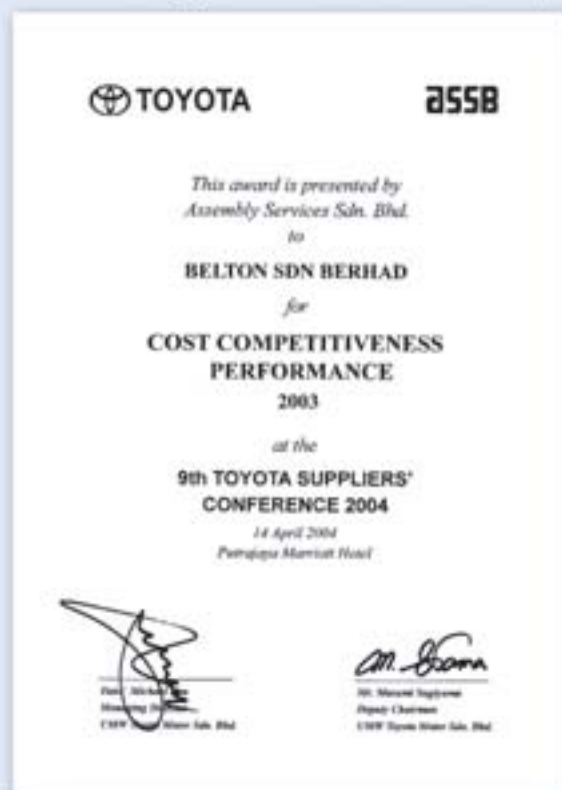
Review of Operations

The year 2003 proved to be a challenging one for the automotive industry. AFTA and its impact continued to weigh heavily on the decisions of both the motor vehicle assemblers and components manufacturers. Parts imported from China added to the already intense competition from products imported from ASEAN countries, resulting in downward pressure on prices. However, the Group managed to record a slight increase in turnover this year as a result of concerted marketing efforts in developing existing and new export markets.

The decrease in loss after taxation and minority interest was mainly due to allowances made for impairment loss of assets and writing off of obsolete inventories and assets in the manufacturing division and provisions made for diminution in value of land and foreseeable losses of development properties in the property division last year.

The Group had, on 22 January 2004, further streamlined its activities by disposing four subsidiary companies; namely, Belton dotCom Sdn Bhd, Belton Engineering Sdn Bhd, Belton Overseas Corporation Sdn Bhd and Belton Steering Components Sdn Bhd which are either inactive, loss-making or non-core to the Group's businesses.

On a positive note, I am pleased to announce that Belton was presented with two awards from UMW Toyota, one for "Outstanding Quality Performance" and the other for "Cost Competitiveness Performance". This reflects the Management's commitment towards quality excellence.



Prospects for year 2004

The Group expects to completely phase out its property division by end 2004 thereby marking the successful rationalisation of its operations to return to its core competencies.

With the liberalisation of the automotive market, the Group has been successful in strengthening its presence in the ASEAN region. The Group will be making greater efforts to garner a larger share of the export market to become a global automotive component supplier. Besides cost reduction measures which were continuously being undertaken, the Group will maximise its leverage on its established brand name, product quality and extensive sales network to remain competitive in this post-AFTA era.

The Board expects the current competitive trading environment to prevail and will continue to manage cautiously to achieve a satisfactory financial performance for the financial year ending 31 December 2004.

Acknowledgements

On behalf of the Board of Directors, I would like to take this opportunity to extend our heartfelt appreciation to the management and staff for their dedication and commitment during the past year.

I would also like to extend our appreciation to our valued customers, bankers, suppliers, business associates and government authorities as well as our shareholders for their continued support, cooperation and confidence in us.

Leong Kim Hoe
Chairman
18 May 2004

CORPORATE STRUCTURE

BELTON™

KUMPULAN BELTON BERHAD (127090-H)

MANUFACTURING

Belton Sdn Berhad ("BSB")	100%
Belton Auto Parts Sdn Bhd ("B-Auto")	100%
Belton Axle Components Sdn Bhd ("B-Axle")	100%
Belton-Dorbyl Automotive Products Sdn Bhd ("B-Dorbyl")	60%
Belton Fasteners Sdn Bhd ("B-Fast")	100%
Belton HWC Industries Sdn Bhd ("B-HWC")	70%
Belton-Oriental Heat Treatment Sdn Bhd ("B-Orient")	60%
Belton Pins Industries Sdn Bhd ("B-Pins")	100%
Belton Precision Machining Sdn Bhd ("B-Precis")	100%
Belton Springs Sdn Bhd ("B-Springs")	100%
Belton Tools Sdn Bhd ("B-Tools")	100%

MARKETING & DISTRIBUTION

Belton Marketing Sdn Bhd ("B-Mart")	100%
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PROPERTY INVESTMENT & DEVELOPMENT

Belton Properties Sdn Bhd ("B-Prop")	100%
Aesthetic Development Sdn Bhd ("A-Dev")	65%
Pleasant Venture Sdn Bhd ("P-Venture")	100%

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DIRECTORS' REPORT

for the financial year ended 31 December 2003

The directors submit their annual report to the Members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are :

- (a) investment holdings; and
- (b) the provision of management services.

The principal activities of the subsidiaries are stated in Note 13.1 to the financial statements.

Other than the subsidiaries disposed of and changes in three subsidiaries as mentioned in Note 13.1 to the financial statements, there have been no other significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

OPERATIONS

Results	Group RM	Company RM
The (loss) after taxation amounted to	(12,507,478)	(37,324,846)
Amount attributable to minority interests	<u>(21,109)</u>	<u>-</u>
(Loss) attributable to shareholders of the Company	(12,528,587)	(37,324,846)
To which must be added accumulated (losses) brought forward from the previous financial year	<u>(66,624,780)</u>	<u>(32,842,367)</u>
Resulting in an amount of accumulated (losses) to be carried forward to the next financial year of	<u>(79,153,367)</u>	<u>(70,167,213)</u>

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any dividend for the current financial year ended 31 December 2003.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Bad and doubtful debts

Before the income statements and balance sheets 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 that all known bad debts have been written off and adequate allowance been made for doubtful debts.

At the date of this report, the directors of the Company are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent.

Current assets

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company 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

At the date of this report, there does not exist :

- (i) any charge on the assets of the Group or 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 in respect of the Group or of the Company that has arisen since the end of the financial year other than those disclosed in Note 36 to the financial statements.

No contingent liability or other liability of the Group or 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 as and 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, that 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 for 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 other than the results from investing and financing activities as disclosed in Note 29 and 30 to the financial statements.

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 current financial year.

DIRECTORS' REPORT cont'd

SHARE CAPITAL

Issue of shares

During the financial year, no issue of shares was made by the Company.

Warrants 1999/2004

As at 31 December 2003, the details of the share options granted under the warrants are as follows:

Subscription price	Date of issue	Expiry date	Number of options under warrants over ordinary shares of RM1.00 each		
			As at the beginning, 1.1.2003	Exercised	As at the end, 31.12.2003
RM1.00	23.12.1999	22.12.2004	19,321,173	-	19,321,173

Executives/ Employees' Share Option Scheme ('ESOS')

At 31 December 2003, the details of the share options granted under the ESOS are as follows:

Option price	Granted to	Number of options under ESOS over ordinary shares of RM1.00 each		
		As at the beginning, 1.1.2003	Exercised	As at the end, 31.12.2003
RM1.65	Executives and employees	4,459,000	-	4,459,000
	Directors			
	Leong Kim Hoe @			
	Leong Kim Woh	500,000	-	500,000
	Leong Kim Foo	488,000	-	488,000
	Kamaruzaman Bin Zainal	475,000	-	475,000
		5,922,000	-	5,922,000

The share options will expire on 22 February 2005.

DIRECTORATE

Directors

The directors who served since the financial date of the last annual report are:

Leong Kim Hoe @ Leong Kim Woh	
Leong Kim Foo	
Leow Bock Lim	
Mohd Nizam Bin Mohd Hassan	
Sow Yeng Chong	
Alias Bin Zainal	(Office of director vacated w.e.f. 2.1.2004)
Kamaruzaman Bin Zainal	(Office of director vacated w.e.f. 2.1.2004)

Shareholdings and interests in shares

The shareholdings and interests in shares in the Company of those persons who were directors at the end of the financial year are as follows :

Shareholdings in names of directors	Number of ordinary shares of RM1.00 each held or deemed interested during the financial year			
	As at the beginning, 1.1.2003	Bought	Sold	As at the end, 31.12.2003
Leong Kim Hoe @ Leong Kim Woh	48,500	-	-	48,500
Leong Kim Foo	27,000	-	-	27,000
Kamaruzaman Bin Zainal	25,000	-	(23,000)	2,000
Leow Bock Lim	-	50,000	-	50,000
Shareholding in which each director mentioned below is deemed to have an interest				
Leong Kim Hoe @ Leong Kim Woh and Leong Kim Foo	<u>5,642,135</u>	<u>-</u>	<u>(832,135)</u>	<u>4,810,000</u>

Other than as reported above, the directors did not hold any other shares and interests in shares in the Company and its subsidiaries during the financial year.

DIRECTORS' REPORT cont'd

Retirement

In accordance with the Articles of Association of the Company, the directors mentioned below retire from the Board at the forthcoming annual general meeting and being eligible, offer themselves for re-election:

<u>Director</u>	<u>Retiring on</u>	<u>Under Article</u>
Leong Kim Foo	Rotation	94
Leow Bock Lim	Rotation	94

Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit 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 except as follows:

- (i) Directors' remuneration as disclosed in the income statements; and
- (ii) Deemed interest, if any, which may arise from related party transactions as disclosed in Note 14 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement 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 under the warrants and the ESOS mentioned earlier.

SIGNIFICANT AND SUBSEQUENT EVENTS

These events are reported in Note 38 to the financial statements.

AUDITORS

The auditors, T. C. Liew & Co., Chartered Accountants, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the directors on behalf of the Board :

LEONG KIM HOE @ LEONG KIM WOH
Director

LEONG KIM FOO
Director

Kuala Lumpur,
30 April 2004

REPORT OF THE AUDITORS

to the Members of Kumpulan Belton Berhad

FINANCIAL STATEMENTS - 31 December 2003

We have audited the financial statements set out on pages 25 to 90 of Kumpulan Belton Berhad for the financial year ended 31 December 2003.

Respective responsibilities of directors and auditors

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.

Basis of opinion

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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe our audit provides a reasonable basis for our opinion.

Opinion

Without qualifying the report, we draw attention to the withdrawal of banking facilities in Note 21 to the financial statements and the adverse financial position of the Group with deficit in working capital of RM40,278,887 as at end of financial year 31 December 2003. As mentioned in Note 5.1 to the financial statements, the appropriateness of preparing the group financial statements on a going concern basis is dependent upon successful completion of the Sale and Leaseback Agreements disclosed in Note 38.2 to the financial statements.

In our opinion :

- (a) the financial statements which have been prepared under the historical cost convention (modified to include the revaluation of certain non-current assets) unless otherwise indicated in the significant accounting policies are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards so as to give a true and fair view of:
 - (i) 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
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2003 and the results of their operations, changes in equity and cash flows for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries of which we acted as auditors, have been properly kept in accordance with the provisions of the said Act.

We draw attention to the adverse financial position of certain subsidiaries with the auditors' comments thereon in Note 13.3 to the financial statements.

REPORT OF THE AUDITORS cont'd

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 purposes of the preparation of the group 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 Act other than as mentioned in Note 13.3 to the financial statements.

T. C. LIEW & CO.
Firm No: AF 0047
Chartered Accountants

LIEW TIP CHAN
Approval No: 555/3/06 (J/PH)
Chartered Accountant

Kuala Lumpur,
30 April 2004

GROUP BALANCE SHEET

As at end of financial year 31 December

EMPLOYMENT OF CAPITAL

NON-CURRENT ASSETS

Properties, plant and equipment
Goodwill on consolidation

	Note	2003 RM	2002 RM
	6	40,120,661	44,008,119
	7	-	739,048
		<hr/>	<hr/>
		40,120,661	44,747,167
Capital work-in-progress	8	3,321,914	701,475
		<hr/>	<hr/>
		43,442,575	45,448,642
Deferred tax assets	10	14,395,582	13,852,339
		<hr/>	<hr/>
		57,838,157	59,300,981
		<hr/>	<hr/>

CURRENT ASSETS

Development properties
Inventories
Trade receivables
Other receivables, utility deposits and prepayments
Tax recoverable
Term deposits with licensed bank
Cash in hand and at banks

Less:

CURRENT LIABILITIES

Trade payables
Other payables and accruals
Interest-bearing borrowings
Taxation

	11	8,223,595	10,237,775
	12	31,745,434	31,900,268
	15	21,706,571	28,386,673
	16	1,410,780	1,086,288
	17	449,827	487,536
	18	95,109	91,509
		558,289	942,672
		<hr/>	<hr/>
		64,189,605	73,132,721
		<hr/>	<hr/>
	19	11,502,422	9,512,492
	20	12,306,731	8,035,080
	21	80,658,239	79,595,230
	17	1,100	-
		<hr/>	<hr/>
		104,468,492	97,142,802
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)		(40,278,887)	(24,010,081)
		<hr/>	<hr/>

GROUP BALANCE SHEET cont'd

As at end of financial year 31 December	Note	2003 RM	2002 RM
TOTAL ASSETS less CURRENT LIABILITIES		17,559,270	35,290,900
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	21	(1,110,330)	(6,367,394)
		16,448,940	28,923,506
DEFERRED LIABILITIES AND CREDIT			
Deferred tax liabilities	10	-	(10,844)
Goodwill on consolidation	7	(43,756)	-
TOTAL ASSETS less TOTAL LIABILITIES		16,405,184	28,912,662
MINORITY INTERESTS	22	(653,175)	(632,066)
NET ASSETS		15,752,009	28,280,596
CAPITAL EMPLOYED			
CAPITAL AND RESERVES			
Issued capital	23	85,114,827	85,114,827
Share premium	24	9,790,549	9,790,549
Accumulated (losses)	24	(79,153,367)	(66,624,780)
SHAREHOLDERS' EQUITY		15,752,009	28,280,596
NET TANGIBLE ASSETS			
Per RM1.00 (2002 : RM1.00) ordinary share		0.19	0.32

The above group balance sheet is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

GROUP INCOME STATEMENT

For the financial year ended 31 December

OPERATING ACTIVITIES

Revenue

Sales

- Continuing operations
- Discontinued operations

Less:

Cost of sales

- Continuing operations
- Discontinued operations

Gross profit/ (loss)

Other operating income

Less:

Expenses

Selling and distribution

Administration

Finance

- Bank commission and charges

(Loss) from operations before interest charges

- Interest charges on borrowings

(Loss) from operating activities

INVESTING ACTIVITIES

- Continuing operations
- Discontinued operations

Note	2003 RM	2002 RM
25	63,437,104 -	54,686,451 7,418,621
	63,437,104	62,105,072
	(63,120,530) -	(75,616,385) (6,966,318)
	(63,120,530)	(82,582,703)
	316,574	(20,477,631)
27	26,400	31,036
	342,974	(20,446,595)
	(2,205,820)	(2,983,755)
	(5,081,799)	(7,076,301)
	(58,459)	(190,164)
	(7,003,104)	(30,696,815)
	(6,596,924)	(6,847,465)
28	(13,600,028)	(37,544,280)
29	(734,540) 8	(2,054,006) (562,009)
	(734,532)	(2,616,015)

GROUP INCOME STATEMENT cont'd

For the financial year ended 31 December			2003	2002
	Note		RM	RM
FINANCING ACTIVITIES				
- Continuing operations	30		1,300,811	-
(LOSS) BEFORE TAXATION				
- Continuing operations			(13,033,757)	(37,970,537)
- Discontinued operations			8	(2,189,758)
			(13,033,749)	(40,160,295)
Less:				
Taxation	17		526,271	7,002,949
(LOSS) AFTER TAXATION				
			(12,507,478)	(33,157,346)
Share of (profit)/ loss by minority interests	22		(21,109)	508,636
(LOSS) FOR THE FINANCIAL YEAR				
			(12,528,587)	(32,648,710)
EARNINGS				
	31		Sen	Sen
(Loss) per RM1.00 (2002: RM1.00) ordinary share			(14.72)	(38.36)

The group income statement is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

BALANCE SHEET

As at end of financial year 31 December

	Note	2003 RM	2002 RM
EMPLOYMENT OF CAPITAL			
NON-CURRENT ASSETS			
Equipment, furniture and fittings	6	497,650	678,141
Investments in subsidiaries	13	16,200,009	15,511,010
Deferred tax assets	10	1,609,043	1,303,476
		<u>18,306,702</u>	<u>17,492,627</u>
CURRENT ASSETS			
Other receivables, utility deposits and prepayments	16	11,255	15,609
Amounts owing by subsidiaries	13	15,028,570	53,613,400
Tax recoverable	17	393,000	399,551
Cash in hand and at banks		6,515	180,916
		<u>15,439,340</u>	<u>54,209,476</u>
Less:			
CURRENT LIABILITIES			
Other payables and accruals	20	1,408,002	1,152,997
Amounts owing to subsidiaries	13	4,210,694	5,075,172
Interest-bearing borrowings	21	3,389,183	3,410,925
		<u>9,007,879</u>	<u>9,639,094</u>
NET CURRENT ASSETS		<u>6,431,461</u>	<u>44,570,382</u>
NET ASSETS		<u>24,738,163</u>	<u>62,063,009</u>
CAPITAL EMPLOYED			
CAPITAL AND RESERVES			
Issued capital	23	85,114,827	85,114,827
Share premium	24	9,790,549	9,790,549
Accumulated (losses)	24	(70,167,213)	(32,842,367)
SHAREHOLDERS' EQUITY		<u>24,738,163</u>	<u>62,063,009</u>
NET TANGIBLE ASSETS			
Per RM1.00 (2002 : RM1.00) ordinary share		<u>0.29</u>	<u>0.73</u>

The above balance sheet is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

INCOME STATEMENT

For the financial year ended 31 December

	Note	<u>2003</u> RM	<u>2002</u> RM
OPERATING ACTIVITIES			
Revenue			
Management fee	25	288,000	288,000
Other operating income	27	9,376	2,303
		<u>297,376</u>	<u>290,303</u>
Less:			
Expenses			
Administration		(1,583,688)	(2,519,555)
Finance			
- Bank charges and commission		(667)	(180)
		<u>(1,286,979)</u>	<u>(2,229,432)</u>
(Loss) from operations before interest charges			
- Interest charges on borrowings		(46,574)	(47,822)
		<u>(1,333,553)</u>	<u>(2,277,254)</u>
(Loss) from operating activities	28	(1,333,553)	(2,277,254)
INVESTING ACTIVITIES	29	(3,535,771)	(27,552,177)
FINANCING ACTIVITIES	30	(32,754,538)	(2,632,366)
(LOSS) BEFORE TAXATION		<u>(37,623,862)</u>	<u>(32,461,797)</u>
Less:			
Taxation	17	299,016	478,987
(LOSS) FOR THE FINANCIAL YEAR		<u>(37,324,846)</u>	<u>(31,982,810)</u>
EARNINGS		Sen	Sen
(Loss) per RM1.00 (2002 : RM1.00) ordinary share	31	(43.85)	(37.58)

The above income statement is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

GROUP SHAREHOLDERS' EQUITY STATEMENT

for the financial year ended 31 December 2003

<u>Group</u>	<u>Issued capital RM</u>	<u>Share premium RM</u>	<u>Accumulated (losses) RM</u>	<u>Total RM</u>
As at 1 January 2002	85,114,827	9,790,549	(33,976,070)	60,929,306
(Loss) for the financial year	-	-	(32,648,710)	(32,648,710)
As at 31 December 2002	85,114,827	9,790,549	(66,624,780)	28,280,596
(Loss) for the financial year	-	-	(12,528,587)	(12,528,587)
As at 31 December 2003	85,114,827	9,790,549	(79,153,367)	15,752,009

The above group shareholders' equity statement is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

SHAREHOLDERS' EQUITY STATEMENT

for the financial year ended 31 December 2003

Company	Issued capital RM	Share premium RM	Accumulated (losses) RM	Total RM
As at 1 January 2002	85,114,827	9,790,549	(859,557)	94,045,819
(Loss) for the financial year	-	-	(31,982,810)	(31,982,810)
As at 31 December 2002	85,114,827	9,790,549	(32,842,367)	62,063,009
(Loss) for the financial year	-	-	(37,324,846)	(37,324,846)
As at 31 December 2003	85,114,827	9,790,549	(70,167,213)	24,738,163

The above shareholders' equity statement is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

GROUP CASH FLOW STATEMENT

For the financial year ended 31 December

	Note	<u>2003</u> RM	<u>2002</u> RM
OPERATING ACTIVITIES			
Operations			
Revenue receipts net of expense payments from revenue-producing transactions		7,422,117	2,732,992
Interest received		1,100	4,810
		<hr/>	<hr/>
Cash generated before interest charges		7,423,217	2,737,802
Interest charges on borrowings paid		(1,877,062)	(2,434,183)
		<hr/>	<hr/>
Cash from operating activities before taxation	34	5,546,155	303,619
Income tax paid		(1,313)	(141,422)
Income tax refunded		12,306	6,353
		<hr/>	<hr/>
Net cash from operating activities		5,557,148	168,550
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Additions to capital work-in-progress		(2,828,599)	(23,750)
Purchase of properties, plant and equipment		(922,751)	(395,212)
Purchase of investment in subsidiary	33	-	(3)
Proceeds from disposal of capital work-in-progress		-	1,240,192
Proceeds from disposal of investments in subsidiaries	32	8	605,170
Proceeds from disposal of plant, equipment and fittings		120,200	601,863
Placement of term deposits as securities		(12,100)	-
Withdrawal of term deposits as securities		8,500	8,205
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(3,634,742)	2,036,465
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Payment on expenses relating to the waiver of debts		(557,522)	-
Payments to hire purchase creditors		(157,787)	(188,643)
Proceeds from term loans		-	2,200,000
Repayments of term loans		(16,312)	(5,118,840)
		<hr/>	<hr/>
Net cash (used in) financing activities		(731,621)	(3,107,483)
		<hr/>	<hr/>

GROUP CASH FLOW STATEMENT cont'd

For the financial year ended 31 December	Note	2003 RM	2002 RM
CASH AND CASH EQUIVALENTS	35		
Net increase/(decrease) in the financial year		1,190,786	(902,468)
Overdrafts waived by bankers		426,757	-
As at beginning of financial year		(16,560,373)	(15,657,905)
As at end of financial year		(14,942,831)	(16,560,373)

The above group cash flow statement is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

CASH FLOW STATEMENT

For the financial year ended 31 December

	Note	2003 RM	2002 RM
OPERATING ACTIVITIES			
Operations			
Revenue receipts net of expense payments from revenue-producing transactions		(1,024,940)	(1,129,179)
Interest received		-	2,303
Cash (used) before interest charges		(1,024,940)	(1,126,876)
Interest charges on borrowings paid		(46,574)	(47,822)
Cash (used in) operating activities before taxation	34	(1,071,514)	(1,174,698)
Income tax paid		-	(29,193)
Net cash (used in) operating activities		(1,071,514)	(1,203,891)
INVESTING ACTIVITIES			
Purchase of equipment, furniture and fittings		(16,369)	(6,510)
Additions of investments in subsidiaries		-	(1,500,003)
Withdrawal of term deposit placed as security		-	48,700
Proceeds from disposal of subsidiaries		8	5
Net cash (used in) investing activities		(16,361)	(1,457,808)
FINANCING ACTIVITIES			
Advances from subsidiaries		947,182	124,194
Repayments (to)/ from subsidiaries		(11,966)	2,757,248
Net cash from financing activities		935,216	2,881,442
CASH AND CASH EQUIVALENTS			
Net (decrease)/increase in the financial year	35	(152,659)	219,743
As at beginning of financial year		(310,009)	(529,752)
As at end of financial year		(462,668)	(310,009)

The above cash flow statement is to be read in conjunction with the notes to the financial statements on pages 36 to 90.
Auditors' Report - Pages 23 and 24.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

1. GROUP

The Group comprises the Company and its subsidiaries listed in Note 13.1 to the financial statements.

2. GENERAL

The Company was incorporated in Malaysia as a public company limited by shares. It is resident in Malaysia with its registered office situated at Lot 10, Sungai Siput Light Industrial Estate, 31100 Sungai Siput (U), Perak Darul Ridzuan.

3. PRINCIPAL ACTIVITIES

The principal activities of the Company are:

- (a) investment holdings; and
- (b) the provision of management services.

The principal activities of the subsidiaries are stated in Note 13.1 to the financial statements.

Other than the subsidiaries disposed of and changes in three subsidiaries as mentioned in Note 13.1 to the financial statements, there have been no other significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

Place of business

The principal place where the business activities of the Company are carried out is situated at Lot 10, Sungai Siput Light Industrial Estate, 31100 Sungai Siput (U), Perak Darul Ridzuan.

Number of directors/ employees employed and costs

The number of directors and employees of the Group and of the Company as at the end of and their remuneration and costs for the financial year were as follows:

Number	Group		Company	
	<u>2003</u> No.	<u>2002</u> No.	<u>2003</u> No.	<u>2002</u> No.
Executive directors	11	11	3	4
Non-executive directors	13	12	4	3
Staff	24	23	7	7
	452	432	9	20
	476	455	16	27
Remuneration and costs (Note 11 and 28)	RM	RM	RM	RM
Directors	1,108,884	1,032,615	859,110	880,160
Staff	6,830,037	6,153,946	369,253	669,437
	7,938,921	7,186,561	1,228,363	1,549,597

NOTES TO THE FINANCIAL STATEMENTS cont'd

Financial risk management

In carrying out its principal activities, it is the Group's policy to manage effectively the various risks listed below to which it is exposed in its daily business operations. The objective is to create value for its shareholders.

(a) Market risk

The Group is subject to certain risks inherent in the manufacturing industry in its normal course of business. These include labour shortage, increase in costs of labour and raw materials, and fluctuations in the selling prices of its products. It monitors the changes cautiously through established guidelines.

(b) Credit risk

The Group monitors through credit control procedures the financial standing of each debtor to ensure that it is exposed to minimal credit risk.

The maximum exposure for the Group is represented by the carrying amount of each financial instrument.

The Group has no significant concentration on credit risk with respect to trade receivables.

(c) Interest rate risk

Interest expense and income rate exposure arises from the Group's interest-bearing borrowings and interest earning deposits.

The Group's negotiated interest rates are disclosed in Note 18 and 21 to the financial statements.

(d) Foreign exchange risk

Foreign exchange risk occurs as a result of sale and purchase transactions denominated in foreign currencies, primarily in US Dollars.

The Group does not hedged its trade receivables and trade payables as the US Dollars have been pegged to Ringgit Malaysia. Generally, the management believes that the overall exposure to foreign exchange risk is minimal.

(e) Liquidity risk

The Group practises prudent liquidity risk management. It maintains sufficient levels of credit facilities, cash and cash equivalents to meet its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS cont'd

4. PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards, covering a twelve-month financial year from 1 January 2003 to 31 December 2003 to provide information about the :

- (a) financial position,
- (b) financial performance,
- (c) equity, and
- (d) cash flows

of the Group and of the Company.

There is no change of the financial year.

All the amounts in these statements are expressed in Ringgit Malaysia ("RM") unless otherwise stated.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group in preparation of the financial statements, which are consistent with those of the previous financial year, except as otherwise stated, are stated in paragraphs 5.1 to 5.18.

5.1 Basis of accounting

The financial statements of the Group are prepared under the historical cost convention (modified to include the revaluation of certain properties) unless otherwise indicated and on a going concern basis. The appropriateness of preparing the group financial statements on the going concern basis is dependent upon successful completion of the Sale and Leaseback Agreements disclosed in Note 38.2 to the financial statements.

5.2 Basis of consolidation

The Group financial statements presented are prepared by consolidating the financial statements of the Company and all its subsidiaries made up to the same financial year.

All subsidiaries are consolidated using the acquisition method of accounting.

The results of any subsidiary acquired/disposed of during the financial year are included/ excluded in the group income statement from the date of acquisition/disposal.

All significant intragroup transactions and balances are eliminated on consolidation and the group financial statements reflect external transactions only.

The difference between the cost of investments and the underlying value of net assets acquired at the date of acquisition is shown in the group balance sheet as goodwill on consolidation.

5.3 Properties, plant and equipment and depreciation/ amortisation

Short leasehold lands and buildings are stated at valuation and at cost less accumulated depreciation/amortisation and impairment loss, where applicable.

Other assets are stated at cost less accumulated depreciation/ amortisation and impairment loss, where applicable.

NOTES TO THE FINANCIAL STATEMENTS cont'd

All these assets, except for those indicated otherwise and under work-in-progress (Note 8), are depreciated/amortised at rates calculated to write off the book values on a straight line basis over their expected useful lives.

The principal annual rates used for this purpose are as follows :

	%
	<u>Per annum</u>
Factory buildings	2
Factory plant and equipment	5 - 20
Motor vehicles	20
Office equipment, furniture and fittings	5 - 10

Long and short leasehold lands are amortised over their terms of the respective leases which range from 18 to 99 years.

The carrying amounts of assets are reviewed at the balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an assets exceeds its recoverable amount. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to equity. Any subsequent increase in coverable amount is reduced by the amount that have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued assets, in which case it is taken to equity.

5.4 Hire purchase

Non-current assets acquired under hire purchase are capitalised in the financial statements. The assets are depreciated in accordance with the accounting policy stated in Note 5.3. Interest expense is charged to income statements on accrual basis over the period of the hire purchase.

5.5 Goodwill on consolidation

Goodwill arising on consolidation is stated at cost less accumulated amortisation and impairment loss, where applicable.

Goodwill is amortised over a period of ten (10) years based on estimate of its useful economic life.

Allowance for impairment loss is made when, after review by the directors, there is a impairment which is other than temporary.

5.6 Investments in subsidiaries

Subsidiaries are companies in which the Company holds more than half of their issued share capitals and controls the composition of their boards of directors with the power to govern their financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are stated at cost. Allowance for diminution in value is made when, after review by the directors, there is a diminution in value of the investments which is other than temporary.

NOTES TO THE FINANCIAL STATEMENTS cont'd

5.7 Interest capitalisation

Interest incurred on borrowings relating to properties for development and other non-current assets are capitalised, as applicable, during the period in which development and construction are planned and carried out until they are ready for their intended use.

5.8 Development properties

Development properties are stated at the lower of :

- (a) cost plus accrued profits/minus accrued losses based on the percentage of completion method less progress billings; and
- (b) realisable value.

Cost is determined based on purchase cost of land acquired and invoiced value of works done specifically charged and other related expenses allocated to development properties. Accumulation of costs does not cease even when the estimated future revenue realisable is lower than the carrying value.

Allowance for all foreseeable losses and diminution in value, if any, is made.

5.9 Inventories

Inventories and work-in-progress are valued at the lower of cost and net realisable value.

Cost incurred in bringing the following inventories to their present location and condition is determined as follows:

- | | |
|--|--|
| Raw materials and consumables | - Purchase cost on a first-in, first-out basis |
| Work-in-progress and finished products | - Cost of direct materials and labour incurred and proportion of production overheads based on normal level of activity. |

Allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

5.10 Trade receivables

Known bad debts are written off. Specific allowance is made for any debt which is considered to be doubtful of collection.

In addition, a general allowance of 5% is made on the remaining debts as at end of financial year.

5.11 Other receivables

Known bad debts are written off.

5.12 Minority interests

This item represents shares in certain subsidiaries owned by minority shareholders together with proportion of accumulated profits less accumulated losses, which losses are limited, where applicable, to the amount of their paid-up share capital, relating to such shares.

NOTES TO THE FINANCIAL STATEMENTS cont'd

5.13 Revenue

Revenue is recognised in the financial statements as follows :

5.13.1 Manufacturing and trading

Invoiced value of net sales of goods delivered to customers;

5.13.2 Investments

Rental income on accrual basis;

5.13.3 Property development

Proportionate sale value of development properties sold attributable to stage of development works performed on certification of external professional architects;

5.13.4 Services

Invoiced value of services of machining, electroplating, heat treatment and other relating services rendered to customers;

5.13.5 Others

Interest income from short-term deposits on maturity and sundry interest on receipt basis;
and
Management and accounting fees on accrual basis.

5.14 Employee retirement benefits

The Group makes statutory contributions for Malaysian employees to the Employees Provident Fund and the contributions are charged to income statements in the period to which they relate.

5.15 Taxation

Current

Income tax is provided for on taxable profit at current statutory rate.

Deferred

Accounting profit and taxable profit differ due to, in addition to expenses not deductible, taxable and deductible temporary differences between accounting and tax bases of assets and liabilities.

Deferred tax liabilities in respect of income tax payable in future financial years are recognised for all taxable temporary differences.

Deferred tax assets in respect of income tax recoverable in future financial years for deductible temporary differences, carryforward of unused tax losses and carryforward of unused tax credits are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

5.16 Cash flow statements

The statements are prepared using indirect method.

Cash and cash equivalents comprise cash in hand and at Malaysian licensed banks.

The amount is presented after deducting bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS cont'd

5.17 Foreign currency conversion

Foreign currency transactions are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the approximate exchange rates ruling at the balance sheet date. Exchange differences are taken into the income statements.

Non-monetary assets and liabilities denominated in foreign currencies and which are stated at historical cost are translated to Ringgit Malaysia at the approximate exchange rates ruling at the transaction dates.

The closing rates used in the translation of foreign currency monetary assets and liabilities and foreign entity are as follows :

	<u>2003</u>	<u>2002</u>
	RM	RM
AUD1.00	2.86	2.11
EUR1.00	4.78	4.02
GBP1.00	6.79	6.03
HKD1.00	0.49	-
JPY1.00	0.04	0.03
SEK1.00	0.53	-
SGD1.00	2.23	2.19
USD1.00	3.80	3.79

5.18 Financial instruments

(a) Financial instruments recognised in the balance sheets

The particular recognition method adopted for items of financial instruments recognised on the balance sheets is disclosed in the individual accounting policy note associated with each item.

(b) Disclosure of fair values

The fair values of the financial assets and liabilities maturing within twelve months are assumed to approximate the carrying values as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS cont'd

6. PROPERTIES, PLANT AND EQUIPMENT

6.1 Group

Valuation/Cost	Short leasehold lands and buildings		Freehold land and building
	Valuation RM	Cost RM	Cost RM
As at beginning of financial year	1,206,000	8,578,929	-
Additions	-	-	-
Transfer from capital work-in-progress (Note 8)	-	-	-
Transfer to upkeep of vehicles and machinery	-	-	-
Disposals	-	-	-
Disposal of subsidiary	-	-	-
Written off	-	-	-
As at end of financial year	1,206,000	8,578,929	-
Accumulated amortisation/ depreciation and impairment loss			
As at beginning of financial year	283,529	1,696,902	-
Charge for the financial year	25,543	346,420	-
Transfer to upkeep of vehicles and machinery	-	-	-
Disposals	-	-	-
Disposal of subsidiary	-	-	-
Impairment loss	-	-	-
Written off	-	-	-
As at end of financial year	309,072	2,043,322	-
Net book value			
As at end of financial year			
- 31 December 2003	896,928	6,535,607	-
- 31 December 2002	922,471	6,882,027	-
Amortisation/ depreciation charge for 2002	27,831	343,992	6,431

NOTES TO THE FINANCIAL STATEMENTS cont'd

Valuation/Cost	Long leasehold lands and buildings Valuation RM	Factory plant and equipment Cost RM	Motor vehicles Cost RM
As at beginning of financial year	2,218,250	77,724,248	2,831,743
Additions	20,000	910,650	-
Transfer from capital work-in-progress (Note 8)	-	208,160	-
Transfer to upkeep of vehicles and machinery	-	(375)	-
Disposals	-	(15,000)	(159,520)
Disposal of subsidiary	-	-	-
Written off	-	(1,055,809)	-
As at end of financial year	2,238,250	77,771,874	2,672,223
Accumulated amortisation/ depreciation and impairment loss			
As at beginning of financial year	105,064	45,214,428	2,345,990
Charge for the financial year	43,053	4,059,892	222,615
Transfer to upkeep of vehicles and machinery	-	(112)	-
Disposals	-	(9,062)	(115,673)
Disposal of subsidiary	-	-	-
Impairment loss	-	-	-
Written off	-	(906,989)	-
As at end of financial year	148,117	48,358,157	2,452,932
Net book value			
As at end of financial year			
- 31 December 2003	2,090,133	29,413,717	219,291
- 31 December 2002	2,113,186	32,509,820	485,753
Amortisation/ depreciation charge for 2002	42,853	4,322,473	263,383

NOTES TO THE FINANCIAL STATEMENTS cont'd

Valuation/Cost	Office equipment, furniture and fittings Cost RM	Total	
		2003 Valuation/cost RM	2002 Valuation/cost RM
As at beginning of financial year	2,917,284	95,476,454	97,992,233
Additions	91,411	1,022,061	662,357
Transfer from capital work-in-progress (Note 8)	-	208,160	63,955
Transfer to upkeep of vehicles and machinery	-	(375)	(8,647)
Disposals	-	(174,520)	(1,235,670)
Disposal of subsidiary	-	-	(1,254,610)
Written off	-	(1,055,809)	(743,164)
As at end of financial year	3,008,695	95,475,971	95,476,454
Accumulated amortisation/ depreciation and impairment loss			
As at beginning of financial year	1,822,422	51,468,335	45,712,673
Charge for the financial year	221,288	4,918,811	5,329,678
Transfer to upkeep of vehicles and machinery	-	(112)	(175)
Disposals	-	(124,735)	(650,318)
Disposal of subsidiary	-	-	(298,689)
Impairment loss	-	-	1,755,258
Written off	-	(906,989)	(380,092)
As at end of financial year	2,043,710	55,355,310	51,468,335
Net book value			
As at end of financial year - 31 December 2003	964,985	40,120,661	
- 31 December 2002	1,094,862		44,008,119
Amortisation/ depreciation charge for 2002	322,715		5,329,678

NOTES TO THE FINANCIAL STATEMENTS cont'd

6.2 Company

	<u>Motor vehicles</u> RM	<u>Equipment, furniture and fittings</u> RM	<u>2003</u> RM	<u>Total</u> <u>2002</u> RM
Cost				
As at beginning of financial year	985,054	1,276,501	2,261,555	2,255,045
Additions	-	16,369	16,369	6,510
As at end of financial year	985,054	1,292,870	2,277,924	2,261,555
Accumulated depreciation				
As at beginning of financial year	831,467	751,947	1,583,414	1,374,142
Charge for the financial year	93,000	103,860	196,860	209,272
As at end of financial year	924,467	855,807	1,780,274	1,583,414
Net book value				
As at end of financial year - 31 December 2003	60,587	437,063	497,650	
- 31 December 2002	153,587	524,554		678,141
Depreciation charge for 2002	94,646	114,626		209,272

6.3 Leases

The long leaseholds for lands mentioned refer to leases with unexpired periods of fifty years or more.

The short leaseholds for lands mentioned refer to leases with unexpired period less than fifty years.

NOTES TO THE FINANCIAL STATEMENTS cont'd

6.4 Property revaluation

Adopted by the directors of a subsidiary based on professional revaluation of short leasehold land and factory building on the basis of open market value conducted by external independent valuers on 30 June 1991

**Group
Surplus
RM**

244,593

Deferred tax liabilities

(68,486)

Pre-acquisition reserve

176,107

Notwithstanding the revaluation stated above, the Group has not changed its policy of stating its non-current assets at cost to that of revaluation on a regular basis.

The short leasehold land and factory building are stated at its 1991 revaluation less accumulated amortisation/ depreciation and impairment loss, where applicable.

The directors considered that the current market value of the revalued properties are not less than their net book values.

If the Group has continued to show these revalued properties at cost, the net carrying amount of these assets will be as follows:

	Group Short leasehold land and building	
	<u>2003</u> RM	<u>2002</u> RM
Cost	366,488	366,488
Accumulated amortisation	(206,149)	(201,568)
Net book value	<u>160,339</u>	<u>164,920</u>

NOTES TO THE FINANCIAL STATEMENTS cont'd

6.5 Unutilised plant and machinery

	2003	Group
	RM	2002
		RM
Cost		
As at beginning and end of financial year	2,087,856	2,087,856
Accumulated impairment loss		
As at beginning of financial year	(1,607,856)	-
Charge for the financial year	-	(1,607,856)
As at end of financial year	(1,607,856)	(1,607,856)
Net book value		
As at end of financial year - 31 December	480,000	480,000

The plant and machinery are not depreciated during the financial year. However, the directors have reviewed the recoverable amount of the assets and allowance for impairment loss has been made adequately.

6.6 Assets under legal charges to secure the bank overdrafts, term loans and other banking facilities

	2003	Group
	RM	2002
		RM
Stated at cost		
Short leasehold land and building	5,807,803	5,807,803
Long leasehold land and building	2,238,250	2,218,250
	8,046,053	8,026,053

NOTES TO THE FINANCIAL STATEMENTS cont'd

6.7 Assets acquired under instalment payment plans

	<u>2003</u> RM	Group <u>2002</u> RM
Term loans (Note 21.1)		
Long leasehold land and building		
Cost	2,238,250	2,218,250
Accumulated depreciation/amortisation	(148,117)	(105,064)
Net book value	2,090,133	2,113,186
Hire purchases (Note 21.4)		
Motor vehicles		
Cost	545,869	669,744
Accumulated depreciation	(245,169)	(119,976)
Net book value	300,700	549,768
Total net book value	2,390,833	2,662,954

6.8 Leasehold lands and factory buildings

The breakdown of the leasehold lands and factory buildings at net book value is as follows:

	<u>2003</u> RM	Group <u>2002</u> RM
Long leasehold land and factory building for a 99 year lease, expiring on		
- 16 January 2095		
Stated at cost	2,090,133	2,113,186
Short leasehold lands and factory buildings for a 60 year lease, expiring on		
- 20 October 2038		
Stated at valuation	896,928	922,471
Additions subsequent to revaluation, stated at cost	688,064	711,913
- 13 June 2044		
Stated at cost	1,434,150	1,470,366
- 26 February 2052		
Stated at cost	1,317,543	1,346,424
Short leasehold lands and factory buildings for 30 year leases, expiring on		
- 6 March 2020		
Stated at cost	876,750	932,488
- 4 November 2014		
Stated at cost	2,219,100	2,420,836
	9,522,668	9,917,684

NOTES TO THE FINANCIAL STATEMENTS cont'd

6.9 Acquisition of non-current assets

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Total non-current assets, stated at cost, acquired during the financial year	1,022,061	662,357	16,369	6,510
Acquired by means of hire purchase instalment payment plans	-	(267,145)	-	-
Financed by other payables	(99,310)	-	-	-
Cash payments	922,751	395,212	16,369	6,510

6.10 Commitments

	Group	
	<u>2003</u> RM	<u>2002</u> RM
Authorised and contracted capital expenditure not provided for in the financial statement		
- Plant and machinery	36,000	70,000

7. GOODWILL

Group	<u>Negative</u> RM	<u>Positive</u> RM	<u>2003</u> RM	Total <u>2002</u> RM
Cost				
As at beginning and end of financial year	(5,911,496)	1,644,707	(4,266,789)	(4,266,789)
Accumulated amortisation/ impairment				
As at beginning of financial year	(5,830,238)	824,401	(5,005,837)	(5,132,506)
Amortisation during the financial year	(37,502)	164,171	126,669	126,669
Impairment loss	-	656,135	656,135	-
As at end of financial year	(5,867,740)	1,644,707	(4,223,033)	(5,005,837)
Net book value				
As at end of financial year				
- 31 December 2003	(43,756)	-	(43,756)	
- 31 December 2002	(81,258)	820,306		739,048
Amortisation charge in 2002	(37,502)	164,171		126,669

NOTES TO THE FINANCIAL STATEMENTS cont'd

8. CAPITAL WORK-IN-PROGRESS

Group	Factory and office buildings	Plant and machinery	2003	Total
Cost	RM	RM	RM	2002 RM
As at beginning of financial year	528,475	173,000	701,475	2,024,929
Additions	-	2,828,599	2,828,599	23,750
Disposals	-	-	-	(1,240,192)
Re-classification	(156,160)	156,160	-	-
Written off	-	-	-	(43,057)
Transfer to properties, plant and equipment (Note 6.1)	-	(208,160)	(208,160)	(63,955)
As at end of financial year	372,315	2,949,599	3,321,914	701,475

9. PROPERTIES FOR DEVELOPMENT

Cost	2003	Group
		2002
As at beginning of financial year	-	12,462,731
Transfer to development properties	-	(12,462,731)
As at end of financial year	-	-

10. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
As at beginning of financial year	(13,841,495)	(6,840,285)	(1,303,476)	(824,489)
Transfer from/(to) income statements (Note 17)				
- For the current financial year	(486,284)	(7,023,688)	(289,106)	(478,987)
- (Over)/under-provision in the previous financial year	(67,803)	11,691	(16,461)	-
Disposal of subsidiary	-	10,787	-	-
As at end of financial year *	(14,395,582)	(13,841,495)	(1,609,043)	(1,303,476)
* Presented in the balance sheets as follows:				
Deferred tax assets	(14,395,582)	(13,852,339)	(1,609,043)	(1,303,476)
Deferred tax liabilities	-	10,844	-	-
	(14,395,582)	(13,841,495)	(1,609,043)	(1,303,476)

NOTES TO THE FINANCIAL STATEMENTS cont'd

The components of the deferred tax (assets)/liabilities consist of:

	Group		Company	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	RM	RM	RM	RM
Capital allowances claimed in excess of financial depreciation	7,548,507	7,925,956	120,889	147,011
General allowance for doubtful trade debts	(420,457)	(415,433)	-	-
Unabsorbed tax losses and allowances carried forward	(21,692,536)	(21,404,097)	(1,729,932)	(1,450,487)
Unrealised gain on foreign exchange	118,252	-	-	-
Revaluation surplus net of related financial depreciation	50,652	52,079	-	-
	<u>(14,395,582)</u>	<u>(13,841,495)</u>	<u>(1,609,043)</u>	<u>(1,303,476)</u>

11.DEVELOPMENT PROPERTIES

	Group	
	<u>2003</u>	<u>2002</u>
	RM	RM
11.1 Held for housing development		
Cost		
- Leasehold land	2,276,850	2,276,850
- Development expenditure	12,703,355	9,597,319
	<u>14,980,205</u>	<u>11,874,169</u>
Proportion of estimated (losses) accrued on the percentage of completion method	(3,896,577)	(3,646,417)
	<u>11,083,628</u>	<u>8,227,752</u>
Development revenue	(8,719,100)	(5,370,116)
	<u>2,364,528</u>	<u>2,857,636</u>
Less:		
Allowance for foreseeable losses	(1,586,528)	-
	<u>778,000</u>	<u>2,857,636</u>
Net book value		

NOTES TO THE FINANCIAL STATEMENTS cont'd

	2003	Group
	RM	2002
	RM	RM
11.2 Held for sale as vacant industrial lands		
Cost		
- Long leasehold lands	15,670,903	15,670,903
- Development expenditure	4,932,592	4,867,136
	<hr/>	<hr/>
	20,603,495	20,538,039
Proportion of estimated losses accrued on the percentage of completion method	(1,785,232)	(1,785,232)
	<hr/>	<hr/>
	18,818,263	18,752,807
Development revenue	(3,058,511)	(3,058,511)
	<hr/>	<hr/>
	15,759,752	15,694,296
Less:		
Allowance for foreseeable losses	(8,314,157)	(8,314,157)
	<hr/>	<hr/>
Net book value	7,445,595	7,380,139
	<hr/>	<hr/>
Total	8,223,595	10,237,775
	<hr/>	<hr/>

The vacant industrial lands under the development properties are under legal charges to the bankers for term loan and other banking facilities (Note 21 and 38.1).

	2003	Group
	RM	2002
	RM	RM
11.3 Statutory disclosure items		
Included under the development expenditure are the statutory disclosure items below incurred during the financial year		
Staff costs		
- Salaries and others	165,726	168,720
- Employees Provident Fund	19,541	19,391
	<hr/>	<hr/>
	185,267	188,111
	<hr/>	<hr/>
Rental of office	14,400	14,400
Allowance for foreseeable losses	1,586,528	7,835,945
Rental warranty guarantee	119,656	83,389
Interest charges on borrowings		
- Bank overdraft	-	86
- Late delivery	998,681	230
- Late payment	-	(456)
- Term loans	-	238,927
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS cont'd

12. INVENTORIES

	Group	
	<u>2003</u> RM	<u>2002</u> RM
Stated at cost		
Held for		
- Manufacture		
Raw materials	9,352,653	11,068,683
Packing materials	293,158	304,940
Tools, dies and jigs	10,803,446	9,665,131
Work-in-progress	2,528,037	2,120,683
	<hr/>	<hr/>
	22,977,294	23,159,437
- Maintenance		
Tools and supplies	272,486	317,345
- Sale		
Finished products	8,495,654	8,423,486
	<hr/>	<hr/>
	31,745,434	31,900,268
	<hr/>	<hr/>

13. SUBSIDIARIES

13.1 General information and investments

<u>Name</u>	<u>Equity interest held</u>		<u>Principal activities</u>
	<u>2003</u> %	<u>2002</u> %	
Subsidiaries of the Company			
Belton Sdn. Berhad	100	100	Manufacturing of motor vehicle suspension components and related parts
Belton Springs Sdn. Bhd.	100	100	Manufacturing of laminated leaf springs
Belton Auto Parts Sdn. Bhd.	100	100	The principal activity was the manufacturing of shock absorbers. It has temporarily suspended its operations since December 1999. It has not commenced any other business operations since then.
Belton Properties Sdn. Bhd.	100	100	Property investment and development
Belton Pins Industries Sdn. Bhd.	100	100	Manufacturing of automotive pins

NOTES TO THE FINANCIAL STATEMENTS cont'd

<u>Name</u>	<u>Equity interest held</u>		<u>Principal activities</u>
	<u>2003</u>	<u>2002</u>	
	%	%	
Belton-Oriental Heat Treatment Sdn. Bhd.	60	60	Provision of heat treatment services
Belton Axle Components Sdn. Bhd.	100	100	Manufacturing of automotive brake drums and hubs.
Belton HWC Industries Sdn. Bhd.	70	70	The principal activity was the manufacturing of automotive wheel hub components. It changed its principal activities to those of manufacturing of automotive hub bolts and provision of heat treatment services.
Belton-Dorbyl Automotive Products Sdn. Bhd.	60	60	The principal activity was the manufacturing of automotive propeller shafts. It ceased operations since December 1998.
Belton Fasteners Sdn. Bhd.	100	100	Manufacturing of specialty fasteners for the automotive, agriculture, mining and oil and gas industries
Belton Precision Machining Sdn. Bhd.	100	100	Provision of machining services
Belton Electronics Sdn. Bhd. ("B-Elec") *	100	100	Assembly of telecommunication electrical and electronics products
Belton Marketing Sdn. Bhd.	100	100	Trading in automotive and industrial spare parts and consumables and provision of logistic services (transport and warehousing)
Belton Tools Sdn. Bhd.	100	100	Manufacturing of tool kits for automotive and industrial applications

NOTES TO THE FINANCIAL STATEMENTS cont'd

<u>Name</u>	<u>Equity interest held</u>		<u>Principal activities</u>
	<u>2003</u> %	<u>2002</u> %	
Subsidiaries of Belton Properties Sdn. Bhd.			
Syarikat Gunung Churau Sdn. Bhd. ("G-Churau") *	100	100	Property development
Aesthetic Development Sdn. Bhd.	65	65	Pre-operating - Property development
Subsidiary of Aesthetic Development Sdn. Bhd.			
Pleasant Venture Sdn. Bhd.	100	100	Pre-operating - Property development
Former subsidiaries of Company			
Belton dotCom Sdn. Bhd. ("B-dotCom") +	-	100	Pre-operating - Design, develop and manage the automotive parts and accessories, web portal and related electronic commerce website on the Internet
Belton Steering Components Sdn. Bhd. ("B-Steer") +	-	100	Assembly of automotive steering components
Belton Engineering Sdn. Bhd. ("B-Eng") +	-	100	Manufacturing of tool and dies, design and fabrication of machinery and servicing
Belton Overseas Corporation Sdn. Bhd. ("B-Overseas") +	-	100	Investment holdings

All the subsidiaries were incorporated in Malaysia.

+ The Group has on 22 January 2003 disposed of these subsidiaries for cash consideration of RM2 each.

* Subsequent to the financial year end, the Group has on 31 March 2004 disposed of the following subsidiaries for cash consideration as disclosed below:

<u>Subsidiaries</u>	Consideration RM
B-Elec	2
G-Churau	2
	<hr/>
	4
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS cont'd

13.2 Investments

	Company	
	<u>2003</u>	<u>2002</u>
	RM	RM
Unquoted shares, at cost		
As at beginning of financial year	43,063,187	41,563,189
Additions from share issues during the financial year	5,000,000	1,500,000
Acquisition of subsidiary	-	3
Disposals of subsidiaries	(1,500,002)	(5)
As at end of financial year	46,563,185	43,063,187
Allowance for diminution in value		
As at beginning of financial year	27,552,177	-
Charge for the financial year	3,810,998	27,552,177
Disposals of subsidiaries	(999,999)	-
As at end of financial year	30,363,176	27,552,177
Net book value		
As at end of financial year	16,200,009	15,511,010

A reasonable estimate of the fair values of the investments in unquoted shares could not be made owing to absence of market prices. They are stated at cost subject to review for diminution in value.

13.3 Adverse financial position

As at end of financial year 31 December	Deficit in working capital		Deficit in shareholders' equity	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	RM	RM	RM	RM
Belton Sdn. Berhad.	(3,999,519)	(5,539,122)	-	-
Belton Properties Sdn. Bhd.	(17,844,347)	(15,804,937)	(17,838,791)	(15,797,955)
Aesthetic Development Sdn. Bhd.	(11,892,773)	(8,780,915)	(11,883,265)	(8,770,008)
Belton Marketing Sdn. Bhd.	(11,494,602)	(6,751,543)	(8,212,971)	(3,391,774)
Belton Auto Parts Sdn. Bhd.	(4,611,424)	(4,034,018)	(4,122,911)	(3,525,804)
Pleasant Venture Sdn. Bhd.	(2,167,203)	(2,164,404)	(2,167,203)	(2,146,404)
Belton Pins Industries Sdn. Bhd.	(7,440,983)	(1,040,562)	(5,386,352)	(760,601)
Belton-Dorbyl Automotive Products Sdn. Bhd.	(1,055,886)	(942,192)	(1,055,886)	(942,192)
Belton Springs Sdn. Bhd.	(14,605,545)	(10,186,525)	(2,805,364)	-
Belton-Oriental Heat Treatment Sdn. Bhd.	(1,181,747)	(1,039,662)	-	-
Belton Axle Components Sdn. Bhd.	-	(5,475,309)	-	-
Belton HWC Industries Sdn. Bhd.	(1,217,645)	(1,496,891)	-	-
Belton Fasteners Sdn. Bhd.	(7,955,421)	(6,664,980)	-	-
Belton Precision Machining Sdn. Bhd.	(3,307,725)	(3,269,599)	-	-
Belton Electronics Sdn. Bhd.	(249,317)	-	(241,697)	-
Belton Tools Sdn. Bhd.	(5,144,281)	(1,264,837)	(2,995,795)	-
Syarikat Gunung Churau Sdn. Bhd.	(16,374)	(15,328)	(16,374)	(15,328)

NOTES TO THE FINANCIAL STATEMENTS cont'd

The audit reports for these subsidiaries drew attention to their adverse financial position and the comments below for the financial year ended 31 December 2003.

As the financial statements were prepared on the basis that these subsidiaries were going concerns, the validity of the basis was dependent on :

- (a) the continued financial support from the Company;
- (b) the subsidiaries returning to/attaining profitable operations; and
- (c) the successful completion of the Sale and Leaseback Agreements as mentioned in Note 38 to the financial statements

to meet their liabilities as and when they fall due.

13.4 Inter-company accounts/ transactions

13.4.1 Accounts outstanding

The amounts owing by/(to) subsidiaries below are unsecured, interest free and with no fixed repayment terms.

	Company	
	2003	2002
	RM	RM
Owing by subsidiaries		
- Gross receivables		
Loans and advances	47,783,108	53,613,400
- Accumulated allowance for doubtful debts		
Charge for the financial year/ as at end of financial year	(32,754,538)	-
- Net receivables	15,028,570	53,613,400
Owing (to) subsidiaries		
Loans and advances	(4,210,694)	(5,075,172)

It is not practical to estimate without incurring excessive costs the fair values of the amounts owing due to lack of repayment term. The Company does not anticipate that the carrying amounts as recorded in the balance sheet are to be significantly different from the values that eventually be settled or received.

13.4.2 Transactions

	Company	
	2003	2002
	RM	RM
Revenue transactions with subsidiaries:		
Management fee	288,000	288,000

The above transactions were, in the opinion of the directors, made in the ordinary course of business at commercial rates and terms agreed between the parties concerned.

14. RELATED PARTIES, TRANSACTIONS AND ACCOUNTS

14.1 General Information

The related parties and their relationships with the Group are as follows:

- Companies in which two directors of the Company, Leong Kim Hoe @ Leong Kim Woh and Leong Kim Foo, and their connected persons have or are deemed to have controlling interests:

Kenford Holdings Sdn. Bhd. ("KHSB")

- Subsidiaries of KHSB
- Austraco Sdn. Bhd.
- First Beautiful Land Sdn. Bhd.
- Malaysia Metal Industries Sdn. Bhd.
- PPI Holdings Sdn. Bhd.
- PPI Insurance Agencies Sdn. Bhd.
- Top Steel Industries Sdn. Bhd.
- Top Steel Marketing Sdn. Bhd.

- Companies in which a director of the Company, Leong Kim Hoe @ Leong Kim Woh, and a connected person of the directors, Leong Kim Hoe @ Leong Kim Woh and Leong Kim Foo have or are deemed to have controlling interests:

PPI (Singapore) Pte. Ltd. ("PPISPL")

PPI (Malaysia) Sdn. Bhd. ("PPI (M)")

- Subsidiaries of PPI (M)
- MH Engineering Sdn. Bhd.
- Tractor Components Industries Sdn. Bhd.
- Yu Hua Industries Sdn. Bhd.

- Company in which a director of the Company, Leong Kim Foo and a connected person of the directors of the Company, Leong Kim Hoe @ Leong Kim Woh and Leong Kim Foo, have substantial equity interests:

Automotive Bearing Industries Sdn. Bhd.

- Company in which a shareholder of a subsidiary, Belton-Oriental Heat Treatment Sdn. Bhd. has substantial equity interest:

Oriental Engineering Co. Ltd. ("OECL")

- Companies in which connected persons of two directors of the Company, Leong Kim Hoe @ Leong Kim Woh and Leong Kim Foo, have or are deemed to have substantial equity interests:

Autosource Holdings Sdn. Bhd.

German Auto Electric Sdn. Bhd.

Lintrex (Malaysia) Sdn. Bhd.

Liskirin Distribution Sdn. Bhd.

Teck Huat (Malaysia) Sdn. Bhd.

All the companies mentioned were incorporated in Malaysia except for PPISPL and OECL which were incorporated in Singapore and Japan respectively.

NOTES TO THE FINANCIAL STATEMENTS cont'd

14.2 Transactions

Revenue/ (expense) transactions with these companies:

	Group	
	<u>2003</u>	<u>2002</u>
	RM	RM
Sales		
- Austraco Sdn. Bhd.	91,643	378,764
- MH Engineering Sdn. Bhd.	-	37,280
- Malaysia Metal Industries Sdn. Bhd.	97,185	808,096
- PPI (Malaysia) Sdn. Bhd.	906	3,881,568
- PPI (Singapore) Pte. Ltd.	1,436,743	1,437,831
- Teck Huat (Malaysia) Sdn. Bhd.	170,744	-
- Top Steel Industries Sdn. Bhd.	164,437	200,022
- Top Steel Marketing Sdn. Bhd.	150,396	-
- Tractor Components Industries Sdn. Bhd.	90,284	421,688
Progress billings from property development		
- Austraco Sdn. Bhd.	-	946,000
- Kenford Holdings Sdn. Bhd.	-	(946,000)
- Malaysia Metal Industries Sdn. Bhd.	136,000	510,000
- PPI (Malaysia) Sdn. Bhd.	-	(1,204,000)
Purchases		
- Austraco Sdn. Bhd.	(1,762,534)	(1,352,565)
- German Auto Electric Sdn. Bhd.	(55,000)	-
- Malaysia Metal Industries Sdn. Bhd.	(211,487)	(653,667)
- PPI (Malaysia) Sdn. Bhd.	-	(23,195)
- Teck Huat (Malaysia) Sdn. Bhd.	(34,378)	-
- Top Steel Industries Sdn. Bhd.	(8,522,396)	(6,141,840)
- Oriental Engineering Co. Ltd.	(43,698)	-
Machining charges		
- Malaysia Metal Industries Sdn. Bhd.	(4,734)	(6,698)
Insurance commission		
- PPI Insurance Agencies Sdn. Bhd.	-	(6,190)
Tools, dies and consumables		
- Austraco Sdn. Bhd.	(2,039)	(2,416)
- Malaysia Metal Industries Sdn. Bhd.	-	(1,435)
- Top Steel Industries Sdn. Bhd.	-	(26,741)
Purchase of equipment, motor vehicle and machinery		
- Austraco Sdn. Bhd.	-	(6,767)
- Tractor Components Industries Sdn. Bhd.	-	(77,355)
- Top Steel Industries Sdn. Bhd.	-	(448)
- Oriental Engineering Co. Ltd.	(59,881)	-

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Group
	2003
	2002
	RM
	RM
Upkeep of machinery and office equipment	
- Austraco Sdn. Bhd.	(1,060)
- Tractor Components Industries Sdn. Bhd.	(6,300)
- Oriental Engineering Co. Ltd.	(56,008)
Upkeep of factory and office	
- Austraco Sdn. Bhd.	(24,184)
- Automotive Bearing Industries Sdn. Bhd.	(1,890)
Rental	
- Automotive Bearing Industries Sdn. Bhd.	(240,000)
- Malaysia Metal Industries Sdn. Bhd.	(14,400)
- PPI Holdings Sdn. Bhd.	(100,000)

The above transactions were, in the opinion of the directors, made in the ordinary course of business at commercial rates and terms agreed between the parties concerned.

14.3 Accounts outstanding

	Group
	2003
	2002
	RM
	RM
Included under:	
Trade receivables	
- Austraco Sdn. Bhd.	44,005
- Malaysia Metal Industries Sdn. Bhd.	476,057
- MH Engineering Sdn. Bhd.	199,073
- PPI (Malaysia) Sdn. Bhd.	11,651,517
- PPI (Singapore) Pte. Ltd.	663,933
- Teck Huat (Malaysia) Sdn. Bhd.	79,791
- Top Steel Industries Sdn. Bhd.	53,718
- Top Steel Marketing Sdn. Bhd.	-
- Tractor Components Industries Sdn. Bhd.	1,489,494
Note 15	868,292
Other receivables	
- Autosource Holdings Sdn. Bhd.	1,350
- PPI (Malaysia) Sdn. Bhd.	164,983
Note 16	166,333

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Group	
	<u>2003</u>	<u>2002</u>
	RM	RM
Trade payables		
- Austraco Sdn. Bhd.	(978,196)	(452,378)
- German Auto Electric Sdn. Bhd.	-	(44,520)
- Malaysia Metal Industries Sdn. Bhd.	-	(321,505)
- PPI (Malaysia) Sdn. Bhd.	(41,501)	(42,406)
- Teck Huat (Malaysia) Sdn. Bhd.	-	(22,687)
- Top Steel Industries Sdn. Bhd.	(2,130,380)	(234,853)
	<hr/>	<hr/>
Note 19	(3,150,077)	(1,118,349)
	<hr/>	<hr/>
Other payables		
- Austraco Sdn. Bhd.	(5,044)	(4,000)
- Automotive Bearing Industries Sdn. Bhd.	(267,703)	(34,813)
- Autosource Holdings Sdn. Bhd.	(31,217)	(63,861)
- First Beautiful Land Sdn. Bhd.	(260,000)	(85,930)
- Lintrex (Malaysia) Sdn. Bhd.	(42,436)	(38,736)
- Liskirin Distributions Sdn. Bhd.	-	(22,461)
- Oriental Engineering Co. Ltd.	(59,881)	(26,496)
- PPI (Malaysia) Sdn. Bhd.	(967)	-
- PPI Holdings Sdn. Bhd.	(80,000)	(65,000)
- PPI (Singapore) Pte. Ltd.	(29,999)	-
- PPI Insurance Agencies Sdn. Bhd.	(15)	(30)
- Yu Hua Industries Sdn. Bhd.	-	(37,622)
	<hr/>	<hr/>
Note 20	(777,262)	(378,949)
	<hr/>	<hr/>

	Company	
	<u>2003</u>	<u>2002</u>
	RM	RM
Other payables		
- Austraco Sdn. Bhd.	(1,044)	-
- Autosource Holdings Sdn. Bhd.	(31,217)	(63,861)
	<hr/>	<hr/>
Note 20	(32,261)	(63,861)
	<hr/>	<hr/>

The amounts owing are unsecured, interest free and with no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS cont'd

15. TRADE RECEIVABLES

	Group	
	<u>2003</u> RM	<u>2002</u> RM
Gross receivables		
Trade debts owing by related parties (Note 14.3)	868,292	14,657,588
Other trade receivables	21,961,485	15,233,379
	<u>22,829,777</u>	<u>29,890,967</u>
Accumulated doubtful debts		
As at beginning of financial year	1,504,294	1,168,520
Charge for the financial year	68,977	530,014
Amount written back as no longer required	(436,141)	(173,280)
Amount written off as bad debts	(13,924)	-
Disposal of subsidiary	-	(20,960)
	<u>1,123,206</u>	<u>1,504,294</u>
As at end of financial year		
Net receivables	<u>21,706,571</u>	<u>28,386,673</u>
The amount of gross receivables is stated after:		
Bad debts written off	(64,549)	(49,827)
Bad debts recovered	3,150	-
	<u></u>	<u></u>

16. OTHER RECEIVABLES, UTILITY DEPOSITS AND PREPAYMENTS

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Non-trade debts owing by related parties (Note 14.3)	-	166,333	-	-
Utility deposits	249,449	194,345	5,805	5,805
Prepayments	554,961	97,702	5,450	9,804
Other receivables	606,370	627,908	-	-
	<u>1,410,780</u>	<u>1,086,288</u>	<u>11,255</u>	<u>15,609</u>
The amount of other receivables is stated after writing off:				
Bad debts	-	2,235	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS cont'd

17. TAXATION

17.1 Group

	Tax expense/(income) for financial year			
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	RM	RM	RM	RM
Income tax				
Current				
As at beginning of financial year			(487,536)	(432,784)
Payment			(1,313)	(141,422)
Refund			12,306	6,353
			(476,543)	(567,853)
Tax expense				
- For current financial year				
- Foreign	-	6,398	-	6,398
- Malaysia	2,100	-	2,100	-
- Under-provision in prior financial years				
- Malaysia	25,716	2,650	25,716	2,650
Disposal of subsidiary				
- Foreign			-	71,269
As at end of financial year*			(448,727)	(487,536)
	27,816	9,048		
Deferred				
Transfer (from)/to deferred tax (assets)/liabilities (Note 10)				
- For the current financial year				
Based on income	(484,857)	(7,022,261)		
Based on revaluation surplus	(1,427)	(1,427)		
	(486,284)	(7,023,688)		
- (Over)/Under-provision in the previous financial year	(67,803)	11,691		
	(554,087)	(7,011,997)		
Total	(526,271)	(7,002,949)		

* Presented in the group balance sheet as below:

Tax assets	(449,827)	(487,536)
Tax liabilities	1,100	-
	(448,727)	(487,536)

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Tax expense/(income) for financial year			
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
17.2 Company				
Current Income tax				
As at beginning of financial year			(399,551)	(370,358)
Payment			-	(29,193)
			(399,551)	(399,551)
Tax expense				
- Under-provision in the previous financial year	6,551	-	6,551	-
As at end of financial year			(393,000)	(399,551)
Deferred				
Transfer (from) deferred tax (assets)/liabilities (Note 10)				
Based on income				
- For the current financial year	(289,106)	(478,987)		
- (Over)-provision in the previous financial year	(16,461)	-		
	(305,567)	(478,987)		
Total	(299,016)	(478,987)		
17.3 Components of tax (income)/ expense				
	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Current income tax expense	2,100	6,398	-	-
Deferred tax relating to origination and reversal of temporary differences	(486,284)	(7,023,688)	(289,106)	(478,987)
Note 17.4	(484,184)	(7,017,290)	(289,106)	(478,987)
(Over)/Under-provision in the previous financial year	(42,087)	14,341	(9,910)	-
Total tax (income)	(526,271)	(7,002,949)	(299,016)	(478,987)

NOTES TO THE FINANCIAL STATEMENTS cont'd

17.4 Relationship between the accounting (loss) and tax (income)

Group		<u>2003</u> RM	<u>2002</u> RM
Accounting (loss) before taxation	(a)	(13,033,749)	(40,160,295)
Malaysian tax (income) at the current statutory rate of 28% (2002: 28%)		(3,649,450)	(11,137,072)
Foreign tax (income) at the current statutory rate of: Nil (2002: 34%)		-	(130,913)
Tax effects of expenses/ (income) that are not deductible/ (double deductible/ taxable) in determining tax (income):			
Allowance for foreseeable losses on development properties		444,228	1,898,473
Allowance for doubtful intragroup non-trade debts		(232,837)	-
Amortisation of goodwill on consolidation		219,185	35,467
Debts waived by bankers		(364,227)	-
Capital work-in-progress written off		-	12,055
Depreciation of non-qualifying assets		42,796	47,480
Interest restricted		229,653	116,805
(Profit)/Loss on disposal of subsidiaries		(2)	5,792
Marine insurance		(7,148)	(4,416)
Non-operating expenses		312,789	286,929
Non-qualifying assets written off		-	11,855
Office and general expenses		189	54,226
Penalty		11,974	21,203
Professional fee		16,713	80,842
Printing and stationery		33,845	-
Profit on disposal of non-qualifying assets		(4,248)	(2,310)
Unrealised (gain)/loss on intragroup transactions		(37,040)	11,383
Unrealised loss on foreign exchange		-	136,095
Others		37,796	18,757
		(2,945,784)	(8,537,349)
Deferred tax assets not provided for on tax losses as it is not probable that future taxable profit will be available against which they can be utilised		2,461,600	1,520,059
Tax (income) for the current financial year	(b)	(484,184)	(7,017,290)

NOTES TO THE FINANCIAL STATEMENTS cont'd

		<u>2003</u> %	<u>2002</u> %
Average effective tax rate on accounting (loss)	(b)/(a)	4	17
Company		RM	RM
Accounting (loss) before taxation	(c)	(37,623,862)	(32,461,797)
Malaysian tax (income) at the current statutory rate of 28% (2002: 28%)		(10,534,681)	(9,089,303)
Tax effect of expenses that are not deductible in determining tax (income):			
Allowance for diminution in value of subsidiaries		1,067,079	7,714,610
Allowance for doubtful non-trade debts owing by subsidiaries		9,171,271	-
Depreciation of non-qualifying assets		20,440	20,440
Interest restricted		13,041	13,390
Profit on disposal of subsidiaries		(77,064)	-
Non-trade debts owing by subsidiaries written off		-	737,063
Printing and stationery		33,845	-
Office and general expense		189	54,226
Professional fee		13,059	70,587
Others		3,715	-
Tax (income) for the current financial year	(d)	(289,106)	(478,987)
		%	%
Average effective tax rate on accounting (loss)	(d)/(c)	1	1

17.5 Tax losses

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Unabsorbed tax losses and capital allowances, subject to agreement by the Director-General of Inland Revenue Board and compliance with certain provisions of the Income Tax Act 1967, are estimated to be approximately	103,958,600	98,844,350	6,178,000	5,180,000

NOTES TO THE FINANCIAL STATEMENTS cont'd

18. TERM DEPOSITS WITH LICENSED BANK

18.1 Group

Placed with Malaysian licensed bank

	Group <u>2003</u> RM	<u>2002</u> RM
As at beginning of financial year	91,509	99,714
Additions with maturity dates falling		
- After the financial year	12,100	40,495
Withdrawal	(8,500)	(48,700)
	<hr/> 95,109	<hr/> 91,509
	%	%
Rate of interest income per annum	3.40	2.80 - 3.40

18.2 Company

Placed with Malaysian licensed bank

	Company <u>2003</u> RM	<u>2002</u> RM
As at beginning of financial year	-	48,700
Withdrawal	-	(48,700)
	<hr/> -	<hr/> -
	%	%
Rate of interest income per annum	-	2.80

The above term deposits are held as securities for bankers' guarantees.

19. TRADE PAYABLES

	Group <u>2003</u> RM	<u>2002</u> RM
Trade debts owing to related parties (Note 14.3)	3,150,077	1,118,349
Amounts due to contractors	72,366	159,421
Other trade payables	8,279,979	8,234,722
	<hr/> 11,502,422	<hr/> 9,512,492

NOTES TO THE FINANCIAL STATEMENTS cont'd

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Non-trade debts owing to related parties (Note 14.3)	777,262	378,949	32,261	63,861
Amount owing to shareholder of a subsidiary	1,119,233	1,119,233	-	-
Accruals	1,362,490	1,585,538	216,148	242,781
Deposits from tenants refundable	9,800	13,800	-	-
Insurance claimed	-	753,967	-	-
Interest accrued	4,335,478	1,714,294	673,155	478,975
Other payables	4,702,468	2,469,299	486,438	367,380
	<u>12,306,731</u>	<u>8,035,080</u>	<u>1,408,002</u>	<u>1,152,997</u>

The amount owing to shareholder is unsecured, interest free and with no fixed repayment term.

21. INTEREST-BEARING BORROWINGS

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
21.1 Amounts owing to bankers				
Secured				
Bank overdrafts	4,101,778	3,753,998	-	-
Bankers' acceptances	7,976,307	7,257,405	-	-
Trust receipts	648,079	955,373	-	-
Term loans				
Due and repayable				
- Within next twelve (12) months	7,443,595	6,891,206	-	-
	<u>20,169,759</u>	<u>18,857,982</u>	<u>-</u>	<u>-</u>
Unsecured				
Bank overdrafts	11,399,342	13,749,047	469,183	490,925
Bankers' acceptances	13,663,119	18,929,944	-	-
Trust receipts	2,261,568	2,057,966	-	-
Revolving credits	2,920,000	2,920,000	2,920,000	2,920,000
Term loans				
Due and repayable				
- Within next twelve (12) months	25,169,887	19,253,804	-	-
- After next twelve (12) months but not later than five (5) years	-	3,894,204	-	-
- Later than five (5) years	-	440,845	-	-
	<u>55,413,916</u>	<u>61,245,810</u>	<u>3,389,183</u>	<u>3,410,925</u>
	<u>75,583,675</u>	<u>80,103,792</u>	<u>3,389,183</u>	<u>3,410,925</u>

NOTES TO THE FINANCIAL STATEMENTS cont'd

	%	%	%	%
Rates of interest charge per annum:				
- Bank overdrafts	7.00 - 8.90	7.40 - 8.90	7.00 - 8.90	8.40 - 8.90
- Term loans	7.00 - 8.90	7.40 - 8.90	-	-
- Other banking facilities	6.65 - 8.80	7.40 - 8.40	6.65	7.05 - 8.80

21.2 Securities and guarantees

The bank overdrafts, term loans and other banking facilities are:

- Secured by:
- (a) Fixed charges over the development properties of subsidiaries (Note 11.2 and 38.1);
 - (b) Legal charge over the landed property held under Lot PT 15721, Title No. PN 136956, Mukim of Sungai Siput, District of Kuala Kangsar;
 - (c) Legal charge over the landed properties held under Lot No. P.T. 160924 and 149453 HS (D) Ka 78353 and 48057, Mukim of Ulu Kinta, District of Kinta, State of Perak;
 - (d) Legal charge over the landed properties held under Lot No. P.T. 14474 and P.T. 14467, Title No. PN107035 and PN71581, Mukim of Sungai Siput, District of Kuala Kangsar;
 - (e) Legal charge over the landed property held under Lot No. P.T. 15721, Title No. PN136956, Mukim of Sungai Siput, District of Kuala Kangsar;
 - (f) Legal charge over the landed property held under Lot No. P.T. 461 HS (D) KK 1054/84, Mukim of Sungai Siput, District of Kuala Kangsar, State of Perak;
 - (g) Letter of undertaking from the Company and three (2002: three) subsidiaries, stating that they will further encumber their assets except for specific charges, debenture, hire purchase and leasing;

and

Under

- (a) Negative pledge on all the assets issued by eight (2002 : eight) subsidiaries;
- (b) Debenture on the fixed and floating assets of two (2002: two) subsidiaries both present and future assets;
- (c) Corporate guarantees of the Company for twelve (2002 : twelve) subsidiaries; and
- (d) Personal guarantee of Leong Kim Hoe @ Leong Kim Woh and Leong Kim Foo for RM23.33 (2002 : RM19.03) million.

21.3 Repayment of term loans owing to bankers

The term loans are payable under demand and all these loans have been classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS cont'd

21.4 Hire purchase creditors

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Hire purchase instalment liabilities secured over the assets to which they relate (Note 6)	179,925	379,933	-	-
Unexpired interest	(32,539)	(74,760)	-	-
	<u>147,386</u>	<u>305,173</u>	<u>-</u>	<u>-</u>
Additional payment on exercise of purchase option	-	-	-	-
Payable				
- Within next twelve (12) months	67,056	126,159	-	-
- After next twelve (12) months but not later than five (5) years	80,330	179,014	-	-
	<u>47,386</u>	<u>305,173</u>	<u>-</u>	<u>-</u>
	%	%	%	%
Rate of interest charge per annum	5.25 - 5.90	5.25 - 5.90	-	-

21.5 Term loans from Danaharta Managers Sdn. Bhd.

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Unsecured				
Due and repayable				
- Within next twelve (12) months	5,007,508	3,700,328	-	-
- After next twelve (12) months but not later than five (5) years	1,030,000	1,853,331	-	-
	<u>6,037,508</u>	<u>5,553,659</u>	<u>-</u>	<u>-</u>
	%	%	%	%
Rates of interest charge per annum				
- Term loan	8.00 - 9.40	8.00 - 9.40	-	-

NOTES TO THE FINANCIAL STATEMENTS cont'd

21.6 Repayment terms

Repayments for the term loans from Danaharta Managers Sdn. Bhd. are by way of thirty three (33) and thirty two (32) monthly instalments of RM60,000 (2002: RM60,000) and RM70,000 (2002 : RM70,000) each commencing from October 2002. However, there were no repayment made during the financial year.

21.7 Legal proceedings

As reported in the previous financial year, certain banks withdrew their facilities granted and proceeded with legal processes including auctioning the development properties (Note 11).

The directors of the Company are of the opinion that the Group will be able to settle the legal processes.

For further details, please refer to Note 38 to the financial statements.

21.8 Summary

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Current portion				
Amounts owing to bankers				
- Bank overdrafts and other banking facilities	42,970,193	49,623,733	3,389,183	3,410,925
- Term loans	32,613,482	26,145,010	-	-
Hire purchase creditors	67,056	126,159	-	-
Term loans from Danaharta Managers Sdn. Bhd.	5,007,508	3,700,328	-	-
	<u>80,658,239</u>	<u>79,595,230</u>	<u>3,389,183</u>	<u>3,410,925</u>
Non-current portion				
Amounts owing to bankers				
- Term loans	-	4,335,049	-	-
Hire purchase creditors	80,330	179,014	-	-
Term loans from Danaharta Managers Sdn. Bhd.	1,030,000	1,853,331	-	-
	<u>1,110,330</u>	<u>6,367,394</u>	<u>-</u>	<u>-</u>
Total	<u>81,768,569</u>	<u>85,962,624</u>	<u>3,389,183</u>	<u>3,410,925</u>

NOTES TO THE FINANCIAL STATEMENTS cont'd

22. MINORITY INTERESTS

	Group	
	<u>2003</u> RM	<u>2002</u> RM
Shares in subsidiaries		
As at beginning of financial year	2,250,000	2,420,660
Disposal of subsidiary	-	(170,660)
As at end of financial year	2,250,000	2,250,000
Share of profits/ (losses)		
As at beginning of financial year	(1,617,934)	(1,166,740)
Current profits net of losses	21,109	(508,636)
Disposal of subsidiary	-	57,442
As at end of financial year	(1,596,825)	(1,617,934)
Total	653,175	632,066

23. SHARE CAPITAL

	<u>2003</u> RM	<u>2002</u> RM
Ordinary shares of RM1.00 (2002: RM1.00) each		
- Authorised		
As at beginning and end of financial year		
- 500,000,000 (2002: 500,000,000) ordinary shares	500,000,000	500,000,000
Issued	85,114,827	85,114,827
Unissued	414,885,173	414,885,173
- Issued and fully paid		
As at beginning and end of financial year		
- 85,114,827 (2002: 85,114,827) ordinary shares	85,114,827	85,114,827

The number of ordinary shares having a nominal value of RM1.00 each under the authorised, issue and fully paid share capital is the same as the respective amounts stated above.

There was no movement in the authorised and issued paid-up share capital during the financial year.

There is only one class of authorised and issued shares. All these shares rank pari passu in respect of distribution of dividends, repayment of capital, voting and other rights, privileges, conditions and restrictions in accordance with the Memorandum and Articles of Association of the Company.

NOTES TO THE FINANCIAL STATEMENTS cont'd

24. RESERVES

	Group		Company	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	RM	RM	RM	RM
24.1 Non-distributable				
Share premium	9,790,549	9,790,549	9,790,549	9,790,549
Accumulated (losses)	(79,153,367)	(66,624,780)	(70,167,213)	(32,842,367)
	<u>(69,362,818)</u>	<u>(56,834,231)</u>	<u>(60,376,664)</u>	<u>(23,051,818)</u>

24.2 Distribution

	Company	
	<u>2003</u>	<u>2002</u>
	RM	RM
Dividend franking tax credits		
Tax credits available to the Company under Section 108 of the Income Tax Act, 1967 are estimated to be sufficient to frank payment of dividends out of its accumulated profits of approximately		
	<u>3,714,000</u>	<u>3,714,000</u>
Tax exempt income		
The tax exempt income available for distribution as tax exempt dividends amounts to approximately		
	<u>8,771,000</u>	<u>8,771,000</u>
Distributable accumulated profits as at end of financial year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS cont'd

25. REVENUE

Activities	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Continuing				
Sales of manufactured products	58,963,644	48,196,400	-	-
Machining and heat treatment services	1,099,531	904,942	-	-
Property development and investments				
- Revenue	3,358,329	5,569,509	-	-
- Rental income	15,600	15,600	-	-
Management fee	-	-	288,000	288,000
	63,437,104	54,686,451	288,000	288,000
Discontinued				
Sales of manufactured products	-	7,398,941	-	-
Machining and heat treatment services	-	19,680	-	-
	63,437,104	62,105,072	288,000	288,000

26. SEGMENT INFORMATION

The basis of inter-segment pricing is wholesale market prices.

Group	<u>Manufacturing</u> RM	<u>Machining and heat treatment</u> RM	<u>Property development and investment</u> RM	<u>Total</u> RM
2003				
OPERATING ACTIVITIES				
Continuing				
Activities carried out in				
- Malaysia				
External	58,963,644	1,099,531	3,373,929	63,437,104
Internal	21,158,598	364,064	-	21,522,662
	80,122,242	1,463,595	3,373,929	84,959,766
Elimination				
- Malaysia				
Internal	(21,158,598)	(364,064)	-	(21,522,662)
	58,963,644	1,099,531	3,373,929	63,437,104

NOTES TO THE FINANCIAL STATEMENTS cont'd

Group	<u>Manufacturing</u> RM	<u>Machining and heat treatment</u> RM	<u>Property development and investment</u> RM	<u>Total</u> RM
Cost of sales				(63,120,530)
Gross profit				316,574
Other operating income				26,400
				342,974
Operating expenses				(13,943,002)
(Loss) from operating activities				
- Continuing operations				
Malaysia	(10,379,190)	(22,465)	(3,198,373)	(13,600,028)
INVESTING ACTIVITIES				
- Continuing operations				
Malaysia	(78,405)	-	(656,135)	(734,540)
- Discontinued operations				
Malaysia	8	-	-	8
	(78,397)	-	(656,135)	(734,532)
FINANCING ACTIVITIES				
- Continuing operations				
Malaysia	1,300,811	-	-	1,300,811
(Loss) before taxation	(9,156,776)	(22,465)	(3,854,508)	(13,033,749)
Taxation				
- Malaysia	467,539	58,732	-	526,271
(Loss)/Profit after taxation	(8,689,237)	36,267	(3,854,508)	(12,507,478)
Minority interests	(21,109)	-	-	(21,109)
(Loss)/Profit for the financial year	(8,710,346)	36,267	(3,854,508)	(12,528,587)
Other information				
Segment assets				
- Malaysia	96,438,252	1,662,898	9,081,203	107,182,353
Segment liabilities				
- Malaysia	87,244,928	2,975,136	15,357,658	105,577,722
Capital expenditure				
- Malaysia	3,771,641	79,019	-	3,850,660

NOTES TO THE FINANCIAL STATEMENTS cont'd

	<u>Manufacturing</u> RM	<u>Machining and heat treatment</u> RM	<u>Property development and investment</u> RM	<u>Total</u> RM
Non-cash expenses/(credits)				
- Depreciation/amortisation of property, plant and equipment				
- Malaysia	4,755,531	160,455	2,825	4,918,811
- Amortisation/ impairment of goodwill on consolidation				
- Malaysia	(37,502)	-	820,306	782,804
- Bad debts written off/ recovered and allowance for doubtful debts				
- Malaysia	(367,164)	549	64,000	(302,615)
- Inventories written off				
- Malaysia	267,527	-	-	267,527
- Allowance for foreseeable losses on development properties				
- Malaysia	-	-	1,586,528	1,586,528
- Unrealised (gain) on translation of foreign receivables and payables				
- Malaysia	(1,201,328)	-	-	(1,201,328)
2002				
OPERATING ACTIVITIES				
Continuing				
Activities carried out in				
- Malaysia				
External	48,196,400	904,942	5,585,109	54,686,451
Internal	21,711,439	157,298	-	21,868,737
Discontinued				
Activities carried out in				
- Malaysia				
External	-	19,680	-	19,680
Internal	-	1,866,119	-	1,866,119
- Australia				
External	7,398,941	-	-	7,398,941
	77,306,780	2,948,039	5,585,109	85,839,928
Elimination				
- Internal				
Malaysia	(21,711,439)	(2,023,417)	-	(23,734,856)
	55,595,341	924,622	5,585,109	62,105,072
Cost of sales				(82,582,703)

NOTES TO THE FINANCIAL STATEMENTS cont'd

	<u>Manufacturing</u> RM	<u>Machining and heat treatment</u> RM	<u>Property development and investment</u> RM	<u>Total</u> RM
Gross (loss)				(20,477,631)
Other operating income				31,036
				(20,446,595)
Operating expenses				(17,097,685)
(Loss)/ Profit from operating activities				
- Continuing operations				
Malaysia	(26,314,439)	(581,347)	(9,020,745)	(35,916,531)
- Discontinued operations				
Malaysia	(18,135)	(1,660,612)	-	(1,678,747)
Australia	50,998	-	-	50,998
	(26,281,576)	(2,241,959)	(9,020,745)	(37,544,280)
INVESTING ACTIVITIES				
- Continuing operations				
Malaysia	(1,854,539)	7,200	(206,667)	(2,054,006)
- Discontinued operations				
Malaysia	(9,753)	(88,955)	-	(98,708)
Australia	(463,301)	-	-	(463,301)
	(2,327,593)	(81,755)	(206,667)	(2,616,015)
(Loss) before taxation	(28,609,169)	(2,323,714)	(9,227,412)	(40,160,295)
Taxation				
Malaysia	6,882,173	125,958	-	7,008,131
Australia	(5,182)	-	-	(5,182)
(Loss) after taxation	(21,732,178)	(2,197,756)	(9,227,412)	(33,157,346)
Minority interests	453,154	55,482	-	508,636
(Loss) for the financial year	(21,279,024)	(2,142,274)	(9,227,412)	(32,648,710)
Other information				
Segment assets				
- Malaysia	100,130,841	6,503,205	11,459,781	118,093,827
Segment liabilities				
- Malaysia	87,028,711	2,949,941	13,531,544	103,510,196
Capital expenditure				
- Malaysia	464,541	78,624	-	543,165
- Australia	141,192	-	-	141,192

NOTES TO THE FINANCIAL STATEMENTS cont'd

	<u>Manufacturing</u> RM	<u>Machining and heat treatment</u> RM	<u>Property development and investment</u> RM	<u>Total</u> RM
Non-cash expenses/(credits)				
- Depreciation/amortisation of property, plant and equipment				
- Malaysia	4,754,592	476,342	24,364	5,255,298
- Australia	74,380	-	-	74,380
- Amortisation of goodwill on consolidation				
- Malaysia	(37,502)	-	164,171	126,669
- Bad debts written off and allowance for doubtful debts				
- Malaysia	582,076	-	-	582,076
- Australia	4,926	-	-	4,926
- Bad debts written back				
- Malaysia	(172,326)	(954)	-	(173,280)
- Inventories written off				
- Malaysia	16,835,214	-	-	16,835,214
- Allowance for foreseeable losses on development properties	-	-	7,835,945	7,835,945
- Malaysia				
- Unrealised (gain) on translation of foreign receivables and payables				
- Malaysia	(164,770)	-	-	(164,770)

27. OTHER OPERATING INCOME

	<u>Group</u>		<u>Company</u>	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Statutory disclosure items :				
Interest income from				
- Term deposits	1,100	3,298	-	2,303
- Others	-	1,512	-	-
Rental income	7,500	11,000	-	-
	8,600	15,810	-	2,303
Other items of income	17,800	15,226	9,376	-
	26,400	31,036	9,376	2,303

NOTES TO THE FINANCIAL STATEMENTS cont'd

28. (LOSS) FROM OPERATING ACTIVITIES

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
The (loss) from operating activities of	(13,600,028)	(37,544,280)	(1,333,553)	(2,277,254)
has been arrived at after charging /(crediting)				
- Cost of sales and expenses/ (credits) which included the statutory disclosure items below:				
Directors' remuneration				
- Directors of the Company				
- Fees	50,400	49,200	50,400	49,200
- Emoluments	725,950	746,000	725,950	746,000
- Employees Provident Fund	82,760	84,960	82,760	84,960
- Directors of subsidiaries				
- Fees	25,000	24,000	-	-
- Emoluments	206,062	116,598	-	-
- Employees Provident Fund	18,712	11,857	-	-
	1,108,884	1,032,615	859,110	880,160
Staff costs				
- Salaries, wages and others	6,155,593	5,483,060	332,899	599,466
- Employees Provident Fund	489,177	482,775	36,354	69,971
	6,644,770	5,965,835	369,253	669,437
	7,753,654	6,998,450	1,228,363	1,549,597
Directors' remuneration				
- Former directors of the Company				
- Fees	-	28,800	-	28,800
Contract labour wages	1,567,928	1,590,340	-	-
Auditors' remuneration				
- Audit fees				
- Company	3,500	3,500	3,500	3,500
- Subsidiaries	88,500	111,728	-	-
- Other service fees	16,000	7,900	10,000	6,800
Allowance for doubtful debts				
- Charge for the financial year	68,977	530,014	-	-
- Amount no longer required	(436,141)	(173,280)	-	-
Bad debts written off				
- Trade debts				
- Subsidiaries disposed of	-	4,926	-	-
- Others	64,549	49,827	-	-
- Non-trade debts	-	2,235	-	-

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Bad debts recovered	(3,150)	-	-	-
Depreciation and amortisation of properties, plant and equipment	4,918,811	5,329,678	196,860	209,272
Inventories written off	267,527	16,835,214	-	-
Amortisation of goodwill	126,669	126,669	-	-
Rental	406,540	464,839	-	4,620
(Gain) on translation of foreign receivables and payables				
- Realised	(743,818)	(246,145)	-	-
- Unrealised	(1,201,328)	(164,770)	-	-
Interest charges on borrowings				
- Term loans	2,796,849	2,667,584	-	-
- Bank overdrafts	1,166,334	1,315,600	46,574	47,822
- Hire purchase	34,877	69,740	-	-
- Late payment and overdue accounts	565,436	452,548	-	-
- Term loans from Danaharta Managers Sdn. Bhd.	435,322	186,344	-	-
- Other banking facilities	1,598,106	2,155,649	-	-
	<u>6,596,924</u>	<u>6,847,465</u>	<u>46,574</u>	<u>47,822</u>

29. INVESTING ACTIVITIES

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Allowance for diminution in value of subsidiaries	-	-	(3,810,998)	(27,552,177)
Profit/(loss) on disposal of subsidiaries	8	(20,686)	275,227	-
Loss on translation of foreign entity	-	(450,453)	-	-
Capital work-in-progress written off	-	(43,057)	-	-
Impairment loss of plant and equipment	-	(1,755,258)	-	-
Impairment loss of goodwill on consolidation	(656,135)	-	-	-
Profit on disposal of plant, equipment and fittings	70,415	16,511	-	-
Plant, equipment and fittings written off	(148,820)	(363,072)	-	-
	<u>(734,532)</u>	<u>(2,616,015)</u>	<u>(3,535,771)</u>	<u>(27,552,177)</u>

NOTES TO THE FINANCIAL STATEMENTS cont'd

30. FINANCING ACTIVITIES

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Non-trade debts owing by subsidiaries written off	-	-	-	(2,632,366)
Allowance for doubtful non-trade debts owing by subsidiaries	-	-	(32,754,538)	-
Debts waived by banker	1,300,811	-	-	-
	<u>1,300,811</u>	<u>-</u>	<u>(32,754,538)</u>	<u>(2,632,366)</u>

31. EARNINGS

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Basic (Loss) for the financial year (a)	(12,528,587)	(32,648,710)	(37,324,846)	(31,982,810)
Number of ordinary shares in issue (b)	<u>No.</u> 85,114,827	<u>No.</u> 85,114,827	<u>No.</u> 85,114,827	<u>No.</u> 85,114,827
(Loss) per RM1.00 (2002: RM1.00) ordinary share (a)/(b)	<u>Sen</u> (14.72)	<u>Sen</u> (38.36)	<u>Sen</u> (43.85)	<u>Sen</u> (37.58)

32. ANALYSIS OF DISPOSAL OF SUBSIDIARIES

During the financial year, the Company has disposed of four (2002: four) subsidiaries at a total consideration of RM8 (2002: RM313,670).

For further details, refer Note 13.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS cont'd

32.1 Effect of disposals on group financial performance

The effect of the disposals on the financial performance of the Group during the financial year is shown below:

	Group	
	<u>2003</u>	<u>2002</u>
	RM	RM
Sales	-	7,398,941
Cost of sales	-	(5,300,861)
Gross profit	-	2,098,080
Other operating income	-	2,428
Expenses	-	2,100,508
Selling and distribution	-	(387,910)
Administration	-	(1,562,879)
Finance	-	(19,166)
Profit from operating activities before interest charges	-	130,553
Interest charges on borrowings	-	(83,913)
Profit from operating activities	-	46,640
Investing profit/(loss)	8	(456,722)
Profit/(Loss) before taxation	8	(410,082)
Taxation	-	(5,182)
Profit/(Loss) after taxation	8	(415,264)
Minority interests	-	97,555
Profit/(Loss) for the financial year	8	(317,709)

32.2 Effect of disposal on group financial position

The effect of the disposals on the group financial position at the end of financial year is as follows:

	Group	
	<u>2003</u>	<u>2002</u>
	RM	RM
Net assets disposed:		
Property, plant and equipment	-	955,921
Deferred tax assets	-	10,787
Cash in hand and at bank	-	4,598
Other current assets	-	6,946,036
Bank overdraft	-	(296,098)
Other liabilities	-	(7,173,673)
Minority interests	-	(113,218)
	-	334,353

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Group	
	<u>2003</u>	<u>2002</u>
	RM	RM
Profit/(Loss) on disposal	8	(20,686)
Disposal of shares in Auto Parts Consortium (M) Sdn. Bhd. (Note 33)	-	3
Total disposal price	8	313,670
Bank overdraft net of cash in hand disposed of	-	291,500
	8	605,170
Consideration discharged:		
Cash received	8	313,670
Bank overdraft net of cash in hand disposed of	-	291,500
	8	605,170

33. ACQUISITION OF SUBSIDIARY

In the previous financial year, the Company acquired a subsidiary, Auto Parts Consortium (M) Sdn. Bhd., at a total consideration of RM3 (2003: Nil) and disposed of during that financial year at the same price.

34. CASH FROM/ (USED IN) OPERATING ACTIVITIES

	Group		Company	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	RM	RM	RM	RM
(Loss) from operating activities	(13,600,028)	(37,544,280)	(1,333,553)	(2,277,254)
Adjustments for :				
Depreciation and amortisation of properties, plant and equipment	4,918,811	5,329,678	196,860	209,272
Allowance for foreseeable losses of development properties	1,586,528	7,835,945	-	-
Inventories written off	267,527	16,835,214	-	-
Amortisation of goodwill	126,669	126,669	-	-
Allowance for doubtful debts				
- Charge for the financial year	68,977	530,014	-	-
- Amount no longer required	(436,141)	(173,280)	-	-
Bad debts written off				
- Trade debts				
- Subsidiaries disposed of	-	4,926	-	-
- Others	64,549	49,827	-	-
- Non-trade debts	-	2,235	-	-
Bad debts recovered	(3,150)	-	-	-
Transfer to expense accounts	263	8,472	-	-
Interest charges on borrowings	6,596,924	6,847,465	46,574	47,822
Interest income	(1,100)	(4,810)	-	(2,303)

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Group		Company	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	RM	RM	RM	RM
Unrealised (gain) on translation of foreign receivables and payables	(1,201,328)	(164,770)	-	-
Operating (loss) before working capital changes	(1,611,499)	(316,695)	(1,090,119)	(2,022,463)
Changes in working capital:				
Development properties	1,377,735	3,455,399	-	-
Inventories	(112,693)	(558,384)	-	-
Trade and other receivables	7,899,181	(4,580,669)	4,354	722,389
Trade and other payables	3,689,170	7,416,074	60,825	170,895
Amounts owing to bankers	(3,819,777)	(2,682,733)	-	-
Revenue receipts net of expense payments from revenue-producing transactions	7,422,117	2,732,992	(1,024,940)	(1,129,179)
Interest received	1,100	4,810	-	2,303
Cash generated/(used) before interest charges	7,423,217	2,737,802	(1,024,940)	(1,126,876)
Interest charges on borrowings paid	(1,877,062)	(2,434,183)	(46,574)	(47,822)
Cash from/(used in) operating activities	5,546,155	303,619	(1,071,514)	(1,174,698)

35. CASH AND CASH EQUIVALENTS

	Balance as at end of financial year		Net (decrease)/increase in the financial year	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	RM	RM	RM	RM
Group				
Cash in hand and at Malaysian licensed banks	558,289	942,672	(384,383)	486,448
Bank overdrafts	(15,501,120)	(17,503,045)	2,001,925	(1,839,369)
	(14,942,831)	(16,560,373)	1,617,542	(1,352,921)
Unrealised gain on translation of foreign entity	-	-	-	450,453
Overdrafts waived by bankers	-	-	(426,757)	-
	(14,942,831)	(16,560,373)	1,190,785	(902,468)

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Balance as at end of financial year		Net (decrease)/increase in the financial year	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Company				
Cash in hand and at Malaysian licensed banks	6,515	180,916	(174,401)	171,372
Bank overdrafts	(469,183)	(490,925)	21,742	48,371
	<u>(462,668)</u>	<u>(310,009)</u>	<u>(152,659)</u>	<u>219,743</u>

	Group	
	<u>2003</u> RM	<u>2002</u> RM
Bank balances held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1991	-	128

36. CONTINGENT LIABILITIES

	Group		Company	
	<u>2003</u> RM	<u>2002</u> RM	<u>2003</u> RM	<u>2002</u> RM
Secured				
Letters of credit for imports of raw materials	35,952	-	-	-
Unsecured				
Letters of credit for imports of raw materials	-	147,715	-	-
Corporate guarantees for banking facilities of subsidiaries	-	-	80,709,166	85,062,892
	<u>35,952</u>	<u>147,715</u>	<u>80,709,166</u>	<u>85,062,892</u>

For the nature of securities furnished on the banking facilities, refer Note 21.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS cont'd

37. COMPARATIVE FIGURES

Certain asset and expense items in the group balance sheet and income statements in the previous financial year have been reclassified to facilitate comparison with the current financial year presentation as set out below:

	As reported previously RM	Reclassification RM	As restated RM
Other receivables reclassified to Term deposits with licensed bank			
Group balance sheet as at end of financial year 31 December 2002			
Other receivables	1,106,288	(20,000)	1,086,288
Term deposits with licensed bank	71,509	20,000	91,509
	<hr/>	<hr/>	<hr/>
Penalty expense reclassified from interest charges on borrowings to administration expenses			
Group income statement for the financial year ended 31 December 2002			
Administration expenses	7,071,861	4,440	7,076,301
Interest charges on borrowings	6,851,905	(4,440)	6,847,465
	<hr/>	<hr/>	<hr/>
Company income statement for the financial year ended 31 December 2002			
Administration expenses	2,515,115	4,440	2,519,555
Interest charges on borrowings	52,262	(4,440)	47,822
	<hr/>	<hr/>	<hr/>

The reclassifications have no effect on the financial position or performance of the Group and of the Company for the financial year ended 31 December 2002.

38. SIGNIFICANT AND SUBSEQUENT EVENTS

38.1 On 20 July and 6 November 2001, the subsidiaries, Aesthetic Development Sdn. Bhd. and Pleasant Venture Sdn. Bhd., had each received a writ of summon from the Ipoh High Court to auction the industrial lands held by them located at Lot No. 4111, H.S.(D) LM4839 to Lot No. 4164, H.S.(D) LM4892, Mukim Asam Kumbang, Taiping, Perak Darul Ridzuan at a reserve price of RM5.70 million and RM3.71 million respectively.

The auction has not been completed.

NOTES TO THE FINANCIAL STATEMENTS cont'd

38.2 On 22 May 2003, six subsidiaries of the Company have entered into Sale and Leaseback Agreements for sale and lease back of assets with PT Growth Sumatra Industry Ltd., incorporated in Indonesia, for disposals of their properties, machineries and equipment for a total consideration as listed below:

	Consideration	
	USD	RM
Plant, machineries and equipment		
Belton Sdn. Berhad	2,064,062	7,843,436
Belton Axle Components Sdn. Bhd.	1,618,457	6,150,137
Belton Fasteners Sdn. Bhd.	3,359,513	12,766,149
Belton HWC Industries Sdn. Bhd.	965,715	3,669,717
Belton Auto Parts Sdn. Bhd.	242,832	922,761
Belton Springs Sdn. Bhd.	2,577,868	9,795,898
	10,828,447	41,148,098
Properties		
Belton Sdn. Berhad	618,312	2,349,586
Belton Springs Sdn. Bhd.	553,241	2,102,316
	1,171,553	4,451,902
Total	12,000,000	45,600,000

As at 31 December 2003, the transactions under the agreements have not been implemented yet pending fulfilment of certain conditions.

38.3 Certain creditor banks have filed summons with the High Court of Malaysia, Kuala Lumpur and Ipoh or withdrawn their credit facilities and requested for full settlement of the outstanding principal and interest amounts as listed below:

	Outstanding principal and interest amounts as at 31 December 2003		
		Overdraft and other banking facilities	
	Term loan RM	RM	Total RM
Kumpulan Belton Berhad	-	3,389,183	3,389,183
Aesthetic Development Sdn. Bhd. and Pleasant Venture Sdn. Bhd.	7,443,595	4,101,778	11,545,373
Belton Sdn. Berhad	4,053,106	9,749,369	13,802,475
Belton Fasteners Sdn. Bhd.	2,046,540	3,094,373	5,140,913
Belton HWC Industries Sdn. Bhd.	652,278	4,636,457	5,288,735
Belton Properties Sdn. Bhd.	424,572	-	424,572
Belton Springs Sdn. Bhd.	8,342,886	6,433,487	14,776,373

NOTES TO THE FINANCIAL STATEMENTS cont'd

	Outstanding principal and interest amounts as at 31 December 2003		
	Overdraft and other banking		Total RM
	Term loan RM	facilities RM	
Belton Pins Industries Sdn. Bhd.	3,958,479	1,747,942	5,706,421
Belton Auto Parts Sdn Bhd.	4,337,240	592,763	4,930,003
Belton Axle Components Sdn. Bhd.	978,723	-	978,723
Belton-Dorbyl Automotive Products Sdn. Bhd.	376,063	600,455	976,518
	<u>32,613,482</u>	<u>34,345,807</u>	<u>66,959,289</u>

All these amounts which have been sufficiently provided for in the financial statements have been disclosed under current liabilities in the group balance sheet.

- 38.4** The directors of the Company negotiated and agreed by the creditor banks to settle the outstanding debts at lower amounts by instalments as follows:

Subsidiaries	Total outstanding debts as at 31 December 2003 RM	Agreed settlement amount RM
Belton-Dorbyl Automotive Products Sdn. Bhd.	976,518	480,000
Belton Sdn. Berhad	4,188,360	1,350,000
Belton Axle Components Sdn. Bhd.	978,723	493,008
	<u>6,143,601</u>	<u>2,323,008</u>

The subsidiaries are servicing the instalments agreed by the creditor banks except for Belton Axle Components Sdn. Bhd., which has fully settled the settlement amount by the date of this report.

NOTES TO THE FINANCIAL STATEMENTS cont'd

38.5 The Company and its subsidiaries are in the process of negotiating with the creditor banks for the settlement of the following outstanding debts.

	Outstanding principal and interest amounts as at 31 December 2003		
	Overdraft and other banking		Total RM
	Term loan RM	facilities RM	
Kumpulan Belton Berhad	-	3,389,183	3,389,183
Aesthetic Development Sdn. Bhd. and Pleasant Venture Sdn. Bhd.	7,443,595	4,101,778	11,545,373
Belton Sdn. Berhad	1,472,503	8,141,612	9,614,115
Belton Fasteners Sdn. Bhd.	2,046,540	3,094,373	5,140,913
Belton HWC Industries Sdn. Bhd.	652,278	4,636,457	5,288,735
Belton Properties Sdn. Bhd.	424,572	-	424,572
Belton Springs Sdn. Bhd.	8,342,886	6,433,487	14,776,373
Belton Auto Parts Sdn. Bhd.	4,930,003	-	4,930,003
Belton Pins Industries Sdn. Bhd.	3,958,479	1,747,942	5,706,421
	29,270,856	31,544,832	60,815,688

The directors of the Company are of the opinion that the Group will be able to settle the outstanding debts and legal processes.

39. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised by the Board of Directors for issue on 30 April 2004.

STATEMENT BY DIRECTORS

We, Leong Kim Hoe @ Leong Kim Woh and Leong Kim Foo, being two of the directors of Kumpulan Belton Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 25 to 90 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and the results of their operations, changes in equity and cash flows for the financial year ended on that date.

The Board of Directors authorised these financial statements for issue on the date stated below.

LEONG KIM HOE @ LEONG KIM WOH
Director

LEONG KIM FOO
Director

Date: 30 April 2004

STATUTORY DECLARATION

I, Poon Foo Cheong, being the officer primarily responsible for the accounting records and financial management of Kumpulan Belton Berhad, do solemnly and sincerely declare that the financial statements set out on pages 25 to 90 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 the
abovenamed Poon Foo Cheong at Kuala Lumpur
in Wilayah Persekutuan this day on 30 April 2004

POON FOO CHEONG
Officer

Before me :

SOO AH KAU
Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS As at 5 May 2004

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Capital	-	RM85,114,827
Class of Shares	-	Ordinary Shares of RM1/=each
Voting Rights	-	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	36	0.30	856	0.00
100 to 1000	3,473	28.91	3,351,848	3.94
1001 to 10000	7,336	61.08	30,178,426	35.46
10001 to 100000	1,101	9.17	27,431,678	32.23
1000001 to less than 5% of issued shares	64	0.53	19,342,019	22.72
5% and above of issued shares	1	0.01	4,810,000	5.65
Total	12,011	100.00	85,114,827	100.00

DIRECTORS' SHAREHOLDINGS AND INTEREST IN SHARES

No. Name	Direct Shareholdings	%	Deemed Shareholdings	%
1. Leong Kim Hoe @ Leong Kim Woh	48,500	0.06	4,810,000	5.65*
2. Leong Kim Foo	27,000	0.03	4,810,000	5.65*
3. Leow Bock Lim	50,000	0.06	-	-
4. Mohd. Nizam Bin Haji Mohd. Hassan	-	-	-	-
5. Sow Yeng Chong	20,000	0.02	-	-

*Deemed interest through Kenford Holdings Sdn. Bhd.

SUBSTANTIAL SHAREHOLDERS

No. Name	Direct Shareholdings	%
1. Kenford Holdings Sdn Bhd	4,810,000	5.65

ANALYSIS OF SHAREHOLDINGS cont'd

THIRTY (30) LARGEST SHAREHOLDERS

Holder's Name	No. of Shares	% of Issued Capital
1. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kenford Holdings Sdn. Bhd.	4,810,000	5.65
2. Chiam Eng Kuang @ Chiam Yoong Wang	1,785,700	2.10
3. UOBM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Greenlux Corporation Sdn. Bhd.	1,498,000	1.76
4. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Kam Choon	1,312,600	1.54
5. Greenlux Corporation Sdn. Bhd.	1,189,084	1.40
6. Tan Poh Lang	817,000	0.96
7. Kenford Global Sdn. Bhd.	699,800	0.82
8. Newton Ascot Sdn. Bhd.	655,000	0.77
9. A-Perkasa Sdn. Bhd.	631,900	0.74
10. Boon Ming Motor & Cycle Parts Co Sdn. Bhd.	528,000	0.62
11. Kong Lek Chai @ Kong Ah Lim	528,000	0.62
12. Leong Kam Choon	504,835	0.59
13. Kong Lek Chai @ Kong Ah Lim	441,000	0.52
14. Ker Boon Kee	410,000	0.48
15. Cheong Pang Kwan	335,000	0.39
16. PAB Nominee (Tempatan) Sdn. Bhd. Lee Leong Lai	330,000	0.39
17. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Philip Lu Nam Ann	313,000	0.37
18. RHB Capital Nominees (Tempatan) Sdn. Bhd. Lee Leong Lai	300,000	0.35
19. PR securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ding Chooi Hwa	289,300	0.34
20. Tina Tan May Lian	282,000	0.33
21. Ong Koh Hou @ Won Kok Fong	238,200	0.28
22. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Bee Kua	215,000	0.25
23. Tee Ah Foo	210,000	0.25
24. Introscape Sdn. Bhd.	207,000	0.24
25. Kuan Boon Ming	204,400	0.24
26. RHB Nominees (Asing) Sdn. Bhd. GK Goh SPL for Chan Hock Lye	200,000	0.23
27. Tampoi Enterprise Sdn. Bhd.	200,000	0.23
28. Huang Phang Lye	196,400	0.23
29. Lim Bee Kua	185,000	0.22
30. Thong & Kay Hian Nominees (Asing) Sdn. Bhd. UOB Kay Hian Pte for Neo Say Wei	172,000	0.20
	19,688,219	23.13

ANALYSIS OF WARRANTHOLDINGS As at 5 May 2004

DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100	21	0.77	736	0.00
100 to 1000	1,171	43.12	996,331	5.16
1001 to 10000	1,253	46.13	5,380,360	27.85
10001 to 100000	248	9.13	7,084,100	36.66
1000001 to less than 5% of issued shares	23	0.85	5,859,646	30.33
5% and above of issued shares	0	0.00	0	0.00
Total	2,716	100.00	19,321,173	100.00

THIRTY (30) LARGEST WARRANTHOLDERS

Holder's Name	No. of Warrants	% of Issued Capital
1. Lim Heng Chuan	747,500	3.87
2. Pak Cheow Koon Jason	640,600	3.32
3. HDM Nominees (Tempatan) Sdn. Bhd. UOB Kay Hian Pte Ltd For Pak Liew Mei	528,700	2.74
4. Greenlux Corporation Sdn. Bhd.	418,046	2.16
5. HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. For Masripan Bin Salleh	323,000	1.67
6. HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn. Bhd. For Aris Zainuddin Bin Abdul Hamid	323,000	1.67
7. Low Choong Chong	300,000	1.55
8. Tan Kee Choong	265,000	1.37
9. Tampoi Enterprise Sdn. Bhd.	250,000	1.29
10. Hong Leong Finance Berhad Pledged Securities Account For Chantika Holdings Sdn. Bhd.	217,000	1.12
11. Ker Boon Kee	205,000	1.06
12. Pak Liew Mei	200,600	1.04
13. Fung Wee Sing	174,000	0.90
14. Yap Chee Kuan	147,200	0.76
15. Tang Huat Wong	146,000	0.76
16. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Sia Teng Tho	135,000	0.70
17. Lim Kang Poh	134,000	0.69
18. Pua Chye	133,000	0.69
19. Phu Kok Hong @ Fu Kok Kwang	122,000	0.63
20. Tee Siew Yang	119,000	0.62
21. Khong Tsee Chong @ Khong Hoo Chong	115,000	0.60
22. Chan Chai Kok	110,000	0.57
23. Cheoh Leh Seong	106,000	0.55

ANALYSIS OF WARRANTHOLDINGS cont'd

Holder's Name	No. of Warrants	% of Issued Capital
24. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Jonny Su Pang Tek	100,000	0.52
25. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ng Siyu Lian	100,000	0.52
26. Foo Siew Fah	100,000	0.52
27. Affin Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Sabbir Husain Bin Akbarali	100,000	0.52
28. Mohammad Bin Abdullah	99,000	0.51
29. Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ting Poi Ling	96,800	0.50
30. Yap Chee Mian	91,000	0.47
	6,546,446	33.88

Notes:

- a) *The directors did not hold any warrants directly or indirectly as at 5 May 2004.*
- b) *There is no substantial warrant holder as at 5 May 2004.*

PROPERTIES HELD BY THE GROUP

As at 31 December 2003

Location	Description	Tenure	Existing Use	Age of Building (Years)	Land Area / Built-up Area (Square Feet)	Net Book Value (RM'000)	Date of Acquisition Valuation
Lot 7627, Title No. H.S.(D) KK 199/89 Mukim of Sungai Siput District of Kuala Kangsar Perak Darul Ridzuan	Industrial land with a single storey factory and a 2-storey office building	Leasehold with 60 years term expiring on 20.10.2038	Factory cum office building	13	51,860 / 38,600	1,585	28/03/1991
Lot PT 451, Title No. H.S.(D) KK 2664 Mukim of Sungai Siput District of Kuala Kangsar Perak Darul Ridzuan	Industrial land with a single storey factory and a 2-storey office building	Leasehold with 60 years term expiring on 13.06.2044	Factory cum office building	14	51,245 / 48,558	1,434	15/03/1989
Lot PT 461, Title No. H.S.(D) KK 1054/84 Mukim of Sungai Siput District of Kuala Kangsar Perak Darul Ridzuan	Industrial land with a single storey factory and a 3-storey office building	Leasehold with 30 years term expiring on 04.11.2014	Factory cum office building	9	93,107 / 67,363	2,219	30/06/1995
Lot PT 14467, Title No. PN 71581 Mukim of Sungai Siput District of Kuala Kangsar Perak Darul Ridzuan	Industrial land with a single storey factory	Leasehold with 60 years term expiring on 26.02.2052	Factory building	9	40,775 / 29,169	1,318	21/02/1995
Lot PT 14474, Title No. PN 107035 Mukim of Sungai Siput District of Kuala Kangsar Perak Darul Ridzuan	Industrial land with a single storey factory cum warehouse	Leasehold with 30 years term expiring on 06.03.2020	Factory cum warehouse building	9	41,453 / 23,865	877	21/02/1995
Lot PT 15721, Title No. PN 136956 Mukim of Sungai Siput District of Kuala Kangsar Perak Darul Ridzuan	Industrial land with a single storey factory and a 3-storey office building	Leasehold with 99 years term expiring on 16.01.2095	Factory cum office building	5	43,585 / 28,609	2,090	22/07/1998

BELTONTM

FORM OF PROXY

I/We _____
of _____
being a member / members of KUMPULAN BELTON BERHAD
hereby appoint _____
of _____
of failing him / her _____
of _____

as my / our proxy / proxies to vote for me / us on my / our behalf at the 19th Annual General Meeting of the Company to be held at Lot 10, Sungai Siput Light Industrial Estate, 31100 Sungai Siput (U), Perak Darul Ridzuan on Saturday, 26 May 2004 at 11.00 a.m. for the following purposes:-

With reference to the Agenda set forth in the Notice of Meeting, please indicate with an 'X' in the spaces below how you wish your votes to be cast on the resolutions specified. If no specific direction as to voting is given, the proxy / proxies will vote or abstain from voting at his / their discretion.

	ORDINARY RESOLUTION	FOR	AGAINST
Resolution 1	To receive and consider the Financial Statements		
Resolution 2	To approve the payment of the Directors' fees		
Resolution 3	To re-elect Mr. Leong Kim Foo		
Resolution 4	To re-elect Mr. Leow Bock Lim		
Resolution 5	To re-appoint Auditors		
Resolution 6	To proposed renewal of shareholders' mandate		

Signature

Number of shares held	
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Dated this _____ day of _____ 2004

NOTES:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 10, Sungai Siput Light Industrial Estate, 31100 Sungai Siput (U), Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where the proxy is proxy executed by a corporation, it must be under its common seal or signed by its attorney or officer duly authorised on its behalf.

