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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company be convened and held at Ballroom I, Santubong Kuching Resort, Jalan Santubong, 93748 Kuching, Sarawak on Tuesday, 21 December 2004 at 9.00 a.m. for the following purposes:

1. To receive and adopt the Company's Audited Financial Statements for the year ended 30 June 2004 together with the Reports of the Directors and Auditors thereon. **(Resolution No. 1)**
2. To re-elect Tan Sri Dato' Paduka (Dr) Ting Pek Khiing who retires in accordance with Article 93 of the Company's Articles of Association, as Director of the Company. **(Resolution No. 2)**
3. To re-elect Mr Ting Sie Chuong who retires in accordance with Article 93 of the Company's Articles of Association, as Director of the Company. **(Resolution No. 3)**
4. To re-elect Mr Liew Chie Chung who retires in accordance with Article 93 of the Company's Articles of Association, as Director of the Company. **(Resolution No. 4)**
5. To approve the payment of Directors' fees. **(Resolution No. 5)**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution No. 6)**
7. As special business to consider and, if thought fit, pass with or without any modifications, the following ordinary resolution:-

"THAT pursuant to Section 132D of the Companies Act, 1965, Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."
(Resolution No. 7)
8. To consider any other business for which due notice shall have been given.

By Order of the Board

YAP BEE LEE

Secretary

Kuala Lumpur
29 November 2004

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy or proxies, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrars, ShareWorks Sdn Bhd (formerly Panama Resources Sdn Bhd), No. 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
5. Explanatory notes on special business:
The proposed resolution No. 7 if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting expire at the next annual general meeting of the Company.

Statement Accompanying Notice of the Thirteenth Annual General Meeting of Ekran Berhad

1. Directors who are standing for re-election at the Thirteenth Annual General Meeting of the Company are as follows:-

- (i) Tan Sri Dato' Paduka (Dr) Ting Pek Khiing
- (ii) Mr Ting Sie Chuong
- (iii) Mr Liew Chie Chung

2. Details of Board of Directors' Meetings

There were eight (8) Board of Directors' Meetings held during the financial year ended 30 June 2004.

Attendance of the Directors holding office at the end of the financial year end is as follows:-

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	7/8
Mr Peter Ling Ee Kong	8/8
Dato' Stanley Isaacs	8/8
Dr Regina Noran Nuruddin	7/8
Senator Datuk William Lau Kung Hui	7/8
Dato' Muhammad Shafee bin Md Abdullah	5/8
Mr Ting Sie Chuong	6/8
Mr Liew Chie Chung	8/8

3. Details of Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, Mr Ting Sie Chuong and Mr Liew Chie Chung, who are standing for re-election are set out in their respective profile write-up on pages 5 and 7.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing

(Executive Chairman)

Mr Peter Ling Ee Kong

(Executive Director)

Dato' Stanley Isaacs

(Executive Director)

Dr Regina Noran Nuruddin

(Independent & Non-Executive Director)

Senator Datuk William Lau Kung Hui

(Independent & Non-Executive Director)

Dato' Muhammad Shafee bin Md Abdullah

(Independent & Non-Executive Director)

Mr Ting Sie Chuong

(Director-Projects)

Mr Liew Chie Chung

(Director-Finance)

AUDIT COMMITTEE

Dr Regina Noran Nuruddin

(Chairman)

Senator Datuk William Lau Kung Hui

Mr Liew Chie Chung

COMPANY SECRETARY

Ms Yap Bee Lee

(MAICSA: 0864482)

REGISTERED OFFICE

Level 9, Wisma Ting Pek Khiing
No 1 Jalan Padungan
93100 Kuching
Sarawak
Tel : (082) 236908
Fax : (082) 236922

SHARE REGISTRARS

ShareWorks Sdn Bhd

(formerly Panama Resources Sdn Bhd)

No. 23, Jalan Sri Hartamas 7

Sri Hartamas

50480 Kuala Lumpur

Tel : (603) 62011120

Fax : (603) 62013121

AUDITORS

Ernst & Young

Public Accountants

3rd Floor

Wisma Bukit Mata Kuching

Jalan Tunku Abdul Rahman

93100 Kuching

Sarawak

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad

HSBC Bank Malaysia Berhad

Affin Bank Berhad

RHB Bank Berhad

United Overseas Bank (Malaysia) Berhad

Bayerische Landesbank

EON Bank Berhad

SOLICITORS

Chor Pee Anwarul & Co

Suite 8-16-6, Level 16

Menara Olympia

8 Jalan Raja Chulan

50200 Kuala Lumpur

Jeff Leong Poon & Wong

A-11-3A Level 11

Megan Phileo Avenue

Jalan Yap Kwan Seng

50450 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
("Bursa Malaysia")

TAN SRI DATO' PADUKA (DR) TING PEK KHIING

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, a Malaysian, aged 59. He was appointed to the Board of Ekran on 25 January 1992 as Executive Chairman. Tan Sri Ting, a self-made businessman, has over 25 years of experience in construction, specialising in the technology of using wood-based pre-fabricated standardised components and has successfully completed numerous housing projects for the Sarawak State Government and resort hotels in Sarawak and Pulau Langkawi. He also sits on the boards of PWE Industries Berhad and Wembley Industries Holdings Berhad, both are listed on Bursa Malaysia Securities Berhad, and several private limited companies.

Tan Sri Ting is the father of Mr Ting Sie Chuong, a member of the Board. He is also a major shareholder of Ekran. He has no conflict of interest with Ekran other than as disclosed in Notes 12, 16, 17, 28 and 30 of the Audited Financial Statements for the year ended 30 June 2004 and has no convictions for any offences within the last ten years.

MR PETER LING EE KONG

Mr Peter Ling Ee Kong, a Malaysian, aged 50. He was appointed to the Board of Ekran on 3 April 1992 as an Executive Director. He holds a Bachelor of Commerce (Honours) degree and a Master of Business Administration degree from Dalhousie University, Canada which he obtained in 1981 and 1982 respectively. He is also a qualified Chartered Accountant. He has several years of working experience with international audit firms including Price Waterhouse in Wellington from 1987 to 1989. From 1989 to 1992, he was with Bumiputra Merchant Bankers Berhad. He also sits on the board of Wembley Industries Holdings Berhad, a public company listed on Bursa Malaysia Securities Berhad, and several private limited companies.

Mr Peter Ling does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Ekran and has no convictions for any offences within the last ten years.

DATO' STANLEY ISAACS

Dato' Stanley Isaacs, a Malaysian, aged 62. He was appointed to the Board of Ekran on 17 September 1998 as an Executive Director. He is a Barrister-at-Law by profession. Prior to joining the corporate sector, Dato' Isaacs served the Judicial and Legal Service Malaysia for 23 years in various capacities. His earlier appointments include being a Magistrate, a Sessions Court Judge, Legal Adviser to the Ministry of Primary Industries while, in later years, he served as Deputy Public Prosecutor and Head of Prosecution of the Attorney-General's Chambers Malaysia, Commissioner of Law Revision Malaysia, Parliamentary Draftmen Malaysia and Head of Civil Division of the Attorney-General's Chambers Malaysia. Dato' Isaacs also sits on the board of Wembley Industries Holdings Berhad, a public company listed on Bursa Malaysia Securities Berhad, and several private limited companies.

Dato' Isaacs does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Ekran and has no convictions for any offences within the last ten years.

DR REGINA NORAN NURUDDIN

Dr Regina Noran Nuruddin, a Malaysian, aged 50. She was appointed to the Board of Ekran on 25 January 1992 as an Independent Non-Executive Director. She is also the Chairman of the Audit Committee. She holds a Bachelor of Medicine degree and a Bachelor of Surgery degree from the University of Tasmania, Australia, which she obtained in 1978. She has been a Fellow of the Royal College of Radiologists, London, United Kingdom from 1984. She was in private practice from 1990 to 1998 and prior to that she was an Associate Professor at University Malaya, Kuala Lumpur.

Dr Regina does not have any family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with Ekran and has no convictions for any offences within the last ten years.

SENATOR DATUK WILLIAM LAU KUNG HUI

Senator Datuk William Lau Kung Hui, a Malaysian, aged 54. He was appointed to the Board of Ekran on 20 March 1997 as an Independent Non-Executive Director. He is also a member of the Audit Committee. He is a law graduate from the London School of Economics and Political Science of the University of London, United Kingdom with a Bachelor of Laws degree (LL.B (Hons)) in 1973 and a Master of Law degree in 1974. He was called to the English Bar by the Honourable Society of Lincoln's Inn in July 1975. He has been the Senior Partner of a law firm since 1977. He also holds a number of professional fellowships, including fellowship of the Chartered Institute of Arbitrators of United Kingdom, Singapore and Australia. He also sits on the board of Subur Tiasa Holdings Berhad, a public company listed on Bursa Malaysia Securities Berhad, and several private limited companies. He was appointed a Senator of the House of Senate in September 1998. He is the past President of the Chartered Institute of Transport, Malaysia.

Datuk William Lau does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Ekran and has no convictions for any offences within the last ten years.

DATO' MUHAMMAD SHAFEE BIN MD ABDULLAH

Dato' Muhammad Shafee bin Md Abdullah, a Malaysian, aged 52. He was appointed to the Board of Ekran on 3 January 2002 as an Independent Non-Executive Director. He is qualified with LL.B. (Hons) (Malaya) and LL.M. (London) degrees. He is an Honorary Member of the Hennepin County Bar Association Minnesota, U.S.A. and was called to the Malaysian Bar on 26 April 1985.

Prior to being called to the Malaysian Bar, Dato' Muhammad Shafee served in the Attorney General's Chambers for 7 years as Deputy Public Prosecutor, Federal Counsel, Departmental Solicitor to the Official Administrator and Public Trustee Malaysia. He is presently the principal partner of a legal firm in Kuala Lumpur.

Dato' Muhammad Shafee does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Ekran and has no convictions for any offences within the last ten years.

MR TING SIE CHUONG

Mr Ting Sie Chuong, a Malaysian, aged 34. He was appointed to the board of Ekran on 5 February 1999 as Director-Projects. He graduated with a Diploma in Marketing from MCA Marketing Confederation, Australia. He joined Woodhouse Sdn Bhd, a former subsidiary of Ekran in 1991 as Project Manager and presently, he assumes the position of Director-Projects of Ekran.

Mr Ting is the son of Tan Sri Dato' Paduka (Dr) Ting Pek Khiing, the Executive Chairman and major shareholder of Ekran. He is also a shareholder of Ekran. He has no conflict of interest with Ekran except that which relates to his father, Tan Sri Ting as disclosed above. He has no convictions for any offences within the last ten years.

MR LIEW CHIE CHUNG

Mr Liew Chie Chung, a Malaysian, aged 35. He was appointed to the Board of Ekran on 18 September 2001 as Director-Finance. He is also a member of the Audit Committee. He holds a Master of Business Administration (Management) from Adam Smith University of America and a Bachelor's Degree (Honours) in Accountancy from Universiti Utara Malaysia. He is a member of the Malaysian Institute of Accountants. He started his career as an audit assistant in Arthur Andersen & Co, Kuching in 1992. In 1995, he left for Cahya Mata Sarawak Berhad as the Assistant Manager in the Group Internal Audit Division. He joined Ekran in 1997 as Senior Accountant and currently, he assumes the position of Director-Finance.

Mr Liew is a shareholder of Ekran. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with Ekran and has no convictions for any offences within the last ten years.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of Ekran Berhad and the Group for the year ended 30 June 2004.

FINANCIAL PERFORMANCE

For the financial year under review, the Group registered a loss after taxation of RM185.1 million. At the Company level, a loss after taxation of RM193.0 million was recorded compared to previous year's loss after taxation of RM10.9 million. The loss after taxation for the Group and the Company for the current financial year were mainly due to provision for doubtful debts, provision for impairment loss on land located in Hainan, China, interest expense and provision for depreciation and amortisation expenses.

DIVIDEND

The Directors do not recommend any dividend to be declared for the year ended 30 June 2004.

REVIEW OF OPERATIONS

Royal Malaysian Naval Base at Teluk Sapangar, Kota Kinabalu, Sabah

The Government of Malaysia has awarded the project "Design, Construction, Completion, Commissioning, Equipping and Maintenance of the Royal Malaysian Naval Base at Teluk Sapangar, Kota Kinabalu" to Ekran Berhad (one of two Contractors) valued at RM168.3 million. The project site is 25km to the North of Kota Kinabalu. Access to the site is from the junction of Sapangar Road near Kg. Gentisan through an existing council road along the coastline.

Generally, the site is a peninsular rising up to the highest elevation of 235m. Reclamation along the shoreline is carried out by the other Contractor, Muhibbah-LTAT JV Consortium ("MLJV"). The infrastructure is also carried out by MLJV. The site is divided into zones of which Zones A1 & A2, C1 & C2 are Ekran's zones. Zones C1 & C2 were handed to Ekran on 15 July 2003 and Zones A1 and A2 were handed to Ekran on 15 July 2004. The extended completion date is 15 August 2005.

Ekran's scope of works include:

- Accommodation Buildings
- Hospital
- Miscellaneous Buildings
- Outdoor Sport Facilities
- Special Equipment

The site was partially handed over to Ekran Berhad on 15 July 2003 to commence works in Zones C1 & C2 only. On 16 July 2004 (one year later), a joint site inspection was carried out among MLJV and Ekran together with the Project Management Committee for the interchanging of zones: handing over of Zones A1 & A2 from MLJV to Ekran and handing back of Zones C1 & C2 from Ekran to MLJV, for both contractors to continue with the remaining works. As at 30 September 2004, the overall project was 70.56% completed, which was 19.91% ahead of the overall scheduled progress of 50.65%.

Oil Palm Plantation at Ulu Belaga, Sarawak

Development of Ekran's oil palm plantation at Ulu Belaga, Sarawak covers a total area of 28,600 acres. Works are carried out in phases. Development of Phase I covering a planted area of 3,000 acres started in 1997. Harvesting of crops from Phase I commenced in March 2001. Phase 2, with 3,500 acres being developed since 1999, started limited harvesting in early 2004.

Wembley Industries Holdings Berhad

Wembley Industries Holdings Berhad ("WIHB") is an affected listed issuer under Practice Note No.4/2001 of the Listing Requirements of Bursa Malaysia. On 27 January 2003, the Securities Commission approved the following proposals as detailed in the Requisite Announcement made by WIHB on 31 July 2002 which would regulate the financial condition and address the level of operations of WIHB group:-

- (i) Proposed Capital Reduction and Consolidation;
- (ii) Proposed Debt Restructuring; and
- (iii) Proposed Rights Issue.

Plaza Rakyat is a mixed development project comprising a retail shopping complex, office tower, hotels and an integrated transport hub housing the central bus terminal and the Light Rail Transit Station undertaken by Plaza Rakyat Sdn Bhd ("PRSB"), a subsidiary of WIHB. The development of the Project was delayed as it was affected by the Asian financial and economic crisis in 1997.

In December 2003, PRSB awarded the contract for the completion of incomplete main building works of Plaza Rakyat comprising the bus and taxi terminal, the retail podium and the budget hotel ("Works") to P.J. Indah Sdn Bhd, a subsidiary of PJI Holdings Berhad. Pursuant to the contract, P.J. Indah Sdn Bhd has taken site possession of the site with effect from 15 January 2004. However, full scale resumption of contract works has not started pending procurement of the funding for the Works. The whole of the Works shall be completed within 27 months from the date of site possession or by 30 March 2006, whichever is earlier.

CORPORATE DEVELOPMENTS

Information and status of the corporate proposals undertaken by the Company were disclosed in detail in Note 30 to the Financial Statements for the year ended 30 June 2004.

PROSPECTS

The prospects of the Group have been enhanced by the contract awarded by the Federal Ministry of Defence to the Company for the Royal Malaysian Naval Base Project at Teluk Sapangar, Sabah worth RM168.3 million. Actual Physical Work Progress for the Naval Base Project to date is approximately 71% completed. The Group continues to pursue other infrastructure projects to enhance the earnings base of the Group. Besides, the oil palm plantation has started to generate stable earnings to the Group in view of the good market price of Fresh Fruit Branch (FFB).

The proposed acquisitions by the Company from Asset Nusantara Sdn Bhd of Sheraton Langkawi Resort, Delima Resort, Helang Hotel and Langkasuka Resort ("Proposed Hotel-Co Acquisitions"), all located in Langkawi and Santubong Kuching Resort and Manikar Beach Resort, both located in East Malaysia, would strengthen the assets base and earnings of the Group on a long term basis.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my thanks and appreciation to our shareholders, business associates and regulatory authorities for their support and understanding. A note of thanks also to my fellow members of the Board and the management for their commitment and diligence in discharging their duties and responsibilities.

TAN SRI DATO' PADUKA (DR) TING PEK KHIING

Executive Chairman

28 October 2004

MEMBERS

Dr Regina Noran Nuruddin *(Chairman – Independent Non-Executive Director)*

Senator Datuk William Lau Kung Hui *(Independent Non-Executive Director)*

Mr Liew Chie Chung *(Executive Director, MIA member)*

TERMS OF REFERENCE

Formation

The Audit Committee of Ekran Berhad comprising a majority of independent non-executive directors has been established since 25 July 1994.

Composition

The Committee shall be appointed by the Board from among their number and shall be composed of no fewer than three (3) members, the majority of whom are independent directors. At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants (MIA) or if not a member of MIA, must have at least 3 years working experience, and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.

The Chairman of the Committee shall be an independent director.

Meetings

The Committee shall meet as many times as the Committee deems necessary and in any case, it should not be less than three (3) times a year. All meetings to review the quarterly results and annual financial statements are to be held prior to such quarterly results and annual financial statements being presented to the Board for approval.

In order to form a quorum for a meeting of the Audit Committee, the majority of members present must be independent directors.

The Company Secretary shall be the Secretary to the Audit Committee.

The Committee may require the members of management, the internal auditors and representatives of the external auditors to attend any of its meetings as it determines.

Authority

The Audit Committee was appointed under Chapter 15, Part C, paragraph 15.10 of the Listing Requirements of Bursa Malaysia. The Committee is given the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to cooperate as requested by members of the Committee.

Responsibilities and Duties

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries and the sufficiency of auditing relating thereto.

The specific duties of the Audit Committee are as follows:-

1. To review the accounting policies adopted, any changes in accounting principles or practices and the level of prudence applied in areas requiring judgement.
2. To review the external audit report on the financial statements.
3. To review with the external auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the internal control system.
4. To do the following in respect of the internal audit function:-
 - (i) Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work.
 - (ii) Review the internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.
 - (iii) Review any appraisal or assessment of the performance of members of the internal audit function.
 - (iv) Approve any hire or removal of internal auditors.
5. To review the financial statements with management and the external auditors prior to them being approved by the full Board.
6. To review interim financial information and press releases of financial content.
7. To review any significant transactions which are not a normal part of the Company's business.
8. To review any significant related party transactions that may arise within the Company or Group.
9. To recommend to the Board of Directors the appointment or termination of the external auditors.
10. Such other responsibilities as may be agreed to between the Audit Committee and the Board of Directors.

MINUTES OF MEETINGS HELD

During the financial year ended 30 June 2004, four (4) Audit Committee meetings were held. The attendance of the Audit Committee members at the Audit Committee meetings held is as follows:-

AUDIT COMMITTEE MEMBER	NO. OF MEETING ATTENDED
Dr Regina Noran Nuruddin	4/4
Senator Datuk William Lau Kung Hui	4/4
Mr Liew Chie Chung	4/4

During the Audit Committee meetings held, the Committee together with the Financial Controller met with the Auditors to consider the following:-

- (i) Reviewed the Quarterly Results and Year End Financial Statements of the Company with the external auditors prior to the Board's approval of the accounts.
- (ii) Ensured compliance with approved accounting standards in the preparation of the financial statements.
- (iii) Ensured timely disclosure of the Quarterly Results and Year End Financial Statements of the Company to Bursa Malaysia.
- (iv) Ensured that the transactions entered into by the Company and the Group are in compliance with requirements of Bursa Malaysia, Securities Commission and other regulatory bodies.

INTERNAL AUDIT FUNCTION

The internal audit function of the Company is out-sourced to a professional accounting firm.

The agreed scope of work for the internal auditors includes the internal audit review of Ekran Berhad and its operating subsidiaries. The primary objectives of the review are to ensure internal controls are in place within the business processes to be audited; evaluate whether established controls are operating effectively; and identify and communicate any control weaknesses, and wherever possible, opportunities for improving control effectiveness.

Key activities undertaken to perform the internal audit include the following:-

- (i) Understanding the business issues within the identified process.
- (ii) Identification of risks and control gaps in the process.
- (iii) Design and perform verification tests to determine if identified key controls are in place.
- (iv) Source root cause of weaknesses and gaps.
- (v) Formulate recommendations to close gaps and weaknesses.
- (vi) Discussion with management on recommendations and obtain management comments.

The internal auditors had commenced work in September 2004 and an internal audit report incorporating their findings and recommendations were submitted to the Audit Committee in October 2004 for the management's consideration as part of the continuing process of modifying and improving controls and procedures.

Corporate Governance Report

The Board of Directors is accountable to the Company's shareholders for good corporate governance. The Board is aware of the principles and best practices as set out in the Malaysian Code on Corporate Governance and have taken steps to progressively implement them to promote good corporate governance within the Group.

THE BOARD OF DIRECTORS

The Board comprises of executive and non-executive Directors from various fields and together they bring a balance of skills and experience appropriate to the business.

Composition

The Board currently has eight members comprising an executive chairman, four executive directors and three independent non-executive directors. A brief description of each director is presented in the Profile of Directors. The Executive Chairman, with the support of the executive directors and assisted by the management staff, has primary responsibilities for managing the Group's day to day operations. The Board also delegates certain of its responsibilities to the Audit Committee with clearly defined terms of reference.

Pursuant to Articles 93 & 98 of the Company's Articles of Association, all directors will submit themselves for election by shareholders at the annual general meeting following their appointment. All directors shall also retire from office once at least in each three years.

Board Meetings

During the financial year ended 30 June 2004, there were eight (8) Board of Directors' meetings held and the attendance record of the members of the Board in each of the meetings was disclosed in page 3 herein.

Each Director is provided with the agenda and a full set of Board papers prior to each Board Meeting with the aim of enabling the directors to make fully informed decisions at the Board Meetings. The Company Secretary is available at all times to provide the Directors with the appropriate advice and services and also to ensure that the relevant procedures are followed.

DIRECTORS' REMUNERATION

For the year under review, the aggregate remuneration of directors paid/proposed is categorised into the following components:-

	FEES & ALLOWANCE (RM)	SALARY & BONUS (RM)	BENEFITS-IN-KIND (RM)
Executive Directors	96,000	1,131,000	57,800
Non-Executive Directors	80,400	-	-
Total	173,700	1,131,000	57,800

The number of executive directors whose total remuneration fall within the following bands:-

RANGE OF REMUNERATION	NUMBER OF EXECUTIVE DIRECTOR
RM200,000-RM250,000	2
RM450,000-RM500,000	2

SHAREHOLDERS

The Company's annual reports have comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide the investors with financial information.

The principal forum for dialogue with shareholders is the Annual General Meeting, during which the shareholders are given the opportunity to participate and pose questions to the Board regarding operational and financial information. Extraordinary General Meetings are held as and when shareholders' approvals are required on specific matters and shareholders are notified of such meetings in accordance with the Listing Requirements of Bursa Malaysia.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcements to shareholders, the aim of the directors is to present a balanced and comprehensive assessment of the Group's position and prospects. Before releasing to Bursa Malaysia, the financial results were reviewed by the Audit Committee and approved by the Board of Directors. The statement explaining the directors' responsibility for preparing the Company's financial statements is set out in page 19 herein.

Internal Control

Disclosure on the state of internal control of the Group is set out in the Statement of Internal Control contained in page 16 herein.

Relationship with Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee. The external auditors, Messrs Ernst & Young has continued to report to the members of the Company their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. From time to time, the auditors highlight to the Audit Committee and the Board of Directors on matters that requires the Board's attention.

Statement on Internal Control

RESPONSIBILITY

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control. The Board recognises the importance of ensuring that a sound system of internal control and effective risk management practices are in place and is taking appropriate initiatives to further strengthen the accountability and efficiency of operations within the Group.

However, it must be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board recognises that an important element for a sound system of internal control is to have in place a risk management framework in order to identify principal risks and implement appropriate controls to manage such risk. The present process of identifying and addressing risk is conducted informally.

A more structured approach to formalise the existing process by which risks are identified, assessed, controlled and reviewed with the involvement of the Audit Committee and the Board, will be adopted.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Salient features of the system of internal control within the Group are as follows:

- The Company and its subsidiaries have clear management structure, with lines of responsibility and delegation of authority.
- Senior management, i.e. the Executive Directors and Heads of Departments have many years of accumulated experience within the Group exercise a hands-on approach on the operational and financial affairs of the Company and Group.

MONITORING ACTIVITIES

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The key activities that the directors have established in reviewing the adequacy and integrity of the system of internal control, are as follows:

- There is a system of financial reporting to the Board based on quarterly results.
- The Group has outsourced specific control processes for internal audit to a professional firm who reports directly to the Audit Committee. The Internal Auditors will assess the effectiveness of internal controls in relation to the specific critical control processes and highlight significant risks impacting the Group. For the financial year ended 30 June 2004, the Internal Auditors conducted one internal audit and the report was received and reviewed by the Audit Committee.
- The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the internal auditors and the external auditors.

Statement made in accordance with the resolution of the Board of Directors dated 28 October 2004.

STATUS OF UTILISATION OF PROCEEDS FROM PROPOSED UTILISATION

On 28 September 2001, the shareholders of Ekran had approved, inter alia, the following proposals:-

- (i) Proposed settlement of the amount of RM712,939,000 owing to Ekran by Tan Sri Dato' Paduka (Dr) Ting Pek Khiing ("Tan Sri Ting") by way of cash amounting to RM357,644,000 and payment-in-kind amounting to RM355,295,000 for the Proposed Acquisition of 60% equity interest in Langkasuka Marina Development Sdn Bhd and the Proposed Hotel-Co Acquisitions ("Proposed Settlement"); and
- (ii) Utilisation of the cash received and to be received by Ekran from Tan Sri Ting amounting to RM357,644,000 from the proceeds of the settlement of the Aggregate Amount under the Proposed Settlement.

As at 15 November 2002, Ekran has received a total cash of RM91,190,312.35 pursuant to the Proposed Settlement and the proceeds have been utilised as follows:-

APPROVED UTILISATION	AMOUNT APPROVED (RM'000)	AMOUNT UTILISED (RM'000)	BALANCE TO BE UTILISED (RM'000)	STATUS
Financing of the subscription of new shares pursuant to the Proposed Rights Issue of Wembley Industries Holdings Berhad ("WIHB")	47,417	-	47,417	Pending implementation of WIHB's Proposed Rights Issue and to be funded from the balance of cash from Tan Sri Ting
Additional repayment of bank borrowings	157,355	41,983	115,372	To be utilised upon receipt of the balance of cash from Tan Sri Ting
Repayment to specified creditors	99,681	21,391	78,290	To be utilised upon receipt of the balance of cash from Tan Sri Ting
Additional working capital requirements of the Company and its subsidiaries	50,191	26,501	23,670	To be utilised upon receipt of the balance of cash from Tan Sri Ting
Expenses of the Proposed Settlement, the Proposed Hotel-Co Acquisitions and the Proposed Utilisation	3,000	1,315	1,685	To be utilised upon receipt of the balance of cash from Tan Sri Ting
Total	357,644	91,190	266,454	

MATERIAL CONTRACTS

The material contracts of the Company involving directors and substantial shareholders which are still subsisting at the end of the financial year ended 30 June 2004 are stated as follows:-

- (i) A Settlement Agreement dated 29 June 2000 and Supplemental Agreements dated 20 July 2000, 30 March 2001 and 19 June 2001 entered into between Ekran and Tan Sri Ting in respect of the settlement of RM712,939,000 being a refundable disbursement by Tan Sri Ting to Ekran ("Settlement Agreements").
- (ii) A Sale and Purchase Agreement dated 30 March 2001 entered into between Ekran and Aset Nusantara Sdn Bhd ("Aset Nusantara") in respect of the proposed Hotel-Co Acquisitions for a purchase consideration of RM200,000,000 to be set-off as part settlement of the Aggregate Amount pursuant to the Settlement Agreements ("SPA").

A Supplemental Agreement dated 16 April 2003 entered into between Ekran and Aset Nusantara to extend the fulfilment of the condition precedent of the agreement to 16 April 2003 ("Settlement Agreement").

Tan Sri Ting, a director and substantial shareholder of Ekran, is deemed interested in the SPA and the Settlement Agreement by virtue of him being a beneficiary of the purchase consideration for the Proposed Hotel-Co Acquisitions which will be set-off against the Aggregate Amount pursuant to the Settlement Agreements.

- (iii) An agreement dated 26 April 2002 entered into between Ekran and Langkawi Airport Hotel Sdn Bhd ("LAHSB") for the capitalisation and issuance of 4,999,998 new ordinary shares of RM1.00 each in LAHSB at an issue price of RM1.00 each to Ekran ("Agreement").

Tan Sri Ting, a director and substantial shareholder of Ekran, is deemed interested in the Agreement by virtue of him being a director and substantial shareholder of Tebrau Teguh Berhad ("TTB") (formerly Granite Industries Berhad), the holding company of LAHSB, as at 26 April 2002.

Mr Ting Sie Chuong, a director and shareholder of Ekran, is deemed interested in the Agreement by virtue of his father, Tan Sri Ting's interest as stated above.

Dato' Stanley Isaacs, a director and shareholder of Ekran, is deemed interested in the Agreement by virtue of him also being a director of LAHSB and TTB as at 26 April 2002.

Senator Datuk William Lau Kung Hui, a director of Ekran, is deemed interested in the Agreement by virtue of him also being a director and shareholder of TTB as at 26 April 2002.

(iv) Two Share Sale Agreements dated 30 April 2002 (“SSAs”) entered into between Ekran and Tan Sri Ting, Asli bin Edi and Gilbert Asen Ak Maju respectively for the proposed acquisitions of the following:-

(a) the entire equity interest in Langkasuka Resort Sdn Bhd (“LRSB”) representing 8 existing ordinary shares of RM1.00 each for a cash consideration of RM11,600,000; and

(b) the entire equity interest in Aquabeat Langkawi Sdn Bhd (“ALSB”) representing 400 ordinary shares of RM1.00 each for a cash consideration of RM400.

(collectively “the Proposed Acquisitions”)

Tan Sri Ting, a director and substantial shareholder of Ekran, LRSB and ALSB is deemed interested in the SSAs by virtue of him being a beneficiary of the purchase consideration for the Proposed Acquisitions which will be set-off against the 1st and 2nd cash instalments of RM29,892,880 pursuant to the Settlement Agreements.

Mr Ting Sie Chuong, a director and shareholder of Ekran, is deemed interested in the SSAs by virtue of his father, Tan Sri Ting’s interest as stated above.

NON AUDIT FEE

The non-audit fees paid to the external auditors for the financial year ended 30 June 2004 are disclosed in Note 7 of the financial statements.

DIRECTORS’ RESPONSIBILITY STATEMENT

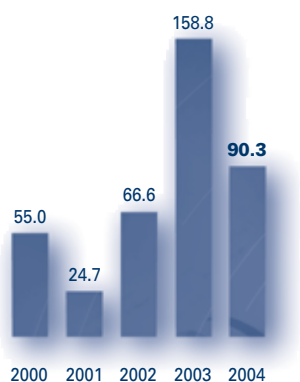
In preparing the annual financial statements of the Company and its group (“the Group”) for the financial year ended 30 June 2004, the Board of Directors is collectively responsible in ensuring that the annual financial statements are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Board is satisfied that the financial reporting of the Group presents a true and fair view of the current position and prospects of the Group.

Group Financial Highlights

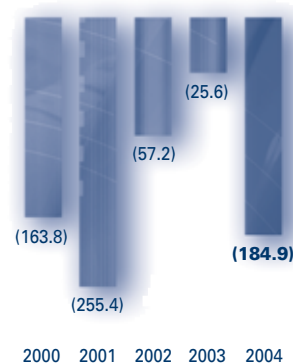
REVENUE

(RM million)



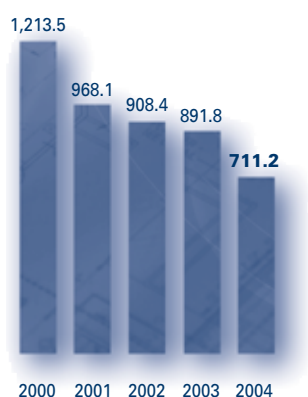
(LOSS)/PROFIT BEFORE TAXATION

(RM million)



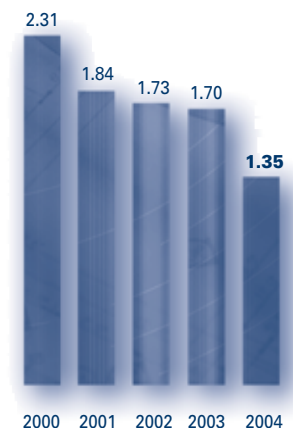
SHAREHOLDERS' FUNDS

(RM million)



NET TANGIBLE ASSETS PER SHARE

(RM)



DESCRIPTION	2004 (RM'000)	2003 (RM'000)	Change (%)
PROFIT & LOSS ACCOUNT			
Revenue	90,275	158,796	(43.15)
Loss before taxation	(184,918)	(25,598)	622.39
Loss after taxation	(185,108)	(25,613)	622.71
Loss attributable to shareholders	(184,605)	(23,417)	688.34
RATIOS			
Loss per share (sen)	(35)	(4)	775.00
Net tangible assets per share (RM)	1.35	1.70	(20.59)
BALANCE SHEET			
Tangible assets employed	1,222,687	1,409,169	(13.23)
Shareholders' funds	711,167	891,805	(20.26)

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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to companies in the Group.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	(185,108)	(192,951)
Minority interests	503	-
Net loss for the year	(184,605)	(192,951)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the Statement of Changes in Equity.

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

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing
Peter Ling Ee Kong
Dato' Stanley Isaacs
Senator Datuk William Lau Kung Hui
Dr Regina Noran Nuruddin
Dato' Muhammad Shafee bin Md Abdullah
Ting Sie Chuong
Liew Chie Chung

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than any deemed benefit arising from the transactions as referred to in this report and in Notes 4, 5, 6, 7 and 28 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			At 30 June 2004
	At 1 July 2003	Acquired	Sold	
Tan Sri Dato' Paduka (Dr) Ting Pek Khiing				
- direct interest	167,903,859	-	(56,869,585)	111,034,274
- indirect interest	667,683	-	-	667,683
Dato' Stanley Isaacs				
- direct interest	60,000	-	(60,000)	-
Ting Sie Chuong				
- direct interest	162,016	-	-	162,016
- indirect interest	168,117,526	-	(56,869,585)	111,247,941
Liew Chie Chung				
- direct interest	3,000	-	-	3,000

By virtue of their interests in the shares in the Company Tan Sri Dato' Paduka (Dr) Ting Pek Khiing and Ting Sie Chuong are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than the above, the directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

The following statements are made subject to the matters discussed in Note 2(a) to the financial statements.

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts but that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (continued)

(e) As at the date of this report, there does not exist:

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

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

TAN SRI DATO' PADUKA (DR) TING PEK KHIING

PETER LING EE KONG

Kuching, Malaysia
28 October 2004

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, TAN SRI DATO' PADUKA (DR) TING PEK KHIING and PETER LING EE KONG, being two of the directors of EKTRAN BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 28 to 67 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

TAN SRI DATO' PADUKA (DR) TING PEK KHIING

PETER LING EE KONG

Kuching, Malaysia
28 October 2004

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, LIEW CHIE CHUNG, being the Director primarily responsible for the financial management of EKTRAN BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 67 are in my opinion 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 LIEW CHIE CHUNG
at Kuching in the State of Sarawak
on 28 October 2004

LIEW CHIE CHUNG

Before me,

CHUA HIAN CHONG

No. Q 071

Commissioner for Oaths

Report of the Auditors

to the Members of Ekran Berhad (Incorporated in Malaysia)

We have been engaged to audit the financial statements set out on pages 28 to 67. These financial statements are the responsibility of the Company's directors.

We report as follows:

1. As disclosed in Note 19 to the financial statements, the advances to an associated company, Wembley Industries Holdings Berhad ("WIHB") and its subsidiary, amounting to RM98.9 million as at 30 June 2004, do not appear to be in compliance with the provisions of the Companies Act, 1965, in relation to advances to persons connected with a director of the Company. Although the relevant director has no direct interest in the associated company, the associated company is deemed to be a person connected to the director by virtue of the director's interests in shares in the Company. In addition, the recoverability of the advances is subject to the successful implementation of WIHB's debt restructuring scheme as disclosed in Note 19 to the financial statements, which in turn is subject, inter alia, to the Company subscribing for its full rights issue entitlement amounting to RM23.7 million.
2. As disclosed in Note 30(c) to the financial statements, the Company received a proposed offer from Tan Sri Dato' Paduka (Dr) Ting Pek Khiing ("Tan Sri Ting") in 2001 for a revised settlement for a sum of RM564.0 million out of the total RM712.9 million owing by Tan Sri Ting to the Company, i.e. a discount of RM148.9 million. In 2001 Tan Sri Ting had effected repayment of RM246.5 million, thus leaving a balance of RM466.4 million prior to consideration of the proposed discount. In our audit report for the previous financial year, we had opined that a provision for doubtful recovery of RM148.9 million should have been recognised in that financial year. A provision for doubtful recovery has been made in the current financial year for the RM148.9 million discount leaving a net balance of RM317.5 million in the financial statements. Had the provision been made in the appropriate financial year, the loss before taxation for the current financial year would have decreased by RM148.9 million with a corresponding increase in the reported loss for the comparative financial year. Further, in view of the uncertainty regarding the ability of Tan Sri Ting to fulfill his remaining obligations, we are unable to ascertain whether any further provision for doubtful recovery is required. The financial statements of the Group and of the Company do not include any further provision for doubtful recovery of the amount owing by Tan Sri Ting to the extent any such amount may not be finally recoverable.
3. As disclosed in Note 11(b) to the financial statements, included in the property, plant and equipment of the Group is a resort known as Samal Casino Resort ("Resort") with a carrying value of RM37.1 million as at 30 June 2004. The Resort is situated in Kaputian, Island Garden City of Samal, Philippines. The Resort had ceased operations since 15 June 2000 and the Group is currently seeking a suitable buyer for the Resort. A valuation on the Resort assets was performed on 30 July 2004. However, the valuation report disclosed that the valuation exercise did not include an examination of the property nor did it consider additions or deductions that may have been made since the last appraisal dated 4 August 2001. As the Resort had ceased operations since 2000, and as the valuation amount is conditional, we are unable to ascertain as to whether the stated carrying value of the Resort as at 30 June 2004 is recoverable.
4. As mentioned in Note 14 to the financial statements, leasehold land held for development by a subsidiary, Langkasuka Marina Development Sdn. Bhd., with the carrying value of RM620 million as at 30 June 2003, relates to a reclamation and development project in Pulau Langkawi, Kedah. The development activity on the project had been suspended since previous years pending availability of funds, and the company is currently assessing the viability of the project. A valuation was performed on the above land on 26 June 2004 based on the Comparison Method. However, due to the significance of the asset to the financial statements as a whole and the uncertainty regarding its recoverability, we consider that it should be brought to your attention.
5. Included in the trade and other receivables of the Group and of the Company are amounts due from Mashyur Mutiara Sdn. Bhd. and Accruvest Hotel Management Sdn. Bhd. amounting to RM17.6 million and RM12.8 million respectively as at 30 June 2004. These companies are amongst the companies or hotel companies to be acquired by the Company as disclosed in Note 30 to the financial statements. At the date of this report, the amounts due from Mashyur Mutiara Sdn. Bhd. and Accruvest Hotel Management Sdn. Bhd. amounted to RM16.5 million and RM12.3 million respectively. No provision for doubtful recovery has been made in the financial statements on the balance of these amounts as the directors are of the opinion that these amounts are recoverable. However, in view of the relatively small amount of repayment by these companies to-date, we are unable to ascertain the recoverability of these debts.

6. Included in the financial statements of the Company are amounts due from its subsidiaries, namely Ekran Holdings (Philippines) Inc. and Ekran Project Management Sdn. Bhd. of RM132.5 million and RM239.6 million respectively as at 30 June 2004. Ekran Holdings (Philippines) Inc. is the owner of the Samal Casino Resort which is referred to in item 3 above. The financial statements as at 30 June 2004 of these companies reflected shareholders' deficits. The directors are of the opinion that no provision for doubtful recovery is required as the amounts are recoverable. However, we are unable to obtain sufficient appropriate audit evidence as to the recoverability of these debts.
7. As disclosed in Note 13 to the financial statements, the audited financial statements for the years ended 30 June 2004 and 2003 of a subsidiary, Sino Malaysia Art and Culture Co. Limited, have not been made available to us as at the date of this report. The Group has used the unaudited management financial statements of this subsidiary as at 30 June 2004 and 2003 in the preparation of the consolidated financial statements. The aggregate summary of the unaudited financial positions as at 30 June 2004 and 2003 and the results and cash flows of this subsidiary for the years then ended, included in the Group's consolidated financial statements, are disclosed in Note 13 to the financial statements. We have not been able to obtain sufficient appropriate audit evidence regarding the financial statements of this subsidiary that have been included in the consolidated financial statements.

In view of the significance of the matters discussed in the preceding paragraphs, we are unable to form an opinion as to whether the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of :

- (a) the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
- (b) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

In our opinion, except for any adjustments that could arise in respect of the matters discussed above, that could affect the recorded amounts, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Except for the financial statements of a subsidiary as discussed in item 7 above, for which no audited financial statements for the years ended 30 June 2004 and 2003 were available, we are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

There is no auditors' report in respect of the financial statements of a subsidiary as discussed in item 7 above. Other than as disclosed in Note 13 to the financial statements and as further discussed in items 3 to 5 above, the auditors' reports on the financial statements of the other subsidiaries were not subject to qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHIN MUI KHIONG PETER
No. 1881/03/06 (J)
Partner

Kuching, Malaysia
28 October 2004

Income Statements

for the year ended 30 June 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	3	90,275	158,796	-	-
Other operating income	4	3,449	785	3,445	367
Construction costs recognised as expenses		(80,602)	(137,973)	-	-
Staff costs	5	(3,381)	(5,099)	(2,362)	(3,724)
Depreciation		(7,939)	(8,299)	(537)	(572)
Other operating expenses	7	(178,866)	(21,385)	(193,152)	(8,622)
Loss from operations		(177,064)	(13,175)	(192,606)	(12,551)
Finance (costs)/income, net	8	(8,430)	(12,444)	(345)	1,616
Share of profits of associated companies		576	21	-	-
Loss before taxation		(184,918)	(25,598)	(192,951)	(10,935)
Taxation	9	(190)	(15)	-	-
Subsidiaries		(28)	(8)	-	-
Associates		(162)	(7)	-	-
Loss after taxation		(185,108)	(25,613)	(192,951)	(10,935)
Minority interests		503	2,196	-	-
Net loss for the year		(184,605)	(23,417)	(192,951)	(10,935)
Basic loss per share	10	(35) sen	(4) sen		

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

Balance Sheets

as at 30 June 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-current assets					
Property, plant and equipment	11	111,658	137,997	16,279	16,816
Long term receivables	12	-	249,786	-	249,786
Investments	13	8,827	413	166,723	175,850
Leasehold land held for development	14	620,000	620,000	-	-
		740,485	1,008,196	183,002	442,452
Current assets					
Due from customers on contracts	15	-	1,250	-	-
Trade receivables	16	37,012	41,383	-	-
Other receivables	17	369,481	277,680	368,476	275,841
Due from subsidiaries	18	-	-	358,092	375,308
Due from an associated company	19	69,350	69,215	69,350	69,215
Cash and bank balances	20	6,359	11,445	5,221	10,009
		482,202	400,973	801,139	730,373
Current liabilities					
Borrowings	21	151,968	145,796	62,890	64,250
Due to customers on contracts	15	1,643	-	-	-
Trade payables	22	15,047	22,859	-	-
Other payables	23	96,368	99,229	158,845	151,668
Tax payable		35,871	37,380	35,869	37,370
Due to subsidiaries	18	-	-	4,104	4,106
		300,897	305,264	261,708	257,394
Net current assets		181,305	95,709	539,431	472,979
		921,790	1,103,905	722,433	915,431
Financed by:					
Share capital	24	525,969	525,969	525,969	525,969
Reserves		185,198	365,836	196,464	389,415
Shareholders' equity		711,167	891,805	722,433	915,384
Minority interests		107,951	108,453	-	-
		819,118	1,000,258	722,433	915,384
Lease and hire purchase payables	25	-	47	-	47
Land premium payable	26	1,854	2,782	-	-
Deferred taxation	14	100,818	100,818	-	-
Non-current liabilities		102,672	103,647	-	47
		921,790	1,103,905	722,433	915,431

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2004

	← Reserves →				Total RM'000
	Share capital RM'000	Share premium RM'000	Non-distributable Exchange fluctuation reserves RM'000	Accumulated losses RM'000	
At 1 July 2002	525,969	1,186,931	10,145	(814,666)	908,379
Net loss for the year	-	-	-	(23,417)	(23,417)
Currency translation differences representing net gain not recognised in the income statement	-	-	6,843	-	6,843
At 30 June 2003	525,969	1,186,931	16,988	(838,083)	891,805
Net loss for the year	-	-	-	(184,605)	(184,605)
Currency translation differences representing net gain not recognised in the income statement	-	-	3,967	-	3,967
At 30 June 2004	525,969	1,186,931	20,955	(1,022,688)	711,167

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

Statement of Changes in Equity

for the year ended 30 June 2004

	← Reserves →			Total RM'000
	Share capital RM'000	Non- distributable Share premium RM'000	Accumulated losses RM'000	
At 1 July 2002	525,969	1,186,931	(786,581)	926,319
Net loss for the year	-	-	(10,935)	(10,935)
At 30 June 2003	525,969	1,186,931	(797,516)	915,384
Net loss for the year	-	-	(192,951)	(192,951)
At 30 June 2004	525,969	1,186,931	(990,467)	722,433

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

Consolidated Cash Flow Statement

for the year ended 30 June 2004

	2004 RM'000	2003 RM'000
Cash flows from operating activities		
Loss before taxation	(184,918)	(25,598)
Adjustment for:		
Bad debts recovered	(3,039)	-
Construction in progress written off	3,988	-
Depreciation	7,939	8,299
Dividend income	(52)	-
Gain on disposal of property, plant and equipment	(2)	(374)
Interest expense	9,974	13,932
Interest income	(1,544)	(1,488)
Loss on written off of prescribed input taxes	715	-
Property, plant and equipment written off	-	209
Provision for doubtful debts	148,929	634
Provision for impairment losses	17,548	1,345
Share of profits of associated companies	(576)	(21)
Operating loss before working capital changes	(1,038)	(3,062)
Decrease in receivables	17,774	27,554
(Increase)/decrease in due from customers for construction contracts	(1,095)	6,167
Increase in due from associated companies	(136)	(187)
Decrease in payables	(19,443)	(30,853)
Cash used in operations	(3,938)	(381)
Interest paid	(632)	(3,239)
Tax paid	(1,541)	(3,007)
Net cash used in operating activities	(6,111)	(6,627)
Cash flows from investing activities		
Dividend received	52	-
Additional investment in associate	(8,000)	-
Interest received	234	1,488
Payment of land premium	(927)	(927)
Purchase of property, plant and equipment	(1,246)	(1,482)
Proceeds from disposal of property, plant and equipment	147	2,889
Net cash (used in)/generated from investing activities	(9,740)	1,968
Cash flows from financing activities		
Repayment of short term borrowings	(709)	(2,400)
Repayment of lease and hire purchase payables	(1,634)	(633)
Net cash used in financing activities	(2,343)	(3,033)
Net decrease in cash and cash equivalents	(18,194)	(7,692)
Cash and cash equivalents at beginning of year	(47,152)	(46,303)
Effect of exchange rate changes	3,967	6,843
Cash and cash equivalents at end of year (Note 20)	(61,379)	(47,152)

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

Cash Flow Statement

for the year ended 30 June 2004

	2004 RM'000	2003 RM'000
Cash flows from operating activities		
Loss before taxation	(192,951)	(10,935)
Adjustment for:		
Bad debts recovered	(3,039)	-
Depreciation	537	572
Dividend income	(52)	-
Gain on disposal of property, plant and equipment	(2)	-
Interest expense	9,973	13,932
Interest income	(9,628)	(15,548)
Provision for diminution in value of investments	17,128	2,814
Provision for doubtful debts	174,215	2,561
Provision for impairment losses	-	1,345
Operating loss before working capital changes	(3,819)	(5,259)
Decrease in receivables	20,666	6,096
Increase in due from associated companies	(136)	(187)
Net changes in amount due to/from subsidiaries	(8,072)	12,087
Decrease in other payables	(1,238)	(908)
Cash generated from operations	7,401	11,829
Interest paid	(631)	(3,237)
Tax paid	(1,500)	(3,000)
Net cash generated from operating activities	5,270	5,592
Cash flows from investing activities		
Additional investment in associate	(8,000)	-
Purchase of property, plant and equipment	-	(1)
Proceeds from disposal of property, plant and equipment	2	-
Dividend received	52	-
Interest received	222	212
Net cash (used in)/generated from investing activities	(7,724)	211
Cash flows from financing activities		
Repayment of short term borrowings	(709)	(2,400)
Repayment of hire purchase payables	(1,625)	(200)
Net cash used in financing activities	(2,334)	(2,600)
Net (decrease)/increase in cash and cash equivalents	(4,788)	3,203
Cash and cash equivalents at beginning of year	400	(2,803)
Cash and cash equivalents at end of year (Note 20)	(4,388)	400

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

Notes to the Financial Statements

30 June 2004

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services to companies in the Group.

The principal activities of the subsidiaries are described in Note 13.

There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 9, Wisma Ting Pek Khiing, No. 1, Jalan Padungan, 93100 Kuching, Sarawak.

The number of employees in the Group and in the Company at the end of the financial year were 208 (2003: 167) and 31 (2003: 36) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 October 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

As at 30 June 2004, the financial statements of the Group and of the Company reflect accumulated losses of RM1,022,688,000 and RM990,467,000 respectively. In addition, the Group and the Company have defaulted in certain repayments obligations, as disclosed in Note 21 and certain financial institutions have initiated legal actions against the Group.

As disclosed in Note 30(b), part of the proceeds to be received from Tan Sri Dato' Paduka (Dr) Ting Pek Khiing ("Tan Sri Ting") are to be used to finance the subscription of Wembley Industries Holdings Berhad's ("WIHB") proposed rights issue and additional repayment of bank borrowings and creditors. Should the repayment from Tan Sri Ting not be forthcoming or should the repayment from Tan Sri Ting be based on his proposed offer of revised settlement, of which the Company is to receive a balance of RM87.6 million in cash, the Company may not be able to finance its subscription of WIHB's rights issues or repayment of its bank borrowings and creditors. As such, the successful implementation of WIHB's restructuring scheme, which is conditional upon the Company demonstrating that it has sufficient financial resources to subscribe for its entitlement under WIHB's proposed rights issue may be in doubt. Consequently, the recoverability of advances due from WIHB of RM98.8 million which is subject to the successful implementation of WIHB's restructuring scheme, may be in doubt. Hence, the ability of the Group and of the Company to continue as going concerns are dependent on their abilities to achieve profitable operations, positive cash flows, continued support from the financial institutions and the cash repayment by Tan Sri Ting as disclosed in Note 30. The financial statements of the Group and of the Company have been prepared on a going concern basis in anticipation that Tan Sri Ting will make good his repayment of RM466 million of which RM228 million is to be paid in cash, and that the Group and the Company will continue to obtain the support from their financial institutions and creditors.

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

(ii) Associated companies

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policies decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the respective carrying amounts of these investments.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments in subsidiaries and associated companies

The Company's investments in subsidiaries and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Freehold land is not depreciated. Leasehold land and building are depreciated over the period of the respective leases which range from 10 to 50 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant, machinery and equipment	10% - 20%
Furniture, fittings, office equipment and renovation	2% - 40%
Motor vehicles	10% - 20%

New planting and replanting expenditure incurred prior to maturity of rootstock including land clearing, drains and irrigation, seedlings, fertilisation, labour and other directly attributable costs of plantation are capitalised under plantation development expenditure and amortised over the useful lives of the rootstocks upon harvest.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(f) Leasehold land held for development

Leasehold land held for development consists of leasehold reclamation land with a lease period of 99 years, held for future development and where no significant development has been undertaken, and is stated at cost. Cost includes cost of land and attributable development expenditure. Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(g) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(j) Provisions for liabilities

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

(k) Income tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(m) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Development properties and construction contracts

Revenue from sale of development properties and from construction contracts are accounted for by the stage of completion method as described in Note 2(g).

(ii) Sale of palm kernel

Revenue relating to sale of palm kernel is recognised net of discount upon the transfer of risks and rewards.

(iii) Rental income

Rental income is recognised on an accrual basis.

(n) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All other exchange differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for each respective unit of foreign currency ruling at balance sheet date are as follows:

	2004	2003
	RM	RM
United States Dollars	3.80	3.80
Philippines Peso ("P")	0.07	0.07
China, Yuan Renminbi ("RMB")	0.46	0.46

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the assets is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognized revaluation surplus for the same asset.

(p) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries, associated companies and long term receivables are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

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

(iii) Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. Interest incurred on borrowings is charged to the income statement as expense as and when incurred.

Interest incurred on borrowings relating to the construction of property, plant and equipment is capitalised until the assets are ready for their intended use. Borrowing costs relating to development properties are capitalised during the period of active development until they are ready for their intended purpose.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. REVENUE

	Group	
	2004 RM'000	2003 RM'000
Sale of palm kernel	4,308	2,896
Construction and property development	84,392	153,800
Rental income from property	1,575	2,100
	90,275	158,796

4. OTHER OPERATING INCOME

Included in other operating income are:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Dividend income	52	-	52	-
Rental income				
- a company in which Tan Sri Ting has substantial financial interest	246	290	231	246
- associated company	121	121	121	121
Gain on disposal of property, plant and equipment	2	374	2	-
Bad debts recovered	3,039	-	3,039	-

5. STAFF COSTS

Wages and salaries	2,845	3,243	1,914	1,979
Bonus	173	171	173	169
Termination benefits	-	1,296	-	1,296
Other staff related expenses	363	389	275	280
	3,381	5,099	2,362	3,724

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,266,720 (2003: RM1,362,720) and RM1,048,320 (2003: RM1,048,320) respectively.

The estimated monetary value of other benefits not included in the above received by the directors of the Group and the Company was RM57,800 (2003: RM57,800).

6. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,180	1,180	976	976
Fees	96	96	96	96
Bonus	87	87	72	72
Benefits-in-kind	58	58	58	58
	1,421	1,421	1,202	1,202
Non-Executive:				
Fees	80	72	80	72

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

	Number of Directors	
	2004	2003
Executive directors:		
RM200,001 - RM250,000	2	2
RM450,001 - RM500,000	2	2
Non-Executive directors:		
Below RM50,000	3	3

7. OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Auditors' remuneration:				
- current year	56	56	25	25
- overprovision in prior year	-	(5)	-	-
- other services	12	95	8	95
Non-executive directors' fees (Note 6)	80	72	80	72
Construction in progress written off	3,988	-	-	-
Property, plant and equipment written off	-	209	-	-
Rental of office premises	317	381	-	-
Rental of equipment	38	371	-	-
Provision for doubtful debts				
- associated companies	-	446	-	446
- subsidiaries	-	-	25,286	1,927
- Tan Sri Ting	148,929	-	148,929	-
- others	-	188	-	188
Impairment of investments				
- associated companies	-	-	-	2,814
- subsidiaries	-	-	17,128	-
Provision for impairment losses on property, plant and equipment	17,548	1,345	-	1,345

8. FINANCE (COSTS)/INCOME, NET

Interest income	1,544	1,488	9,628	15,548
Interest expense	(9,974)	(13,932)	(9,973)	(13,932)
	(8,430)	(12,444)	(345)	1,616

9. TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Malaysian income tax:				
Current year's provision	162	15	-	-
Taxation underprovided in prior years	28	-	-	-
	190	15	-	-

There is no tax charge for the year for the Company as the Company is in a tax loss position.

Income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.

9. TAXATION (continued)

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

	2004 RM'000	2003 RM'000
Group		
Loss before taxation	(184,918)	(25,598)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	(51,777)	(7,167)
Expenses not deductible for tax purposes	50,766	2,785
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(939)
Deferred tax assets not recognised during the year	1,688	5,336
Effect of utilisation of previously unrecognised tax losses	(515)	-
Underprovided in prior years	28	-
Tax expense for the year	190	15
Company		
Loss before taxation	(192,951)	(10,935)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	(54,026)	(3,061)
Expenses not deductible for tax purposes	53,381	1,811
Deferred tax assets not recognised during the year	645	1,250
Tax expense for the year	-	-

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Depreciation in excess of capital allowance	-	-	-	(1,326)
Unutilised business losses	146,973	143,087	56,400	53,380
Unutilised capital allowances	4,030	3,705	1,509	1,633
Provision for doubtful debts	41,001	41,001	-	-
	192,004	187,793	57,909	53,687

The above deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the above timing differences can be utilised.

10. BASIC LOSS PER SHARE

The basic loss per share is calculated by dividing the Group loss for the year of RM184,605,000 (2003: RM23,417,000) by the weighted average number of shares in issue during the financial year of RM525,969,000 (2003: RM525,969,000).

There are no shares in issuance which have a dilutive effect to the loss per share of the Group.

11. PROPERTY, PLANT AND EQUIPMENT

Group	*Land, building and plantation RM'000	Plant, machinery and equipment RM'000	Furniture, fittings, office equipment and renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 July 2003	226,537	2,483	18,418	3,549	250,987
Additions	1,120	114	12	-	1,246
Disposal	(146)	-	-	(4)	(150)
Exchange differences	(3,283)	-	(1,579)	-	(4,862)
At 30 June 2004	224,228	2,597	16,851	3,545	247,221
Accumulated depreciation and impairment losses					
At 1 July 2003	94,880	2,015	12,926	3,169	112,990
Depreciation charge for the year	5,648	273	1,804	214	7,939
Disposal	-	-	-	(4)	(4)
Exchange differences	(1,556)	-	(1,354)	-	(2,910)
Impairment loss	17,548	-	-	-	17,548
At 30 June 2004	116,520	2,288	13,376	3,379	135,563
Net book value					
At 30 June 2004	107,708	309	3,475	166	111,658
At 30 June 2003	131,657	468	5,492	380	137,997
Depreciation charge for 2003	5,507	313	2,236	243	8,299

Group	*Land, Building And Plantation					Total RM'000
	Plantation RM'000	Building RM'000	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	
Cost						
At 1 July 2003	29,020	149,426	13,143	26,488	8,460	226,537
Additions	1,120	-	-	-	-	1,120
Disposal	(146)	-	-	-	-	(146)
Exchange differences	(3,283)	-	-	-	-	(3,283)
At 30 June 2004	26,711	149,426	13,143	26,488	8,460	224,228
Accumulated depreciation and impairment losses						
At 1 July 2003	647	89,489	3,662	316	766	94,880
Depreciation charge for the year	2,452	2,855	-	157	184	5,648
Exchange differences	(1,556)	-	-	-	-	(1,556)
Impairment loss	17,548	-	-	-	-	17,548
At 30 June 2004	19,091	92,344	3,662	473	950	116,520
Net book value						
At 30 June 2004	7,620	57,082	9,481	26,015	7,510	107,708
At 30 June 2003	28,373	59,937	9,481	26,172	7,694	131,657
Depreciation charge for 2003	373	4,792	-	158	184	5,507

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	*Land and building RM'000	Furniture, fittings, office equipment and renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 July 2003	20,904	2,090	2,788	25,782
Disposal	-	-	(4)	(4)
At 30 June 2004	20,904	2,090	2,784	25,778
Accumulated depreciation and impairment losses				
At 1 July 2003	4,903	1,575	2,488	8,966
Depreciation charge for the year	155	204	178	537
Disposal	-	-	(4)	(4)
At 30 June 2004	5,058	1,779	2,662	9,499
Net book value				
At 30 June 2004	15,846	311	122	16,279
At 30 June 2003	16,001	515	300	16,816
Depreciation charge for 2003	155	211	206	572

Company	-----* Land and Building ----- Freehold		
	Building RM'000	land RM'000	Total RM'000
Cost			
At 1 July 2003/30 June 2004	7,761	13,143	20,904
Accumulated depreciation and impairment losses			
At 1 July 2003	2,600	2,303	4,903
Depreciation charge for the year	155	-	155
At 30 June 2004	2,755	2,303	5,058
Net book value			
At 30 June 2004	5,006	10,840	15,846
At 30 June 2003	5,161	10,840	16,001
Depreciation charge for 2003	155	-	155

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The land and building of the Group and the Company with the following net book value are charged to secure short term borrowings:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Freehold land	10,840	10,840	10,840	10,840
Short term leasehold land	7,510	7,694	-	-
Buildings	14,793	16,973	5,006	5,161
	33,143	35,507	15,846	16,001

Included in the property, plant and equipment are:

- (a) A subsidiary has rights to certain pieces of leasehold land with a net book value of RM-Nil (2003: RM17,500,432), after full provision made for the impairment loss in current financial statements. These land are located in the district of Qiongsan and Wanling, Hainan, People's Republic of China. The local authorities in Hainan, have given notice to the subsidiary that the rights to its leasehold land have been revoked as the subsidiary had failed to develop the land as stipulated under the local legislation. The management of the subsidiary communicated to the local authorities in previous years that they will develop the leasehold land in the district of Qiongsan and required an extension of time to develop the leasehold land in the district of Wanling, Hainan.

The subsidiary was granted an extension of time up to 31 December 2002 to develop the leasehold land in the district of Wanling, subject to the payment of vacant land fees of RM638,415. However, no notice for payment of vacant land fees has been imposed and no extension of time has been communicated to the subsidiary for the leasehold land in the district of Qiongsan, as the local authorities are still awaiting for the development plan to be submitted. The Directors of the Company are in the process of negotiating for a further extension of time for these leasehold land with the local authorities before the submission of the development plan and payment of the vacant land fees are made.

In view of these uncertainties, the management has provided full impairment loss on the rights of the said leasehold land.

- (b) A resort belonging to a subsidiary known as the Samal Casino Resort ("Resort") has a net book value of RM37,070,777 (2003: RM42,443,600). The Resort is situated in Kaputian, Island Garden City of Samal, Philippines. In view of security concerns in that region, the Resort has ceased operations since 15 June 2000. The Company is currently seeking a suitable buyer for the Resort.

On 30 July 2004, certain property, plant and equipment of the Resort has been revalued by Alfonso T. Nonato, Vice President of Asian Appraisal and also a licensed real estate appraiser in Philippines. The subject of this appraisal is the Company's interest (Lessee's Interest) on the land of 2,500,000 sq.m. it occupies and those replaceable property, plant and equipment utilized in carrying out the business, comprising of buildings, other land improvements, machinery and equipment, kitchen equipment, casino gaming equipment, floating equipment, transportation equipment and furniture and office equipment, located within the adjoining Barangays San Isidro, Libertad and San Remigio, Kaputian Island Garden City of Sama, Davao Del Norte, as contained in the previous appraisal report dated 19 July 1999 without personal examination was made on this property at this time and no consideration has been given to any addition or deduction that may have been made to the property since the last appraisal. Accordingly, the valuation on the leasehold land was made based on the Capitalization Approach with the Lessee's interest or leasehold value of RM6,500,000 in fee simple, free and clear and the replaceable property, plant and equipment were valued based on Cost Approach and Market Data Approach with the fair market value of RM57,600,000, respectively.

- (c) Plantation development expenditure incurred and capitalised during the year are as follows:

	Group	
	2004 RM	2003 RM
Equipment rental	361,672	631,482
Interest expense	239,282	629,634
Staff costs	150,331	196,425

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) Motor vehicles held under hire purchase are as follows:

Net Book Value	Group RM'000	Company RM'000
2004	<u>59</u>	<u>59</u>
2003	<u>189</u>	<u>147</u>

(e) Title to the long term leasehold land for the oil palm plantation of a subsidiary is registered under the name of the Company.

(f) Titles to the short term leasehold land and buildings for a subsidiary have yet to be registered in the name of the subsidiary.

12. LONG TERM RECEIVABLES

	Group and Company 2004 RM'000	2003 RM'000
Amount receivable from a director, Tan Sri Ting		
- Injection of assets	229,893	229,893
- Cash settlement	236,561	236,561
	466,454	466,454
Less : Receivable within 12 months included in sundry receivables (Note 17)	(466,454)	(216,668)
	<u>-</u>	<u>249,786</u>

13. INVESTMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Investment in subsidiaries:				
Unquoted shares, at cost	-	-	186,797	186,797
Less: Accumulated impairment losses	-	-	(31,625)	(14,497)
	-	-	155,172	172,300
Investment in associated companies:				
Quoted shares, at cost *	265,370	265,370	265,370	265,370
Less: Accumulated impairment losses	(260,628)	(260,628)	(262,762)	(262,762)
	4,742	4,742	2,608	2,608
Unquoted shares**	9,623	1,622	9,623	1,622
Less: Accumulated impairment losses	(680)	(680)	(680)	(680)
Group's share of accumulated losses and reserves in associated companies	(4,858)	(5,271)	-	-
	8,827	413	11,551	3,550

13. INVESTMENTS (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other investment:				
Unquoted shares, at cost	105,500	105,500	105,500	105,500
Less: Accumulated impairment losses	(105,500)	(105,500)	(105,500)	(105,500)
	-	-	-	-
Grand total	8,827	413	166,723	175,850
Market value of quoted shares	2,608	2,608	2,608	2,608
			Group and Company	
			2004	2003
			RM'000	RM'000
* Represented by:				
Group's share of net tangible assets			63,495	63,495
Goodwill on acquisition			201,875	201,875
			265,370	265,370
** Represented by:				
Group's share of net tangible assets			4,222	1,622
Goodwill on acquisition			5,401	-
			9,623	1,622

The unquoted shares are stated after return on capital reduction of RM41,044,000 in 2001.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interests held (%)		Principal activities
		2004	2003	
Ekran Project Management Sdn. Bhd. *	Malaysia	100	100	Property construction works and letting of properties
Ekran Logging Sdn. Bhd. @	Malaysia	100	100	Logging and sale of timber products
Ekran Timber & Sawmill Sdn. Bhd. @	Malaysia	100	100	Timber logging and sawmilling
Ekran Plantations Sdn. Bhd. @	Malaysia	100	100	Oil palm plantation
Langkasuka Marina Development Sdn. Bhd. +	Malaysia	60	60	Property development
Maya Mewah (M) Sdn. Bhd. @	Malaysia	100	100	Dormant - intended for provision of rental services
Interstate Budget Resort Management Sdn. Bhd.	Malaysia	100	100	Dormant - intended for management of budget hotels
Bakun Management Sdn. Bhd.	Malaysia	100	100	Management of construction of Bakun Hydro-Electric Dam - ceased operations
Saeaga Airlines Sdn. Bhd. @	Malaysia	100	100	Provision of air transportation and related activities - ceased operations

13. INVESTMENTS (continued)

Name of subsidiaries	Country of incorporation	Equity interests held (%)		Principal activities
		2004	2003	
Ekran Holdings (Philippines) Inc. @	Republic of Philippines	100	100	Investment holdings
Ekran Services Inc. #	Republic of Philippines	100	100	Resort business and casino operations - ceased operations
Sino Malaysia Art and Culture Co. Limited ^	The People's Republic of China	70	70	Property development

* The Auditors' Report of Ekran Project Management Sdn. Bhd. contains an uncertainty on the going concern of the company as the company is in net current liabilities and shareholder's deficit position, and a qualification on the recoverability of amount due from Langkasuka Marina Development Sdn. Bhd. of RM215.2 million.

@ The Auditors' Report of the above companies contains an uncertainty on the going concern of the companies as these companies are in net current liabilities and shareholder's deficit position.

+ The Auditors' Report of Langkasuka Marina Development Sdn. Bhd. contains a qualification in respect of the carrying value of the leasehold land held for development of RM620 million.

The Auditors' Report of Ekran Services Inc. contains an uncertainty on the going concern of the company as the company is in net current liabilities and shareholder's deficit position, and a qualification on the carrying value of Samal Casino Resort of RM37.1 million.

^ The audited financial statements for the years ended 30 June 2004 and 2003 of the subsidiary are currently not available. An aggregate summary of the unaudited financial position as at 30 June 2004 and 2003, and the financial results and cashflows for the year then ended of the subsidiary, used in the preparation of the consolidated financial statements, is set out below:

	2004 RM'000	2003 RM'000
Balance sheet		
Non-current assets	10	21,499
Current assets	1	1
Current liabilities		
- due to ultimate holding company	(3,391)	(3,382)
- others	(622)	(620)
	(4,013)	(4,002)
Net (liabilities)/assets	(4,002)	17,498
Shareholders' (deficits)/funds	(4,002)	17,498
Income statement		
Loss before taxation	(21,546)	(22)
Taxation	-	-
Net loss for the year	(21,546)	(22)

13. INVESTMENTS (continued)

	2004 RM'000	2003 RM'000
Cash flow statement		
Loss before taxation and working capital changes	(21,546)	(22)
Adjustment for:		
- Depreciation	10	22
- Provision for impairment loss on property, plant and equipment	17,548	-
- Write off of construction-in-progress	3,988	-
	<hr/>	<hr/>
Net change in cash and cash equivalents	-	-

Details of the associates, all of which are incorporated in Malaysia, are as follows:

Name of associates	Equity interest held (%)		Principal activities
	2004	2003	
Wembley Industries Holdings Berhad	32.82	32.82	Investment holding
Bakun Hydro-Electric Corporation Sdn. Bhd.	42.67	42.67	Development of the Bakun Project and production of electricity - ceased operations
Site Capital Sdn. Bhd.	30.00	-	Investment holding

Shares of Wembley Industries Holdings Berhad ("WIHB") with a carrying value of RM2,607,935 (2003: RM2,282,500) were pledged for banking facilities granted to the Company as disclosed in Note 21.

The Group has extended an unsecured corporate guarantee in respect of WIHB's credit facilities amounting to RM125,000,000 (2003: RM125,000,000).

Other investment represents the Company's investment in Skylark Jaya Sdn. Bhd. ("Skylark"). Although the Company holds 100% equity interest in Skylark, Skylark has not been consolidated as a subsidiary of the Company as the Company does not have any control over Skylark and has intention to dispose of the entire equity interest in Skylark.

14. LEASEHOLD LAND HELD FOR DEVELOPMENT

	Group	
	2004 RM'000	2003 RM'000
Leasehold reclamation land	360,065	360,065
Development expenditure	259,935	259,935
	<hr/>	<hr/>
	620,000	620,000

The leasehold land held for development involves reclamation and development of land into commercial and residential properties in Pulau Langkawi, Kedah. The development covers an area of 2,059 acres, including the reclamation and development of approximately 1,000 acres of land. The leasehold land has a tenure of expired 95 years lease and be divided into ten (10) blocks. Upon completion, around 50% of the land will be reclaimed and earmarked for development into a commercial centre, international marina services centre, a golf course, public parks, harbour and traders' town, marine resort and leisure park, private villas, public beach, as well as an institutional and entertainment centre.

The development on the project is currently stalled and the Company is assessing the viability of the project. The leasehold reclamation land and development expenditure in Langkasuka Marina Development Sdn. Bhd. were valued by D.B. Das Gupta, a partner with Stocker Roberts Gupta and also a member of the Institutions of Surveyors, Malaysia, on 2 February 2001 and 26 June 2004 respectively. Both valuations were based on Comparison Method with the same open market value of RM620 million. The Comparison Method entails comparing the subject property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, availability of infrastructure, vacant possession and other characteristics. Market value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after property marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The deferred taxation in relation to this revaluation is RM100,818,402 (2003: RM100,818,402).

15. DUE (TO)/FROM CUSTOMERS ON CONTRACTS

	Group	
	2004 RM'000	2003 RM'000
Construction contract costs incurred to date	275,525	195,912
Attributable profits	9,530	9,686
Less: Provision for foreseeable losses	-	(3,988)
	285,055	201,610
Less: Progress billings	(286,698)	(200,360)
	(1,643)	1,250
Advances received on contracts, included within other payables	1,996	5,000
Retention sum on contracts, included within trade receivables	-	1,238
Contract costs recognised as expenses	80,602	137,973

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2004 RM'000	2003 RM'000
Staff costs	203	242

16. TRADE RECEIVABLES

	Group	
	2004 RM'000	2003 RM'000
Trade receivables	78,160	82,531
Less: Provision for doubtful debts	(41,148)	(41,148)
	37,012	41,383

Included in trade receivables and provision for doubtful debts of the Group are amounts due from companies in which a director, Tan Sri Ting, has substantial financial interest as follows:

	Group	
	2004 RM'000	2003 RM'000
Langkawi Airport Hotel Sdn. Bhd.	66,210	66,211
Mashyur Mutiara Sdn. Bhd.	3,005	2,991
	69,215	69,202
Less: Provision for doubtful debts		
- Langkawi Airport Hotel Sdn. Bhd.	(41,000)	(41,000)
	28,215	28,202

The Company has entered into an agreement to acquire 99.99% equity interest via subscription of shares in Langkawi Airport Hotel Sdn. Bhd. ("LAH"), a company in which Tan Sri Ting has substantial financial interest. The takeover of LAH by the Company is a settlement for the construction cost owing to a subsidiary of the Company.

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than amounts due from companies in which a director, Tan Sri Ting, has substantial financial interest as disclosed above.

17. OTHER RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Prepayments	585	889	4	4
Sundry receivables	597,604	356,570	597,180	355,616
Less: Provision for doubtful debts	(228,708)	(79,779)	(228,708)	(79,779)
	369,481	277,680	368,476	275,841

Included in prepayments is rental prepayment of RM581,502 (2003: RM672,888). The rental prepayment relates to the 50 years operating lease entered into between the Company and the Philippine Tourism Authority for certain parcel of land, situated in Kaputian, Island Garden City of Samal, Davao Del Norte. The Company is in the process of preparing the deed of assignment of the contract of sub-lease to a subsidiary, Ekran Services, Inc.

Included in sundry receivables are:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due from Tan Sri Ting (Note 12)	466,454	216,668	466,454	216,668
- Provision for doubtful debts	(148,929)	-	(148,929)	-
Amount due from companies in which Tan Sri Ting has substantial financial interest:				
Accruvest Hotel Management Sdn. Bhd.	12,761	12,780	12,708	12,743
- Provision for doubtful debts	(4,700)	(4,700)	(4,700)	(4,700)
Mashyur Mutiara Sdn. Bhd.	17,616	14,418	14,612	14,418
Aquabeat Langkawi Sdn. Bhd.	1,189	1,189	1,189	1,189
- Provision for doubtful debts	(1,189)	(1,189)	(1,189)	(1,189)
Langkasuka Resort Sdn. Bhd.	2,226	3,310	2,226	3,310
Langkawi Airport Hotel Sdn. Bhd.	14,447	10,133	14,447	10,133
Others	613	613	613	613
- Provision for doubtful debts	(369)	(369)	(369)	(369)
Proceeds receivable on the disposal of certain property, plant and equipment	15,028	16,897	15,028	16,897
Proceeds receivable on the shortfall in value of Langkasuka Marina Development Sdn. Bhd.	69,556	69,400	69,556	69,400
- Provision for doubtful debts	(69,556)	(69,400)	(69,556)	(69,400)

The amount due from companies in which Tan Sri Ting has substantial financial interest are unsecured, interest-free and have no fixed terms of repayment, except for amount due from Mashyur Mutiara Sdn. Bhd. and Langkawi Airport Hotel Sdn. Bhd. which bear interest at 10% and 8% (2003: 10% and 8%) respectively per annum.

No further provision for doubtful recovery has been made in the financial statements in respect of amounts due from Mashyur Mutiara Sdn. Bhd. and Accruvest Hotel Management Sdn. Bhd. as the directors are of the opinion that these amounts are recoverable.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than amounts due from Tan Sri Ting and companies in which Tan Sri Ting has substantial financial interest as disclosed above.

18. DUE FROM/(TO) SUBSIDIARIES

	Company	
	2004 RM'000	2003 RM'000
Due from subsidiaries	622,546	614,476
Less: Provision for doubtful debts	(264,454)	(239,168)
	358,092	375,308
Due to subsidiaries	(4,104)	(4,106)

Included in the amounts due from subsidiaries is an amount due from Ekran Project Management Sdn. Bhd. of RM239.6 million (2003: RM232.7 million). The directors are of the opinion that no provision for doubtful recovery is required as the amount is recoverable. Ekran Project Management Sdn. Bhd. has an amount of RM215.2 million (2003: RM215.2 million) receivable from its fellow subsidiary, Langkasuka Marina Development Sdn. Bhd. which has a leasehold land valued at RM620 million as disclosed in Note 14.

The amount due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for amounts due from Ekran Project Management Sdn. Bhd. and Ekran Plantations Sdn. Bhd. which bear interest at 2.0% (2003 : 3.5%) per annum.

19. DUE FROM AN ASSOCIATED COMPANY

	Group and Company	
	2004 RM'000	2003 RM'000
Due from an associated company		
Wembley Industries Holdings Berhad	99,013	98,878
Less : Provision for doubtful debts	(29,663)	(29,663)
	69,350	69,215

The amount due from WIHB consists of advances given to the associated company and its subsidiary for development expenditure and working capital purposes. The advances given were from internally generated funds amounting to RM31.8 million (2003: RM31.8 million) and proceeds from the Rights Issue amounting to RM67.0 million in 1997. The amount due from the associated company bears interest at 8% (2003: 8%), is unsecured and has no fixed terms of repayment.

Despite the possible non-compliance with Section 133A of the Companies Act, 1965, the Company decided to make advances to WIHB and its subsidiary to continue a critical part of the Plaza Rakyat Project undertaken by the subsidiary of WIHB. The advances made to WIHB and its subsidiary are required by virtue of WIHB's proposed restructuring of debts to be repaid via the issue of irredeemable convertible unsecured loan stocks. The Securities Commission ("SC") has on 27 January 2003 given conditional approval for WIHB's proposed debts restructuring exercise. Amongst the conditions imposed by the SC is for the merchant bankers to give a written confirmation that the Company has sufficient financial resources to subscribe for its entitlement in WIHB's Proposed Rights Issue of RM23.7 million. The restructuring exercise is, however, still subject to obtaining the approvals of the shareholders of WIHB, its lenders and creditors and other relevant authorities.

The ability of Company to subscribe for its entitlement of RM23.7 million is dependent on recovery of amount due from a director as described in Note 30 or on its ability to otherwise secure sufficient funds for this purpose.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash on hand and at banks	1,261	2,974	123	2,446
Deposits with:				
- licensed banks	847	1,728	847	820
- other financial institution	4,251	6,743	4,251	6,743
Cash and bank balances	6,359	11,445	5,221	10,009
Less: Bank overdrafts (Note 21)	(67,738)	(58,597)	(9,609)	(9,609)
Cash and cash equivalents	(61,379)	(47,152)	(4,388)	400

Included in deposits with licensed banks of the Group and the Company are amounts of RM847,000 (2003: RM820,000) pledged to banks for bank guarantees issued.

Deposits with other financial institution of the Group and the Company amounting to RM4,251,000 (2003: RM6,743,000) are pledged to banks as collateral for performance bonds and advance payment bonds issued for projects purposes.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Licensed banks	2.9	3.0	3.2	3.4
Other financial institution	2.9	2.7	2.9	2.7

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2004 Days	2003 Days	2004 Days	2003 Days
Licensed banks	366	205	366	365
Other financial institution	366	365	366	365

Other financial institution is an insurance company in Malaysia.

21. BORROWINGS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Short Term Borrowings				
Revolving credits:				
- Secured	42,502	42,852	30,474	30,823
- Unsecured	21,837	23,796	2,916	3,276
Term loans:				
- Secured	8,500	8,500	8,500	8,500
Bank overdrafts:				
- Secured	27,191	21,769	-	-
- Unsecured	40,547	36,828	9,609	9,609
Hire purchase and lease payables (Note 25)	11,391	12,051	11,391	12,042
	151,968	145,796	62,890	64,250
Long Term Borrowings				
Hire purchase and lease payables (Note 25)	-	47	-	47

21. BORROWINGS (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Total Borrowings				
Revolving credits	64,339	66,648	33,390	34,099
Term loans	8,500	8,500	8,500	8,500
Bank overdrafts (Note 20)	67,738	58,597	9,609	9,609
Hire purchase and lease payables (Note 25)	11,391	12,098	11,391	12,089
	151,968	145,843	62,890	64,297
Maturity of borrowings (excluding hire purchase) :				
Within one year	140,577	127,245	51,499	45,708
More than 1 year and less than 2 years	-	2,000	-	2,000
More than 2 years and less than 5 years	-	4,500	-	4,500
	140,577	133,745	51,499	52,208

The weighted average effective interest rates during the financial year for borrowings, excluding hire purchase and lease payables, were as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Revolving credits	8.5	9.2	8.5	9.2
Term loans	9.0	9.2	9.0	9.2
Bank overdrafts	8.5	8.9	8.5	8.9

The secured revolving credits, term loans and bank overdrafts of the Group are secured by fixed charges over assets of a subsidiary.

The secured term loans of the Company are also secured by a first legal charge over the freehold land and building of the Company and pledging of the WIHB's shares. The Group has defaulted in its loans repayment and certain financial institutions have initiated legal actions against the Group. The Group is in discussion with the lenders to defer the settlement of certain of the above short term borrowings.

22. TRADE PAYABLES

Included in the trade payables of the Group is an amount of RM403,993 (2003: RM403,993) due to companies in which Tan Sri Ting has substantial financial interest.

The normal trade credit terms granted to the Group range from 30 to 90 days.

23. OTHER PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Accruals	14,819	12,331	14,819	12,331
Sundry payables	81,549	86,898	144,026	139,337
	96,368	99,229	158,845	151,668

Included in sundry payables are:

Due to companies in which Tan Sri Ting has substantial financial interest:

- PWE Industries Sdn. Bhd.	6,240	6,264	6,240	6,264
- Others	3,675	3,403	986	986
Due to creditors *	36,583	36,583	36,583	36,583
Provision for directors' fees	347	328	347	328
Accrued interest	10,399	17,856	9,111	5,512
Assessment, land premium and other charges payable for the land used for development (Note 26)	1,854	1,854	-	-
Bank overdrafts and term loans taken by a subsidiary, pending the approval of the financial institutions for the transfer to the Company	-	-	99,477	93,881

The amounts due to companies in which Tan Sri Ting has substantial financial interest are unsecured, interest-free and have no fixed terms of repayment.

* These amounts relates to amounts previously due to Langkawi Exhibition Hall Sdn. Bhd. ("LEHSB") which LEHSB has subsequently authorised the Company to pay directly to Commerce International Merchant Bankers Berhad, CIMB Securities Sdn. Bhd., PB Securities Sdn. Bhd., Utama Merchant Bank Berhad and SBB Securities Sdn. Bhd. (collectively known as "the Creditors") via a second settlement agreement dated 28 December 2001 between Tan Sri Ting, the Company and the Creditors.

24. SHARE CAPITAL

	Number of Ordinary Shares of RM1 each		Amount	
	2004	2003	2004 RM'000	2003 RM'000
Authorised	2,500,000	2,500,000	2,500,000	2,500,000
Issued and fully paid	525,969	525,969	525,969	525,969

25. HIRE PURCHASE AND LEASE PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Minimum lease payments:				
Not later than 1 year	11,408	12,073	11,408	12,063
Later than 1 year and not later than 2 years	-	62	-	62
	11,408	12,135	11,408	12,125
Less: Finance charges	(17)	(37)	(17)	(36)
	11,391	12,098	11,391	12,089

25. HIRE PURCHASE AND LEASE PAYABLES (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Present value of finance lease liabilities:				
Due within 12 months included in short term borrowings (Note 21)	11,391	12,051	11,391	12,042
Due after 12 months (Note 21)	-	47	-	47
	11,391	12,098	11,391	12,089

The hire purchase and lease liabilities bore interest at the balance sheet date of between 5.90% to 6.50% (2003: 5.90% to 6.50%) per annum.

26. LAND PREMIUM PAYABLE

	Group	
	2004 RM'000	2003 RM'000
Land premium payable by 9 equal annual instalments commencing 1 January 1999	3,708	4,636
Amount due within the next twelve months included in other payables (Note 23)	(1,854)	(1,854)
	1,854	2,782
Maturity of repayments:		
Within one year	1,854	1,854
Between one to two years	927	927
Between two to five years	927	1,855
	3,708	4,636

27. COMMITMENT

	Group	
	2004 RM'000	2003 RM'000
Unsecured:		
Approved and contracted for: Design of golf course	3,800	3,800

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Transactions with companies in which Tan Sri Ting has substantial financial interest:				
- Rental expense paid to				
- Utacom Sdn. Bhd.	245	309	-	-
- Yu Lan Plaza Sdn. Bhd.	72	72	-	-
- Rental income from PWE Industries Berhad	(45)	(60)	(45)	(60)
- Rental income from Accruvest Hotel Management Sdn. Bhd.	(15)	(15)	-	-
- Rental income from Mashyur Mutiara Sdn. Bhd.	(186)	-	(186)	-
- Interest income from Mashyur Mutiara Sdn. Bhd.	(1,307)	(1,249)	(1,307)	(1,249)
Transactions with associated company, Wembley Industries Holdings Berhad:				
- Rental income	(121)	(121)	(121)	(121)
- Advance for working capital	-	66	-	66
Transactions with related companies:				
- Interest income from subsidiaries	-	-	(8,096)	(14,086)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

29. CONTINGENT LIABILITIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unsecured:				
Corporate guarantees for credit facilities of:				
- subsidiaries	-	-	89,167	81,542
- associated company	125,000	125,000	125,000	125,000
	125,000	125,000	214,167	206,542

30. SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) The Company entered into a Sale and Purchase Agreement with Aset Nusantara Sdn. Bhd. ("Nusantara") on 30 March 2001 for the acquisition of the following hotel companies for purchase consideration of RM200.0 million ("Proposed Hotel-Co Acquisitions"):
- the entire issued and paid-up share capital of Accruvest Hotel Management Sdn. Bhd. comprising 93,707,000 ordinary shares of RM1.00 each for a purchase consideration of RM35.0 million;
 - the entire issued and paid-up share capital of Home and Hotel Holding Sdn. Bhd. comprising 56,629,000 ordinary shares of RM1.00 each for a purchase consideration of RM65.0 million;
 - the entire issued and paid-up share capital of Mashyur Mutiara Sdn. Bhd. comprising 75,441,000 ordinary shares of RM1.00 each for a purchase consideration of RM75.0 million; and
 - the entire issued and paid-up share capital of Vital Orient Sdn. Bhd. comprising 57,925,000 ordinary shares of RM1.00 each for a purchase consideration of RM25.0 million;

The purchase consideration of RM200.0 million will be satisfied by the absolute assignment to Nusantara by the Company of the debt of RM200.0 million ("Assigned Debt") owing by Tan Sri Ting to the Company.

30. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

The shareholders of the Company approved the Proposed Hotel-Co Acquisitions on 28 September 2001. On 16 April 2003, the Company, entered into a supplemental agreement with Nusantara to extend the fulfilment of the conditions precedent of the agreement to 16 April 2003. The sale and purchase agreement for the Proposed Hotel-Co Acquisitions has since been completed in accordance with the said agreement on 16 April 2003 ("Completion Date").

As provided in the supplemental agreement dated 16 April 2003, the beneficial ownership of the shares in the hotel companies is deemed to pass from Nusantara to the Company on the Completion Date. However, the transfer documents of the hotel companies shall remain with the stakeholder until Tan Sri Ting meets the conditions of the security for the Assigned Debt.

(b) In addition, the shareholders of the Company, at the Extraordinary General Meeting held on 28 September 2001, approved the following Proposed Utilisation and Utilisation for Ratification, Proposed Settlement and Proposed LMD Acquisition.

(i) The Proposed Revised Utilisation comprises the Proposed Utilisation and Utilisation for Ratification as set out in (ii) and (iii) below.

(ii) Proposed Utilisation

Proposed utilisation of the cash received and to be received by the Company from Tan Sri Ting amounting to RM357,644,000 from the proceeds of the settlement of the Aggregate Amount under the Proposed Settlement ("Proposed Utilisation"):

	RM'000
• To finance the subscription of new shares pursuant to the proposed rights issue of Wembley Industries Holdings Berhad ("WIHB") as announced by WIHB on 14 December 1999	47,417
• For repayment of bank borrowings	157,355
• Payment to specific creditors	99,681
• Additional working capital for the Company and its subsidiaries	50,191
• Expenses of the Proposed Settlement, the Proposed LMD Acquisition, the Proposed Hotel-Co Acquisitions and the Proposed Utilisation	3,000
	<u>357,644</u>

Due to the changes in certain events, such as WIHB's new debt restructuring proposal dated 31 July 2002 which now only requires a cash flow of RM23.7 million for the Company to subscribe for WIHB's rights issue and Tan Sri Ting's revised proposed settlement which now involves a cash repayment of RM178.8 million of which only RM87.6 million is still outstanding as disclosed in Note 30(c), the above proposed utilisation may be revised.

30. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(iii) Utilisation for Ratification

Utilisation of the amount of RM1,052,778,000 from the proceeds raised from the rights issue and the bond issue undertaken by the Company in 1997 totalling RM1,765,716,730 was approved by the Securities Commission on 21 January 1997 and 4 February 1997 respectively and by the shareholders of the Company at an Extraordinary General Meeting on 10 March 1997 ("Utilisation for Ratification") as follows:

	RM'000
• Repayment of borrowings of RM264.648 million raised to acquire 47,417,000 ordinary shares of RM1.00 each in WIHB and the estimated outstanding interest of RM8.352 million in relation to such borrowings	243,166
• Financing the subscription of shares in Bakun Hydro-Electric Corporation Sdn. Bhd. utilising RM660 million from the proceeds of the rights issue and RM300 million from the bond issue implemented in 1997	42,667
• Working capital requirements	173,507
• Repayment of other bank borrowings	278,970
• Settlement of expenses for the Rights Issue and the Bond Issue implemented in 1997	23,157
• Advances made to WIHB	67,405
• Buy-back of the bonds	223,906
	<u>1,052,778</u>

(c) The Settlement Agreements comprise the following:

The proposed settlement of the amount of RM712,939,000 owing to the Company by Tan Sri Ting by way of cash amounting to RM357,644,000 and payment-in-kind amounting to RM355,295,000 for Proposed LMD Acquisition (as defined below) and the Proposed Hotel-Co Acquisitions ("Proposed Settlement"). The details of the proposed settlement of RM712,939,000 and the amounts settled by Tan Sri Ting are as follows:

	RM'000
(i) The direct cash payment of RM50,000,000 by Tan Sri Ting which was received by the Company on 16 February 2001	50,000
(ii) The direct cash payment by Kuala Lumpur City Corporation Berhad ("KLCCB") of RM41,190,312 to the Company pursuant to Tan Sri Ting's sale of 49% equity interest in Amal Bakti Sdn. Bhd. which in turn holds 99.99% equity interest in Upen Securities Sdn. Bhd. to KLCCB which was received by the Company on 14 March 2001	41,190
(iii) The direct cash payment of RM37,632,000 by Tan Sri Ting on or before 31 March 2002	37,632
(iv) The set-off of the purchase consideration of RM155,295,000 in respect of the acquisition of 60% of the issued and paid-up share capital in Langkasuka Marina Development Sdn. Bhd. ("LMD") by the Company from Jutaa Meriang Sdn. Bhd. comprising sixty (60) ordinary shares of RM1.00 each representing 60% equity interest in LMD for a purchase consideration of RM155,295,000 ("Proposed LMD Acquisition") against the Aggregate Amount, which was effected on 22 June 1998	155,295
(v) The injection of assets with a value equivalent to RM200,000,000 into the Company vide the Proposed Hotel-Co Acquisitions	200,000

30. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(vi) The cash payment of RM228,821,687 by Tan Sri Ting at the times and in the following manner:

Instalment	Date of payment	Amount RM	RM'000
1 st	31.12.2001	10,000,000	
2 nd	31.03.2002	19,892,880	
3 rd	30.06.2002	19,892,880	
4 th	30.09.2002	19,892,880	
5 th	31.12.2002	19,892,880	
6 th	31.03.2003	19,892,880	
7 th	30.06.2003	19,892,880	
8 th	30.09.2003	19,892,880	
9 th	31.12.2003	19,892,880	
10 th	31.03.2004	19,892,880	
11 th	30.06.2004	19,892,880	
12 th	30.09.2004	19,892,887	
			228,822
			712,939
			(246,485)
			466,454
			Less: Amount settled as at 30 June 2004
			- Notes 30(c)(i), 30(c)(ii) and 30(c)(iv)
			466,454

The Settlement Agreements do not impute any interest charges on the amounts owed by Tan Sri Ting to the Company.

30. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

In the previous financial year, in view of the tight financial position faced by Tan Sri Ting, the Board approved the requests made by Tan Sri Ting to either extend the date of cash repayment or replace with alternative settlement plan, for the cash settlements as follows:

Cash Settlements Due For Repayment	Status
(i) Direct cash payment of RM37,632,000	Initially due on 31 March 2002. Repayment was extended to 30 September 2002 and 30 June 2003 respectively
(ii) 3rd cash instalment of RM19,892,880	Initially due on 30 June 2002. Repayment was extended to 31 December 2002 and 30 June 2003 respectively
(iii) 4th cash instalment of RM19,892,880	Initially due on 30 September 2002 and proposed to be extended to 30 June 2003
(iv) 5th cash instalment of RM19,892,880	Initially due on 31 December 2002 and proposed to be extended to 30 June 2003
(v) 6th cash instalment of RM19,892,880	Initially due on 31 March 2003 and proposed to be extended to 30 June 2003
(vi) 7th cash instalment of RM19,892,880	Due on 30 June 2003
(vii) 8th cash instalment of RM19,892,880	Due on 30 September 2003
(viii) 9th cash instalment of RM19,892,880	Due on 31 December 2003
(ix) 10th cash instalment of RM19,892,880	Due on 31 March 2004
(x) 11th cash instalment of RM19,892,880	Due on 30 June 2004

The 1st and 2nd cash instalments of RM29,892,880 will be repaid by injection of assets as disclosed in Note 30(d)(i). While the above extension of time for the cash repayments and alternative settlement plan are subject to the approval of the shareholders, there is no further extension of time proposed.

On 1 July 2003, the Company announced to the Bursa Malaysia Securities Berhad that Tan Sri Ting is offering a proposed revised settlement. The proposed offer of revised settlement is as follows:

	RM'000
(i) The injection of assets with a value equivalent to RM200,000,000 into the Company vide the Proposed Hotel-Co Acquisitions, as disclosed in Note 30(a)	200,000
(ii) The injection of assets with a value equivalent to RM29,892,880 into the Company, as disclosed in Note 30(d)(i)	29,893
(iii) Cash repayment to the Company	87,632
	<u>317,525</u>

The proposed offer of revised settlement from Tan Sri Ting totalling RM317.525 million is to be completed within 14 days from the date of approval from the shareholders of the Company for the said proposed offer of revised settlement. Tan Sri Ting has todate paid to the Company a total sum of RM246.485 million. With the proposed offer of revised settlement, Tan Sri Ting would be making a total final payment sum of RM564.01 million out of the amount of RM712.939 million owing to the Company. The proposed final settlement sum of RM564.01 million represents a discount of 21% from the total amount due.

30. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

The proposed offer of revised settlement is subject to the approval of the shareholders. The Board of Directors with the exception of Tan Sri Ting and his son, Ting Sie Chuong, are deliberating and are seeking advice from its legal adviser and independent adviser on Tan Sri Ting's offer. The Board of Directors will be making an appropriate recommendation to the shareholders of the Company upon obtaining the advice of the Company's advisers as well as that of an independent adviser for minority shareholders.

In October 2003 while the advisers were working on the revised settlement proposal, Tan Sri Ting informed the Board that there might be a variation to his previous settlement proposal as he is looking into the possibility of a new proposal which involves injection of assets by a third party. Tan Sri Ting shall present the new proposal to the Board once negotiations with the party concerned are finalised. For this reason, the advisers were then advised by the Company to put on hold the preparation of the circular to shareholders.

To date, the Board has not received any firm proposal from Tan Sri Ting regarding the payment on the above proposed revised settlement and as such, the Board has not been able to seek the advice of the Company's advisers in order to make a recommendation to the shareholders. In this regard, Tan Sri Ting has on 19 April 2004 written to the Board of Directors that he is still negotiating with a third party with a view to a global and comprehensive settlement of his outstanding debt with the Company and accordingly requested a little more time to complete his negotiation.

(d) On 3 May 2002, the Company announced the following:

(i) Proposed Acquisition

The Company entered into two sale and purchase agreements on 30 April 2002, for the acquisition of:

- (a) the entire equity interest in Langkasuka Resort Sdn. Bhd. ("LR") representing 8 existing ordinary shares of RM1.00 each for a cash consideration of RM11,600,000; and
- (b) the entire equity interest in Aquabeat Langkawi Sdn. Bhd. ("AL") representing 400 ordinary shares of RM1.00 each for a cash consideration of RM400.

(ii) Proposed Capitalisation

The Company entered into an agreement with LAH on 26 April 2002, for the capitalisation and issuance of 4,999,998 new ordinary shares of RM1.00 each in LAH at an issue price of RM1.00 each directly to the Company.

The capitalisation of 4,999,998 shares is proposed to settle an amount of RM4,999,998 owing by LAH to a subsidiary of the Company. Upon completion of the Proposed Capitalisation, the Company shall own 99.99% equity interest in LAH.

The above proposed acquisition and capitalisation are subject to the approvals of the shareholders and relevant authorities.

(e) On 13 June 2003, the Company entered into a share sale agreement with Cambridge Capital Sdn. Bhd. to acquire 3,000,000 ordinary shares of RM1.00 each representing 30% equity interest in Site Capital Sdn. Bhd. for a cash consideration of RM8 million. The acquisition was completed during the financial year.

31. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts; the Group had no substantial long term interest bearing assets as at 30 June 2004.

The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits which yield better returns than cash at bank.

The debt obligations pertaining to term loans, revolving credits, bank overdrafts and hire purchases are disclosed in Note 21. The Company does not hedge interest rate risk but ensures that it had obtained borrowings at competitive interest rates under the most favourable terms and conditions.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign currency risk

The Group does not have significant foreign currency exposure to any effects of foreign currency exchange rate fluctuations as at 30 June 2004.

The Group's policy is to manage all its foreign financial assets and liabilities using the best available foreign currency exchange rates where applicable. Transactional exposures in currencies other than the entity's functional currency, if any, are kept at a minimal level.

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Notes 16 and 17.

31. FINANCIAL INSTRUMENTS (continued)

(f) Fair values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
At 30 June 2004:				
Amounts due from subsidiaries, associate company and related companies	64,522	*	466,979	*
At 30 June 2003:				
Amounts due from subsidiaries, associated company and related companies	64,387	*	480,671	*
Financial Liabilities				
At 30 June 2004:				
Amounts due to subsidiaries and related companies	9,915	*	11,330	*
Term loans	8,500	8,500	8,500	8,500
Hire purchase and lease payables	11,391	11,391	11,391	11,391
At 30 June 2003:				
Amounts due to subsidiaries and related companies	9,667	*	11,356	*
Term loans	8,500	8,500	8,500	8,500
Hire purchase and lease payables	12,098	12,098	12,089	12,089

* It is not practical to estimate the fair values of amounts due to/from subsidiaries, associated company and related companies due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheet as at 30 June 2004 are:

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Contingent liabilities					
At 30 June 2003	29	125,000	#	206,542	#
At 30 June 2004	29	125,000	#	214,167	#

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

31. FINANCIAL INSTRUMENTS (continued)

(f) Fair values (continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

- (ii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

32. SEGMENT INFORMATION

30 June 2004

(a) Business Segments:

The Group is organised on a worldwide basis into investment holding and project management, trading and extraction of timber, construction and property development, oil palm plantation, air transportation and related aerial business and gaming.

	Investment holding and project management RM'000	Trading and extraction of timber RM'000	Construction and property development RM'000	Oil palm plantation RM'000	Air transportation and related aerial business RM'000	Gaming RM'000	Eliminations RM'000	Consolidated RM'000
Revenue								
External sales	-	-	85,967	4,308	-	-	-	90,275
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue								<u>90,275</u>
Result								
Profit/(loss) from operations	(192,631)	(7)	(21,985)	1,552	(19)	(10,360)	46,386	(177,064)
Finance costs, net	(345)	-	(7,445)	(401)	-	-	(239)	(8,430)
Share of results of associated companies	576	-	-	-	-	-	-	576
Taxation	(32)	-	(1)	-	-	-	(157)	(190)
Loss after taxation								(185,108)
Minority interests								503
Net loss for the year								<u>(184,605)</u>
Assets								
Segment assets	977,600	6	532,850	40,408	38	37,847	(374,888)	1,213,861
Investment in equity method of associated companies	11,551	-	-	-	-	-	(2,725)	8,826
Consolidated total assets								<u>1,222,687</u>

32. SEGMENT INFORMATION (continued)

30 June 2004

(a) **Business Segments:** (continued)

	Investment holding and project management RM'000	Trading and extraction of timber RM'000	Construction and property development RM'000	Oil palm plantation RM'000	Air transportation and related aerial business RM'000	Gaming RM'000	Eliminations RM'000	Consolidated RM'000
Liabilities								
Segment liabilities	221,752	431	37,891	5,641	30	1,134	-	266,879
Unallocated corporate liabilities								136,690
Consolidated total liabilities								403,569
Other information								
Capital expenditure	-	-	12	1,473	-	-	(239)	1,246
Depreciation	537	-	3,132	889	8	3,373	-	7,939
Impairment losses	-	-	17,548	-	-	-	-	17,548
Non-cash expenses other than depreciation and impairment losses	191,342	-	3,988	-	-	-	-	195,330

30 June 2003

(a) **Business Segments:**

The Group is organised on a worldwide basis into investment holding and project management, trading and extraction of timber, construction and property development, oil palm plantation, air transportation and related aerial business and gaming.

	Investment holding and project management RM'000	Trading and extraction of timber RM'000	Construction and property development RM'000	Oil palm plantation RM'000	Air transportation and related aerial business RM'000	Gaming RM'000	Eliminations RM'000	Consolidated RM'000
Revenue								
External sales	-	-	155,900	2,896	-	-	-	158,796
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	-	-	155,900	2,896	-	-	-	158,796
Result								
Profit/(loss) from operations	(12,184)	(4)	8,125	(103)	(17)	(13,060)	4,068	(13,175)
Finance costs, net	1,616	-	(12,934)	(500)	-	-	(626)	(12,444)
Share of results of associated companies	21	-	-	-	-	-	-	21
Taxation	-	-	-	-	-	-	-	(15)
Loss after taxation								(25,613)
Minority interests								2,196
Net loss for the year								(23,417)

32. SEGMENT INFORMATION (continued)

30 June 2003

(a) Business Segments: (continued)

	Investment holding and project management RM'000	Trading and extraction of timber RM'000	Construction and property development RM'000	Oil palm plantation RM'000	Air transportation and related aerial business RM'000	Gaming RM'000	Eliminations RM'000	Consolidated RM'000
Assets								
Segment assets	1,174,289	6	564,169	39,207	46	44,085	(413,046)	1,408,756
Investment in equity method of associated companies	3,551	-	-	-	-	-	(3,138)	413
Consolidated total assets								1,409,169
Liabilities								
Segment liabilities	220,935	26,945	680,253	41,939	21,757	133,737	(854,853)	270,713
Unallocated corporate liabilities	-	-	-	-	-	-	-	138,198
Consolidated total liabilities								408,911
Other information								
Capital expenditure	1	-	11	1,470	-	-	-	1,482
Depreciation	572	-	3,185	657	-	8	3,877	8,299
Impairment losses	1,345	-	-	-	-	-	-	1,345
Non-cash expenses other than depreciation and impairment losses	5,373	-	-	-	209	-	537	6,119

(b) Geographical Segments:

The Group's major business segments are managed and operated in Malaysia, its home country. The Group's areas of operation are principally construction and investment holding.

Other geographical segments include Philippines and The People's Republic of China which operates as resort and casino operator and property development respectively, none of which are of a sufficient size to be reported separately.

	Malaysia		Others		Eliminations		Consolidated	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Total revenue from external customers	90,275	158,796	-	-	-	-	90,275	158,796
Segment assets	1,550,891	1,756,218	37,858	65,584	(374,888)	(413,046)	1,213,861	1,408,756
Capital expenditure	1,485	1,482	-	-	(239)	-	1,246	1,482

List of Properties Owned

as at 30 June 2004

OWNED BY EKCRAN BERHAD					
Location	land/ (built up) area	Tenure/ (approximate age of building- years)	Description of property (existing use)	Net Book value as at 30 June 2004 (RM)	Date of Acquisition
Matanos, Municipality of Kaputian Province of Davao del Norte Republic of Philippines*	250 hectares	75 years leasehold expiring in 2069	Land for development	34,627,395	September 1994
Geran No. 8748 Lot 12 Sekysen 0059 Bandaraya Kuala Lumpur Daerah Wilayah Persekutuan	1,473 m ² (4,007 m ²)	Freehold (66)	3 storey office building known as Wisma Ekran	15,844,778	July 1995
Lot 3, Punan Land District, Belaga Sarawak **	11,575 hectares	60 years leasehold expiring in 2058	Oil palm plantation	37,257,597	October 1998

* Land held on behalf of Ekran Holdings (Philippines), Inc. and is stated at revalued amount as of July 1999

** Land held on behalf of Ekran Plantations Sdn Bhd

OWNED BY EKCRAN PROJECT MANAGEMENT SDN BHD					
Lot 678 Section 66 Kuching Town Land District Sarawak	3,205 hectares (24,526 m ²)	60 years leasehold building expiring in 2038 (14)	Open-sided factory used as a warehouse for timber products	7,509,911	June 1992
Kota Samarahan Housing Lot 7220-7410 Block 59 Muara Tuang Land District Sarawak	116,648.60 m ² (27,921 m ²)	60 years leasehold expiring in 2056 (8)	Housing estate for letting	13,050,000	October 1996

OWNED BY SINO MALAYSIA ART & CULTURE CO LTD					
Border of Wanling and Qionghai District Hainan Province People's Republic of China	202.3 hectares	70 years leasehold expiring in 2063	Land for development	Nil	May 1993
Border of Wanling and Qionghai District Hainan Province People's Republic of China	607 hectares	70 years leasehold expiring in 2063	Land for development	Nil	May 1993
Qionghshan District Hainan Province People's Republic of China	101.2 hectares	70 years leasehold expiring in 2063	Land for development	Nil	May 1993

Analysis of Shareholders

as at 1 November 2004

Authorised Capital	:	RM2,500,000,000
Issued and paid-Up Capital	:	RM525,968,572
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	%
Less than 100	115	2,070	-
100 to 1,000	11,850	11,715,607	2.23
1,001 to 10,000	28,988	124,574,454	23.68
10,001 to 100,000	5,658	153,081,477	29.11
100,001 to less than 5% of issued shares	332	154,173,518	29.31
5% and above of issued shares	1	82,421,446	15.67
Total	46,944	525,968,572	100.00

THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares	% of Issued Capital
1. CIMB Nominees (Tempatan) Sdn Bhd <i>P Sec A/C-Tan Sri Dato' Paduka Ting Pek Khiing</i>	82,421,446	15.67
2. Employees Provident Fund Board	13,272,000	2.52
3. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominee (Tempatan) Sdn Bhd for Ting Pek Khiing</i>	12,180,000	2.32
4. Jimmy Thomas @ James Abraham Thomas	11,703,800	2.23
5. OSK Nominees (Tempatan) Sdn Bhd <i>OSK Capital Sdn Bhd for Ting Pek Khiing</i>	4,562,984	0.87
6. PAB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ting Pek Khiing</i>	4,125,000	0.78
7. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chin Hong</i>	2,900,000	0.55
8. PM Nominees (Tempatan) Sdn Bhd <i>PCB Asset Management Sdn Bhd-Ng Faai @ Ng Yoke Pei</i>	1,880,000	0.36
9. CimSec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Beng Hoo</i>	1,878,700	0.36
10. Go Yun li	1,853,100	0.35
11. Lee Swee Ann	1,848,000	0.35
12. Ng Tiong Seng Corporation Sdn Bhd	1,800,000	0.34
13. Southern Nominees (Tempatan) Sdn Bhd <i>Pledged Sec A/C-Tan Sri Datuk Ting Pek Khiing</i>	1,600,000	0.30
14. Cartaban Nominees (Asing) Sdn Bhd <i>SGC for Chinafield Limited</i>	1,498,000	0.28
15. Danaharta Managers Sdn Bhd	1,488,496	0.28
16. Wong Chew Kim	1,457,700	0.28
17. Lembaga Tabung Angkatan Tentera	1,450,000	0.28
18. Menteri Kewangan Malaysia	1,383,049	0.26
19. Ting Pek Khiing	1,341,979	0.26
20. BSN Merchant Nominees (Tempatan) Sdn Bhd <i>BSN Merchant Bank Bhd</i>	1,341,447	0.25

Analysis of Shareholders
as at 1 November 2004 (continued)

THIRTY LARGEST SHAREHOLDERS (continued)

Name	No. of Shares	% of Issued Capital
21. Huang Jay Chia-Yi	1,200,000	0.23
22. Tawakar Enterprise Sdn Bhd	1,124,000	0.21
23. Dato' Ng Tiong Seng @ Ng Ba	1,100,000	0.21
24. Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yap Kon Hin</i>	1,100,000	0.21
25. Go Yun Yun	1,046,900	0.20
26. Affin-ACF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siow Sing Heng</i>	1,015,000	0.19
27. Southern Nominees (Tempatan) Sdn Bhd <i>P Sec A/C-Tan Sri Datuk Ting Pek Khiing</i>	1,000,000	0.19
28. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chen Chin Peng</i>	1,000,000	0.19
29. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tiang Chiin Yew</i>	1,000,000	0.19
30. Kenanga Nominees (Tempatan) Sdn Bhd <i>P Sec A/C-Tan Sri Dato Paduka Ting Pek Khiing</i>	983,082	0.19
	162,554,683	30.90

SUBSTANTIAL SHAREHOLDER

(as defined under Section 69D of the Companies Act, 1965)

Name	Direct		Indirect	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	111,034,274	21.11	667,683 ⁽¹⁾	0.12

DIRECTORS' INTEREST

Name	Direct		Indirect	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Tan Sri Dato' Paduka (Dr) Ting Pek Khiing	111,034,274	21.11	667,683 ⁽¹⁾	0.12
Mr Peter Ling Ee Kong	-	-	-	-
Dato' Stanley Isaacs	-	-	-	-
Dr Regina Noran Nuruddin	-	-	-	-
Senator Datuk William Lau Kung Hui	-	-	-	-
Dato' Muhammad Shafee bin Md Abdullah	-	-	-	-
Mr Ting Sie Chuong	162,016	0.03	111,247,941 ⁽²⁾	21.15
Mr Liew Chie Chung	3,000	-	-	-

Note:

- (1) Deemed interested in the 213,667 Ekran Shares (0.04%) held by his wife, Puan Sri Datin Paduka Wong Sui Chuo, 162,016 Ekran Shares (0.03%) held by his son, Ting Sie Chuong, 139,000 Ekran Shares (0.03%) held by his son, Ting Sie Ping and 153,000 Ekran Shares (0.02%) held by his son, Ting Sie Huoong.
- (2) Deemed interested in the 111,034,274 Ekran Shares (21.11%) held by his father, Tan Sri Dato' Paduka (Dr) Ting Pek Khiing and 213,667 Ekran Shares (0.04%) held by his mother, Puan Sri Datin Paduka Wong Sui Chuo.

Form of Proxy



EKRAN BERHAD

(224747-K)

Incorporated in Malaysia

I/We _____

of _____

being a member/members of **EKRAN BERHAD** hereby appoint _____

of _____

or failing him/her _____

of _____

or the Chairman of the Meeting as my/our proxy to vote and act for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Ballroom I, Santubong Kuching Resort, Jalan Santubong, 93748 Kuching, Sarawak on Tuesday, 21 December 2004 at 9.00 a.m. and at any adjournment thereof.

My/our Proxy is to vote as indicated below :-

Resolution		For	Against
No. 1	To receive and adopt the Financial Statements and Reports.		
No. 2	To re-elect Tan Sri Dato' Paduka (Dr) Ting Pek Khiing as Director.		
No. 3	To re-elect Mr Ting Sie Chuong as Director.		
No. 4	To re-elect Mr Liew Chie Chung as Director.		
No. 5	To approve the payment of Directors' fees.		
No. 6	To re-appoint Ernst & Young as Auditors of the Company.		
No. 7	Authorisation for Directors to allot and issue shares.		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Number of Shares Held	
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Dated this _____ day of _____ 2004.

Signature

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy or proxies, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrars, ShareWorks Sdn Bhd (formerly Panama Resources Sdn Bhd), No. 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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STAMP

ShareWorks Sdn Bhd
(formerly Panama Resources Sdn Bhd)
No. 23, Jalan Sri Hartamas 7
Sri Hartamas
50480 Kuala Lumpur

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